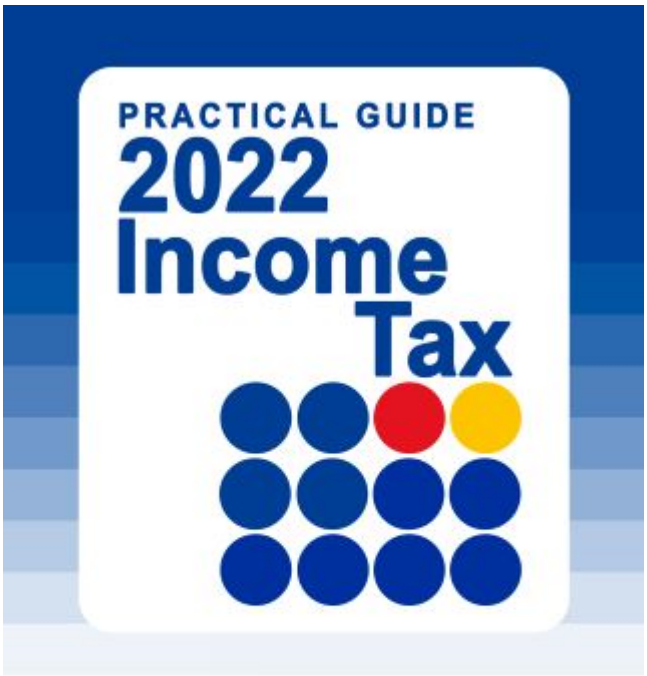
Renta 2022 Practical Manual.



Agencia Tributaria
MINISTERIO DE HACIENDA
Y FUNCIÓN PÚBLICA
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Presentation

One of the main objectives of the State Tax Administration Agency is to minimise compliance costs for citizens in their dealings with the tax authorities.

True to this purpose, and with the aim of making it easier for taxpayers to comply with their tax obligations, the Tax Agency makes available to them the edition of the Practical Manual of Personal Income Tax (IRPF) for the 2022 financial year, adapted to HTML language, which has been prepared by the Tax Management Department.

The manual responds to the intention of disseminating the IRPF through a rigorous, complete and updated vision of the tax.For this purpose, in addition to the compilation of the administrative and judicial criteria applicable to the exercise, it includes an explanation and didactic description of the content of IRPF by subject, topic and concept, relating each of them to the rules that regulate them, as well as diagrams and tables that facilitate the understanding of certain technical aspects of the same or a summary of criteria, as well as practical cases that are considered useful for clarifying those issues that are in doubt or that involve greater complexity.The manual also contains information on how to fill in the IRPF model that is approved each year and on the new features that are introduced in it or in the campaign for filing the IRPF returns.

It is, in any case, and within the framework of the Renta 2022 campaign, a good opportunity for those who wish to deepen their knowledge of the tax.

Moreover, its preparation in this digital HTML format aims to achieve three basic objectives that have been repeatedly demanded by taxpayers.

The first is its web accessibility, i.e. making it accessible to the maximum number of people, regardless of their knowledge or personal or physical abilities and regardless of the technical characteristics of the equipment used to access the web.

The second is to enable and make the contents of the handbook available to taxpayers simultaneously in other languages or co-official languages.

The third and final objective is to optimise the use of its content, i.e. an efficient use of the manual's content that avoids the duplication of documents on the Tax Agency's website on the same subjects, reducing excess storage and the need to update a number of comparatively similar documents.

The advantages of the HTML manual and the need to avoid discrepancies between the contents of the paper (still photo at a specific point in time) and HTML versions of the manual led to the decision in the Renta 2020 campaign to remove the practical paper Renta manual and keep only the HTML version.A significant factor in this decision was the new functionality that was incorporated into the HTML version to generate a PDF file of the manual's content, allowing for scrolling and browsing through it.This PDF document, both because of its visual aesthetics (very similar to the paper manual) and because it can be printed on paper if desired, meets the

demands of taxpayers who are used to handling the paper edition.

In addition, since the previous campaign, in response to the request of a large number of taxpayers using the application, the regional regulations of IRPF of each Autonomous Community have been included together with the state regulations by means of links to the consolidated texts of the BOE (Official State Gazette).

Tax Management Department

Guide to the main news regarding income tax in 2022

The Tax Agency's E-Office has incorporated a "Renta Informador", where you can consult the main new regulations for the IRPF 2022 campaign as well as the new features in Renta Web for this campaign.

Tax Management

Income Tax Campaign 2022:Deadlines, draft and self-assessment

Terms

From 11 April to 30 June 2023.

If payment is made by direct debit, the deadline is 27 June 2023.

Draft declaration

- As in the previous tax year, all taxpayers, whatever the nature of the income they have obtained during the year (from work, from movable or real estate capital, from economic activities, capital gains and losses, as well as income imputations), may obtain the draft tax return through the draft/return processing service (Renta Web), after providing, where appropriate, certain information that will be requested for this purpose, or other information that the taxpayer may include.

- The mechanism for obtaining the reference number to access the draft and/or tax data is maintained, through the Tax Agency's Electronic Headquarters, by means of the draft/return processing service, by entering the Tax Identification Number (NIF) of the taxpayer or taxpayers, the date of issue or expiry of their National Identity Document (DNI) and the amount in box ***[0505]*** of the Personal Income Tax return for the 2021 tax year, "General net taxable income subject to tax", unless the taxpayer did not file a return the year before, in which case they must provide an international Spanish bank account code (IBAN) in which they are the holder on 31 December 2022.

- As in previous tax years, it will also be possible to access the draft or tax data through the draft/return processing service on the Tax Agency portal at https://sede.agenciatributaria.gob.es, using recognised electronic certificates and the Cl@ve PIN system, and through the application for mobile devices.

Presentation of Personal Income Tax Returns 2022

- Through the draft/return processing service, taxpayers can prepare their IRPF return with the Renta Web product and file it electronically via the Internet, at the Tax Agency's Electronic Headquarters, by telephone, at Tax Agency offices by appointment, as well as at the offices set up by the Autonomous Communities, cities with Statute of Autonomy and Local Bodies to confirm the draft return;if the return is to be filed, the taxpayer may direct debit the payment or, failing that, obtain a letter of payment at the time of filing that will allow them to pay the resulting amount.

- As in previous tax years, it is no longer possible to obtain the tax return on paper generated through the draft/return processing service of the State Tax Administration Agency (Agencia Estatal de Administración Tributaria).You can obtain a document for payment at the collaborating entity that you must print out and go to a financial entity to make the payment.

Renta Web and Modelo:

- In the section on capital gains and losses, three new boxes have been added under the heading "Other capital gains and losses not deriving from the transfer of assets" to be entered:

  - The aid corresponding to the Bono Cultural Joven created by the one hundred and twentieth additional provision of Law 22/2021, of 28 December, on the General State Budget for 2022.

  - Public rental subsidies that may be granted to taxpayers, such as the rental subsidy corresponding to the Bono Alquiler Joven, regulated by Royal Decree 42/2022, of 18 January, which regulates the Bono Alquiler Joven and the State Plan for access to housing 2022-2025.

  - 200 euros for low-income and low net worth individuals.regulated in Article 31 of Royal Decree-Law 11/2022 of 25 June

  However, the most noteworthy modifications within the capital gains and losses have consisted of the breakdown into three new sections of the so-called "Capital gains and losses derived from transfers of other assets and liabilities", which existed in the previous forms, which are as follows:one, for those arising from the transfer of immovable property and rights in rem over immovable property;another, specific to the transfer or exchange of virtual currencies by private individuals, which is based on the reporting obligations for holding and operating with virtual currencies, and a third, residual section for "Other assets and liabilities".

- The model is adapted to incorporate the regulatory modifications introduced in the reductions in the taxable base for contributions to social welfare systems by article 59 of the General State Budget Law for 2022.Thus, the existence of flexible remuneration systems in companies has led to changes being made to the model that concern both the section on "Income from work" in which a box is included to record the amounts contributed by the company to pension plans, company social welfare plans and mutual social welfare funds (except for collective dependency insurance), which derive from a decision by the worker (not subject to payment on account) and the section "Reductions for contributions to social welfare systems" in which the design of the model is adapted to the different possibilities of contributions included in the Law.

Likewise, Annex C.3 of the form is restructured, adjusting it to the simplification introduced by Royal Decree 1039/2022, of 27 December, amending the Personal Income Tax Regulations, for the application of excess contributions and company contributions to social welfare systems pending reduction.

- In addition, with the extension until 31 December 2024 of the time scope of application of the deduction for energy refurbishment work on predominantly residential buildings, a section is included in Annex C.4 of the tax return to include the excess amounts paid for work carried out on predominantly residential buildings pending application for future years.

- Finally, as a result of the extension of the deduction for maternity for the 2020, 2021 and 2022 tax periods to women in certain situations, in accordance with the provisions of point 4 of the thirty-eighth additional provision of the Personal Income Tax Act, new boxes have been included in the Personal Income Tax return for 2022 to separately apply the deduction for maternity corresponding to the months of 2020 and 2021, both for the part of the deduction referred to in section 1 of article 81 of the Personal Income Tax Act, and for the increase for expenses in nurseries or authorised child education centres referred to in section 2 of the aforementioned article.

Payment

- If the income tax return is payable, the taxpayer can, at the same time as filing the return, make the payment by direct debit, make the immediate electronic payment, after obtaining the complete reference number (NRC), or obtain a payment document that allows the payment to be made at a collaborating entity.

- **Payment by instalments**:taxpayers may split, without interest or surcharge, the amount of the tax debt resulting from their tax return IRPF, in two parts:the first, 60 per cent of the amount at the time of filing the return, and the second, the remaining 40 per cent, up to and including 6 November 2023.

  Taxpayers who pay the first instalment by direct debit will be able to pay the second instalment by direct debit until 30 September 2023 and if they do not pay the first instalment by direct debit, they will be able to pay the second instalment by direct debit until 30 June 2023.

  In the case of taxpayers who do not wish to pay the second instalment by direct debit to a collaborating entity, they must make the payment by 6 November 2023, using form 102.

Exemptions

Exemptions under Article 7 of the Personal Income Tax Act

Child support supplement for recipients of minimum living income.

The child support supplement established in article 11.6 of Law 19/2021, of 20 December, has the nature of a minimum living income and will therefore be exempt from IRPF in accordance with the provisions of article 7.and) of the Law of IRPF.

This child support supplement also replaces the allowance for a dependent child or minor without disability or with a disability of less than 33 per cent, which was regulated in Chapter I of Title VI of the revised text of the General Social Security Act, and which is abolished, although temporarily there will be cases in which it will be possible to continue receiving this financial allowance (mainly for those beneficiaries who received it before 1 June 2020 and do not meet the requirements to receive the child support supplement).

For these cases (child or dependent child allowance without disability or with a disability of less than 33 per cent) the allowance will be exempted in accordance with the provisions of article 7.h) of the Law of IRPF.

Other exempt income other than that provided for in Article 7 of the Personal Income Tax Law

Compensation received by the relatives of the victims of the accident of flight GWI9525 in respect of civil liability for personal injuries

With effect from 31 March 2022 and prior years not barred by statute of limitations, Royal Decree-Law 6/2022 of 29 March adopting urgent measures in the framework of the National Plan of response to the economic and social consequences of the war in Ukraine exempted compensation received in respect of civil liability for personal injury by the relatives of the victims of the accident of flight GWI9525 of the German airline Germanwings, which occurred in the French Alps on 24 March 2015, as well as aid paid by that airline or by an entity related to it.

Exemption for aid for personal damage caused by the fires that took place in the Autonomous Communities listed in the Annex to the Agreement of the Council of Ministers of 23 August 2022

In accordance with the provisions of Royal Decree-Law 20/2022, of 27 December (BOE of 28 December), the aid provided for in Law 17/2015, of 9 July, for personal damages caused by the forest fires that took place in certain Autonomous Communities, listed in the Annex to the Agreement of the Council of Ministers, of 23 August 2022, is exempt.

Exemption for subsidies and aid granted for energy renovation actions in buildings

Article 1.Three of Law 10/2022, of 14 June, on urgent measures to boost building renovation activity in the context of the Recovery, Transformation and Resilience Plan (BOE of 15 June), amended section 4 of the fifth additional provision of the Personal Income Tax Law, to extend the scope of aid and subsidies granted for energy renovation actions in buildings.As a result, those granted under the different programmes established in Royal Decrees 691/2021, 737/2020, 853/2021 and 477/2021 will not be included in the taxable base of IRPF in the financial year 2021 and subsequent years.

Earned income

Earned income by express legal provision

Remuneration arising from special employment relationships

In relation to public performance artists, Royal Decree-Law 5/2022, of 22 March, which adapts the regime of the special employment relationship of persons dedicated to artistic activities, as well as to the technical and auxiliary activities necessary for their development, and improves the working conditions of the sector, has modified both article 2.1 of the revised text of the Workers' Statute Law approved by Royal Legislative Decree 2/2015, of 23 October (BOE of 24 October), and Royal Decree 1435/1985, of 1 August, which regulates the special employment relationship of artists in public performances.

Return on real estate property

Reductions of net income

Leasing of residential property for tourism purposes

The obligation to report on the transfer of use of dwellings for tourism purposes provided for in article 54 ter of the General Regulations on tax management and inspection actions and procedures and on the development of the common rules for tax application procedures, approved by Royal Decree 1065/2007, of 27 July, which was annulled and rendered ineffective by Supreme Court Ruling 1106/2020, of 23 July 2020, has been re-established.

In development of the same, Order HAC/612/2021, of 16 June, has been issued, approving the new form 179, "Quarterly informative declaration of the transfer of use of dwellings for tourist purposes" and establishing the conditions and procedure for its presentation.

Performance of economic activities

Economic activities in the flat-rate system

1.Resignation and consequences of resignation

- Waiver:Exceptionally for the year 2022, the waiver or revocation of the waiver of the application of the objective assessment method has been allowed to be exercised until 30 January 2022.However, the resignations or revocations submitted for the year 2022, during the month of December 2021, were understood to have been submitted during the working period.

- Consequences of resignation:taxpayers who waived the application of the objective assessment method in 2021, in accordance with the provisions of Article 10 of Royal Decree-Law 35/2020 of 22 December, have been able in 2022 to return to determine their net income in accordance with this method, without being subject to the minimum period of three years of compulsory linkage to the direct assessment method.

To do so, taxpayers must have revoked the previous waiver, either expressly during the month of January 2022, or tacitly by filing the return corresponding to the instalment payment for the first quarter of the 2022 financial year in the manner provided for the objective assessment method (i.e. by filing form 131).

2.Exclusive limits:

- Article 60 of Law 22/2021, of 28 December, on the General State Budget for 2022 (BOE of 29 December) amended, with effect from 1 January 2022 and indefinitely, the thirty-second transitory provision of the Personal Income Tax Law, to extend to the 2022 tax period the application of the same quantitative exclusion limits set for the 2016 to 2021 tax years:both those relating to the volume of gross income in the immediately preceding year derived from the exercise of economic activities (250,000 euros for all economic activities, except agricultural, livestock and forestry activities and 125,000 euros for operations where there is an obligation to issue an invoice when the recipient is an entrepreneur) and the volume of purchases of goods and services (250,000 euros, excluding purchases of fixed assets, for all activities in objective assessment - also including agricultural, livestock and forestry activities).

- For agricultural, livestock and forestry activities, the exclusion limit provided for in article 31 of the Law of IRPF is applied for the volume of income in the immediately preceding year (250,000 euros per year, for all agricultural, livestock and forestry activities carried out by the taxpayer) and, for the volume of purchases of goods and services, the amount of 250,000 euros, excluding acquisitions of fixed assets, for all activities in objective assessment, provided for in the thirty-second transitory provision of the Law of IRPF and whose application is extended to the financial year 2022.

3.Determination of the preliminary net yield:

Order HFP/1335/2021, of 1 December (BOE of 2 December) maintains for the financial year 2022 the amount of the signs, indices or modules of the previous financial year.

However, Order HFP/1172/2022, of 29 November (BOE of 1 December), which develops for 2023 the objective assessment method of Personal Income Tax and the special simplified system of Value Added Tax introduces several exceptional measures which are specified below.

4.Determination of reduced net income

For agricultural and livestock farming activities, in order to compensate for the increase in the cost of certain inputs, the following reductions may be applied to the previous net yield, before depreciation of tangible and intangible fixed assets:

- 35% reduction in the purchase price of agricultural diesel.
- 15 per cent reduction in the purchase price of fertilisers.

In both cases, the acquisitions must be necessary for the development of said activities, must have been made in the 2022 financial year and must be documented in invoices issued in said period that meet the requirements set forth in Royal Decree 1619/2012, of 30 November, approving the Regulation governing invoicing obligations.

5.Determination of the net module yield

The corrective index for feed purchased from third parties is set at 0.50 per cent and the index for crops grown on irrigated land using electricity for this purpose is set at 0.75 per cent of the yield from crops grown on irrigated land using electricity.

For the application of this index, the requirement that the average daily electricity consumption, in terms of energy billed in kWh, of the bill for the month of the tax period with the highest consumption be at least 2.5 times higher than that of two months of the same tax period is also eliminated.

6.Determination of the net yield of the activity:applicable reductions

- General reduction:the general reduction applicable to the net module yield obtained in the 2022 tax period by taxpayers in objective assessment with activities other than agricultural, livestock and forestry activities is increased from 5% to 15%.

  In the case of agricultural, livestock and forestry activities, Article 2 of Order HFP/405/2023 of 18 April (BOE of 25 April) has raised the general reduction percentage from 15% to 25% for the 2022 tax period.

- Reduction Lorca:the 20 per cent reduction of the net yield for economic activities carried out in the municipality of Lorca (Murcia) is maintained, applicable only to determine the net yield for activities other than agricultural, livestock and forestry activities.

- Reduction Isla de la Palma:a reduction of 20% of the net yield is established for taxpayers who carry out economic activities on the island of La Palma.

  This reduction, unlike that of Lorca, applies to all economic activities that determine the net yield in the objective estimation method, including agricultural, livestock and forestry activities.

Capital gains and losses

Determination of the amount of capital gains or losses:general rules

Capital gains or losses arising from lucrative transfers of assets

Transfers and refunds of shares and stock in unit trust institutions regulated in Law 35/2003

Law 11/2021 of 9 July on measures to prevent and combat tax fraud, with effect from 1 January 2022, amends article 94 of the Personal Income Tax Law in order to standardise the treatment of investments in certain Collective Investment Undertakings, known as ETFs and ETFs, regardless of the market, domestic or foreign, on which they are listed.Thus, the treatment of listed collective investment undertakings listed on a foreign stock exchange is extended to those listed on the Spanish stock exchange with regard to the non-applicability of the deferral regime.

It should be noted that Law 11/2021, of 9 July, on measures to prevent and combat tax fraud, established additional requirements for open-ended investment companies (SICAVs) to apply the 1 per cent tax rate in relation to corporate income tax.This amendment is accompanied by a transitional regime for SICAVs that agree to be dissolved and wound up, the purpose of which is to allow their members to transfer their investment to other collective investment undertakings that meet the requirements for maintaining the 1 per cent corporate income tax rate.

However, Law 11/2021 itself added a new thirty-sixth transitional provision to the Personal Income Tax Law to establish a transitional regime allowing those acquired in foreign markets before 1 January 2022 to continue to apply the deferral regime, with the proviso that the reinvestment must be made in collective investment undertakings other than ETFs.

Receipt of premiums paid for the grant of a call option contract

For the purposes of the declaration of capital gains and losses, it should be borne in mind that the judgements of the Supreme Court nos.. 803/2022 and 804/2022, both of 21 June, have established as an interpretative criterion that the income obtained by the owner of a property in exchange for offering the right to purchase it (the contract premium) constitutes a capital gain that must be included in the savings income (and not in the general income) as it implies a transfer, derived from the transfer of powers inherent to the right of ownership which the owner temporarily renounces.

The grantor (owner) undertakes not to dispose of the property during the option period in exchange for a price and constitutes a real right of preferential acquisition in favour of the opting party, embedded or implicit in the right of ownership, from which it is detached, which implies a transfer and as such generates a gain that is independent of that which, if any, may be produced subsequently on the occasion of the sale.

Non-profit gains or losses not derived from lucrative transfers

Aid of EUR 200 for low-income and low net worth individuals

Article 31 of Royal Decree-Law 11/2022 of 25 June, adopting and extending certain measures to respond to the economic and social consequences of the war in Ukraine, to deal with situations of social and economic vulnerability, and for the economic and social recovery of the island of La Palma, introduced, with the aim of alleviating the detrimental effect on prices caused by the energy crisis resulting from the invasion of Ukraine, an aid called *"Línea directa de ayudas a personas físicas de bajo nivel de ingresos y patrimonio*" which consisted of a single payment of 200 euros, for individuals with low income and assets, who are salaried, self-employed or unemployed.This aid is considered a capital gain for its beneficiaries.

Bono Cultural Joven

Law 22/2021, of 28 December, on General State Budgets for the year 2022 (BOE of 29 December) created, with effect from 1 January 2022, the so-called "Bono Cultural Joven" aimed at facilitating access to culture for young audiences.

This is a one-time grant for young people who turn 18 in 2022 and meet certain requirements.The voucher has a maximum amount of 400 euros per beneficiary and must be used by the beneficiary for the purchase of cultural products and services offered by the entities that adhere to the programme, for a maximum period of 1 year from its concession:After this period, the voucher is automatically cancelled and the beneficiary will no longer have access to the unused amount.For its beneficiaries, this aid is considered as a capital gain in the amount that has been effectively used by the beneficiary.

Tax base

Reductions in the general taxable base

Reductions for contributions to social welfare systems

- **Maximum annual contributions (except for group nursing care insurance) and lximum joint maximum reduction limit**

  As a result of the modifications introduced by article 59 of Law 22/2021, of 28 December, on the General State Budget for 2022, in the reduction limits for contributions to social welfare systems, the general limit goes from 2,000 to 1,500 euros, while the additional increase in this limit is raised from 8,000 to 8,500 euros, and not only through employer contributions, as already occurred in 2021, but also through contributions by the worker to the same social welfare instrument, provided that these contributions are equal to or less than the respective employer contribution.

  For these purposes, the amounts contributed by the undertaking which derive from a decision by the employee are considered to be contributions by the employee.

  On the other hand, Law 12/2022 of 30 June on the regulation for the promotion of occupational pension plans, which amends the revised text of the Law on the Regulation of Pension Plans and Funds, approved by Royal Legislative Decree 1/2002 of 29 November, has approved the regulatory framework for pan-European individual pension products.

- **Excess of contributions made and not reduced in previous financial years**

  With regard to the way in which excess contributions and contributions that could not be reduced in previous years are applied, for the 2022 financial year, as a result of the new limits applicable to reductions for business contributions and contributions, the Regulations of IRPFhave been amended to facilitate the application of excess contributions and contributions pending reduction and to mitigate their complexity.To this end, the proportional application of the excess between contributions is eliminated, and the application of the increased maximum limit (1,500 + 8,500 euros) is permitted regardless of the origin of the amounts contributed, on the understanding that in the year in which they were paid the maximum annual contributions were respected (article 51.6 and additional provision sixteen of the Law of IRPF).

On the other hand, the excesses relating to group nursing care insurance premiums shall be charged within their own limits.

- **Advance availability of bound duties for taxpayers affected by the volcanic eruption on the island of La Palma**

  In order for those affected by the volcanic eruption on the island of La Palma to be able to meet their liquidity needs, article 11 of Royal Decree-Law 20/2021 of 5 October, adopting urgent support measures to repair the damage caused by the volcanic eruptions and for the economic and social reconstruction of the island of La Palma (BOE of 6 October), established, on an exceptional basis and exclusively during the period between 6 October 2021 and 5 July 2022, the possibility for pension plan participants, as well as the insured members of insured pension plans and company pension plans and the members of mutual benefit societies to make early use of their consolidated rights in certain cases, establishing the conditions and a maximum amount for their use.

Personal and family tax-free threshold

Autonomic minimum

The Autonomous Communities of Andalusia and Galicia, and the Valencian Community have established for the first time for 2022, in the exercise of their regulatory powers, the amounts corresponding to the minimum for the taxpayer and the minimum for descendants, ascendants and disability, to be applied by taxpayers resident in the territory of that autonomous community for the calculation of the autonomous community tax.

Likewise, the Community of Madrid, which had approved the amounts of the minimum for descendants, now regulates all the amounts corresponding to the minimum for the taxpayer, the minimum for descendants, for ascendants and for disability.

Tax calculation:Determining the full amount payable

Tax of the net tax base

Autonomous

All the Autonomous Communities have approved their corresponding scales applicable to the general taxable base.

Deductions from the full amount payable

Deductions for incentives for business investment in economic activities in direct estimation

General regime and special regimes of deductions for incentives and stimuli for business investment of the Corporate Income Tax Law

- **General scheme of deductions**

  Deduction for investments in Spanish film productions and audiovisual series (art. 36.1 LIS) and deduction for the production of certain live shows (art. 36.3 LIS).

  Law 38/2022, of 27 December, for the establishment of temporary energy taxes and taxes on credit institutions and financial credit establishments and which creates the temporary solidarity tax on large fortunes, and amends certain tax rules (BOE of 28 December) has amended in its fifth final provision, with effect for tax periods beginning on or after 1 January 2021, article 39.7 of the LIS introducing, in relation to the application of the deductions of paragraphs 1 and 3 of article 36 of the LIS by taxpayers who finance the production costs (financiers) of Spanish productions of feature films and short films, audiovisual series and live shows of performing

arts and music, the s

a. The taxpayer participating in the financing (hereinafter the financier) may apply the deduction not only for the amounts used to finance all or part of the production costs, but also for the costs of obtaining copies, advertising and promotion borne by the producer up to a limit of 30 per cent of the production costs.

b. The amounts to finance production costs that entitle the investor to the application of the deductions under Article 36(1) and (3) of the LIS may be contributed at any stage of production, before or after the producer incurs the production costs, eliminating the reference that indicated that the investor would apply the deduction annually, depending on the contributions disbursed in each tax period.

c. As a consequence of being able to provide financing at any stage of production, the financing contract may also be signed at any stage of production.

d. The financer may apply the deductions provided for in paragraphs 1 and 3 of Article 36 of the LIS under the conditions and terms indicated therein and determining their amount under the same conditions as those applied to the producer, provided that they have been generated by the latter.

e. A prohibition is introduced to apply the deduction when the financer is related within the meaning of Article 18 of the LIS to the taxpayer who generates the right to the deduction.

f. It is required that the amount of the deduction applied by the funder must be taken into account for the purposes of the application of the joint limit of 25 per cent laid down in Article 39(1) of the LIS.However, this limit shall be raised to 50 per cent where the amount of the deduction corresponding to the financer is equal to or exceeds 25 per cent of his gross tax liability less deductions for the avoidance of double international taxation and relief.

- **Special deduction schemes**

  Programmes to support events of exceptional public interest.

  New deductions are included in the business field linked to events of exceptional public interest approved in Law 22/2021, of 28 December, on the General State Budget for 2022 (BOE of 29 December).

Deductions for donations and other contributions

Donations, donations and contributions for priority patronage activities

The fifty-eighth additional provision of Law 22/2021, of 28 December, on the General State Budget for 2022 (BOE of 29 December), establishes for 2022 the activities that are considered priority patronage activities and raises by five percentage points the percentages and limits of the deduction for donations of Article 19 of Law 49/2002, of 23 December, in relation to these activities.

Deduction for habitual and effective residence on the island of La Palma for the tax periods 2022 and 2023

Article 67 of the General State Budget Law for 2023 adds an additional fifty-seventh provision to the Law of IRPF to allow, exclusively in the 2022 and 2023 tax periods, taxpayers with habitual and effective residence on the island of La Palma to apply the deduction foreseen for residents in Ceuta and Melilla in article 68.4.1 of this Law of IRPF.

Deduction for housing energy efficiency improvement works:

The temporary scope of application of the deduction for works to improve the energy efficiency of housing is extended for a further year in accordance with the provisions of Royal Decree-Law 18/2022, of 18 October, which approves measures to strengthen the protection of energy consumers and to contribute to the reduction of natural gas consumption in application of the "Plan + seguridad para tu energía (+SE)", as well as measures regarding the remuneration of public sector staff and the protection of temporary agricultural workers affected by the drought.

Result of the tax return

Deduction for maternity

For the 2020, 2021 and 2022 tax periods, the fifth final provision of Law 6/2023, of 17 March, on Securities Markets and Investment Services (BOE of 18 March), incorporates a new paragraph 4 in the thirty-eighth additional provision of the Personal Income Tax Law, to extend the scope of application of the deduction for maternity to women who, as of 1 January 2020, are in any of the following situations:

- Legal situation of unemployment due to suspension of the work contract (ERTE with total suspension - Victims of gender violence).
- Period of productive inactivity, in the case of permanent-discontinuous workers.
- Activity termination benefit, for self-employed workers as a result of the suspension of the economic activity carried out.

The deduction will be applied for the months in which the taxpayer is in any of the aforementioned situations, provided that the rest of the requirements established in article 81 of the Law of IRPFare met, with the exception of those in which, having effectively applied the deduction, it has not been regularised.

Likewise, in order to facilitate its application for the months of 2020 and 2021 for which the aforementioned requirements are met, it is envisaged that it will be applied separately in the tax return for IRPF corresponding to the 2022 tax period.

Other questions of interest

IPREM , legal interest, interest for late payment and average annual salary of all taxpayers of IRPF

- The amount of the Public Indicator of Multiple Effect Income (IPREM) for 2022 is set at 8,106.28 euros, in accordance with the provisions of the one hundredth additional provision of Law 22/2021, of 28 December, on the General State Budget for 2022 (BOE of 29 December).

- The legal interest on money in the financial year 2022 remains at 3% and the interest for late payment referred to in article 26.6 of the General Tax Law at 3.75%, in accordance with the provisions of the forty-sixth additional provision of Law 22/2021, of 28 December, on the General State Budget for the year 2022 (BOE of 29 December).

  For 2023, the legal interest rate is set at 3.25% and the interest for late payment at 4.0625%, in accordance with the provisions of the forty-second additional provision of Law 31/2022 of 23 December on the General State Budget for 2023.

- The average annual salary for all taxpayers of the IRPF remains at 22,100 euros for the financial year 2022.

Guide to regional Personal Income Tax deductions in the 2022 fiscal year

Andalucía

For personal and family circumstances	Related to the habitual residence	For donations and grants	Other deductible items
• For the birth, adoption or fostering of children. • For international adoption of children. • For single-parent families and, if applicable, with ascendants over 75 years of age. • Per taxpayer with a disability. • For disability of the spouse or unmarried partner. • For assistance to persons with disabilities. • For domestic help. • For large families.	• For investment in the primary residence, which is considered protected and is for young people • For renting a permanent residence.	• For donations for ecological purposes.	• Acquisition of company shares and holdings as a result of company incorporation agreements or capital increases in commercial companies. • Costs pertaining to the legal defence of the employment relationship. • For educational expenses.

Aragon

For personal and family circumstances	Related to the habitual residence	For donations and grants	Other deductible items
• For the birth or adoption of the third or successive children. • For the birth or adoption of a child with a degree of disability equal to or greater than 33%. • By international adoption. • For care of dependent persons. • For taxpayers over 70 years old. • For the birth or adoption of the first and/or second child in towns of less than 10,000 inhabitants. • For childcare expenses for children under 3 years of age. • For taking in Ukrainian persons or families displaced as a result of the armed conflict in their country.	• For the acquisition of a habitual residence by victims of terrorism. • For the purchase or renovation of a permanent home in rural or similar areas. • For renting a main residence linked to certain dation in payment operations.	• For donations for ecological purposes and for scientific and technical research and development. • For humanitarian aid to the Ukrainian people in connection with the armed conflict in their country. .	• For social housing rental (lessor's deduction). • For investment in shares of entities listed in the growth companies segment of the Alternative Equity Market (Mercado Alternativo Bursátil). • For the acquisition of shares or holdings in new or newly created companies. • For expenses for the purchase of textbooks and school materials. • For investment in social economy entities.

Principality of Asturias

For personal and family circumstances	Related to the habitual residence	For donations and grants	Other deductible items
• For unpaid foster care over 65 years of age. • For international adoption of minors. • For multiple births or for two or more adoptions constituted on the same date • For large families. • For single-parent families. • For foster care of minors. • For expenses for offspring in centres from 0 to 3 years of age. • For the birth or adoption of second and subsequent children in councils at risk of depopulation. • For the care of descendants or adopted children up to 25 years of age.	• For the acquisition or adaptation of the main residence for taxpayers with disabilities. • For the acquisition or adaptation of the main residence for taxpayers with whom their spouses, ascendants or descendants with disabilities live. • For investment in a main residence that is considered to be protected. • For rental of primary residence. • For the purchase or renovation of permanent housing in councils at risk of depopulation.	• For donations of rural properties in favour of the Principality of Asturias.	• For certification of sustainable forest management. • For acquisition of textbooks and school materials. • For taxpayers who establish themselves as self-employed or self-employed in councils at risk of depopulation. • For public transport costs for residents in councils at risk of depopulation. • For training expenses incurred by taxpayers carrying out specially qualified work directly and principally related to research and development, scientific or technical activities. • For taxpayers who move their tax domicile to the Principality of Asturias for work purposes in order to carry out specially qualified work, directly and principally related to research and development, scientific or technical activities. • For the purchase of electric vehicles. • For emancipation of young people up to 35 years of age.

Balearic Islands

For personal and family circumstances	Related to the habitual residence	For donations and grants	Other deductible items
• For declarants with a physical, mental or sensory disability or with descendants with this condition. • For expenses relating to descendants or foster children under 6 years of age for reasons of conciliation. • For hosting people displaced by the conflict in Ukraine.	• For certain investments to improve the sustainability of the habitual residence. • For renting a habitual residence in the Balearic Islands for certain groups. • For rental housing in the territory of the Balearic Islands derived from the temporary transfer of residence for work purposes.	• For donations to certain entities for research, scientific or technological development or innovation. • For donations, transfers of use or gratuitous bailment contracts and business collaboration agreements, relating to cultural, scientific and technological development patronage and cultural consumption. • For donations, transfers of use or gratuitous bailment contracts and collaboration agreements relating to sports sponsorship. • For donations to certain entities whose purpose is the promotion of the Catalan language. • For donations to third sector entities. • For donations to alleviate the effects of the conflict in Ukraine on people.	• For certain subsidies and aid granted on the basis of a declaration of an area seriously affected by a civil protection emergency. • For the purchase of textbooks. • For extracurricular foreign language learning expenses. • For higher education studies outside the island of habitual residence. • For renting out real estate in the territory of the Balearic Islands for housing purposes (lessor's deduction) • For investment in the acquisition of shares or holdings in new or newly created entities. • To compensate for the increase in the cost of variable rate mortgage loans or credits.

Canary Islands

For personal and family circumstances	Related to the habitual residence	For donations and grants	Other deductible items
• For the birth or adoption of children. • For taxpayers with disabilities and over 65 years old. • By fostering of minors. • For single-parent families. • For childcare expenses. • For large families. • For dependent family members with disabilities. • Minimum personal, family and disability allowance for residents of the island of La Palma.	• For investment in primary residence. • For energy refurbishment and renovation work on the main residence. • For the adaptation of the primary residence for persons with disabilities • For renting a permanent residence. • For renting a main residence linked to certain dation in payment operations.	• For donations to descendants under 35 years of age for the purchase or renovation of their first main residence. • For donations for the rehabilitation or conservation of the Historical Heritage of the Canary Islands. • For donations and contributions for cultural, sporting, research or teaching purposes. • For donations for ecological purposes. • For donations to non-profit organisations.	• For expenses for higher education studies of descendants outside the island of residence. • For study expenses in infant education, primary education, compulsory secondary education, baccalaureate and intermediate vocational training. • For transfer of residence to another island to carry out an activity as an employed or self-employed person. • For amounts earmarked by their owners for the restoration, rehabilitation or repair of properties of Cultural Interest. • For unemployed taxpayers. • For expenses on credit insurance premiums to cover unpaid rent for housing (lessor's deduction). • For sickness expenses. • For sickness expenses for residents on the island of La Palma. • Uprooting. • For the temporary use, free of charge, of properties published on the island of La Palma. • Because of rising prices.

Cantabria

For personal and family circumstances	Related to the habitual residence	For donations and grants	Other deductible items
• For care of family members:descendants under 3 years of age, ascendants over 70 years of age and persons with disabilities • For foster care of minors. • For childcare expenses. • For single-parent families. • For the birth and adoption of children. • For childcare expenses for taxpayers who live in rural areas of Cantabria at risk of depopulation.	• For renting a permanent residence for young people, the elderly or people with disabilities. • For works of improvement in housing owned by the taxpayer or in the building in which the housing is located. • For renting dwellings located in areas of Cantabria at risk of depopulation (deduction for the tenant).	• For donations to foundations or to the Cantabria Coopera Fund or to Associations whose aims include support for people with disabilities. • For investments or donations to Social Economy entities established in Cantabria.	• For investment in the acquisition of shares or holdings in new or newly created entities. • For sickness expenses. • For expenses incurred when moving the habitual residence to an area of Cantabria at risk of depopulation for reasons of employment or self-employment. • To mitigate the impact of inflation on commodity purchases in 2022.

Castilla-La Mancha

For personal and family circumstances	Related to the habitual residence	For donations and grants	Other deductible items
• For the birth or adoption of children. • For large families. • Due to the taxpayer's disability. • For disability of ascendants or descendants. • For taxpayers over 75 years old. • For care of ascendants over 75 years of age. • For unpaid foster care of minors. • For unpaid foster care for people over 65 years of age and people with disabilities. • For single-parent families. • For childcare expenses	• For renting out the main residence to children under 36 years of age. • For renting a main residence linked to certain dation in payment operations. • For the rental of the usual dwelling by large families. • For renting a single-parent home for single-parent families. • For the rental of the usual dwelling by persons with disabilities • For the acquisition or renovation of the main residence in rural areas.	• For amounts donated for international development cooperation and to entities for the fight against poverty, social exclusion and aid to people with disabilities. • For donations for the purpose of scientific research and development and business innovation. • For donations of cultural goods and contributions in favour of the conservation, repair and restoration of goods belonging to the cultural heritage of Castilla-La Mancha, and for cultural purposes, included in the cultural patronage plan of Castilla-La Mancha.	• For expenses for the purchase of textbooks, language training and other education-related expenses. • For habitual residence in rural areas. • For moving house. • For interest expenses for the acquisition of a primary residence by persons under 40 years of age. • To offset the effects of inflation. • For investment in the acquisition of shares and equity in new or newly created entities. • For investment in companies of the social economy.

Castilla y León

For personal and family circumstances	Related to the habitual residence	For donations and grants	Other deductible items
• For taxpayers affected by disability. • For large families. • For the birth or adoption of children. • For multiple births or adoptions. • For care of children under 4 years of age. • For adoption costs. • For Social Security contributions for domestic employees.	• For the acquisition or rehabilitation of the habitual residence by young people in rural areas. • For investment in rehabilitation of rental housing in rural areas. • For renting a permanent home for young people. • For investment in environmental and adaptation facilities for people with disabilities in the main residence. • For the purchase of a newly built primary residence.	• For amounts donated to foundations in Castilla y León and for the recovery of historical, cultural and natural heritage. • For amounts donated for the promotion of research, development and innovation	• For amounts invested by the holders in the recovery of the historical, cultural and natural heritage of Castilla y León. • For the promotion of sustainable mobility. • For the promotion of entrepreneurship.

Catalonia

For personal and family circumstances	Related to the habitual residence	For donations and grants	Other deductible items
• For the birth or adoption of a child. • For taxpayers who are widowed in 2020, 2021 and 2022.	• For renting the main residence (only taxpayers in certain disadvantaged situations). • For renovation of the main residence.	• For donations to organisations that promote the use of the Catalan or Occitan language. • For donations to entities that promote R&D&I. • For donations to certain entities for the benefit of the environment, conservation of natural heritage and land stewardship.	• For the payment of interest on loans for master's and doctoral studies. • For investment by an angel investor for the acquisition of shares or equity in new or newly created entities. • For the obligation to file the personal income tax return due to having more than one payer

Extremadura

For personal and family circumstances	Related to the habitual residence	For donations and grants	Other deductible items
• By fostering of minors. • For multiple births. • For caring for family members with disabilities. • For the care of children up to and including 14 years of age. • For widowed taxpayer.	• For the acquisition or rehabilitation of permanent housing for young people and for victims of terrorism. • For renting a permanent residence for taxpayers under 36 years of age. • For the acquisition or renovation of the main residence in rural areas. • For interest on third-party financing for investment in primary residence for young people.	No approved deductions.	• To receive remuneration for dependent work. • For the purchase of school materials. • For investment in the acquisition of shares or holdings as a result of incorporation agreements or capital increases in commercial companies. • For habitually residing in municipalities and smaller local entities in Extremadura with a population of less than 3,000 inhabitants.

Galicia

Personal and family circumstances	Relating to the habitual residence	For donations and grants	Other deductible items
• By birth or adoption. • For large families. • For foster care of minors. • For the care of minor children. • For disabled taxpayers aged 65 or over who require assistance from a third party.	• For renting a permanent home for young people. • For investment in air-conditioning and/or hot water installations in the main residence, which use renewable energies and are intended exclusively for self-consumption. • For works to improve energy efficiency in residential buildings or single-family dwellings. • For acquisition and rehabilitation of dwellings in model village projects.	• For donations for the purpose of scientific research and development and technological innovation.	• For expenditure on the use of new technologies in Galician households. • For investment in the acquisition of shares or holdings in new or newly created entities. • For investment in the acquisition of shares or participations in new or newly created entities and their financing. • For investment in shares of entities listed in the growth companies segment of the alternative stock market. • For the rehabilitation of real estate located in historic centres. • For investment in enterprises engaged in agricultural activities. • For subsidies and/or aid obtained for the fires that occurred during October 2017. • For the damage caused by the explosion of pyrotechnic material in Tui during May 2018. • For the aid and subsidies received by top-level sportsmen and sportswomen in Galicia.

Community of Madrid

For personal and family circumstances	Related to the habitual residence	For donations and grants	Other deductible items
• For the birth or adoption of children. • For international adoption of children. • For foster care of minors. • For unpaid foster care for people over 65 years of age and/or people with disabilities. • Caring for children under the age of three. • For families with two or more descendants and low income.	• For renting a permanent home.	• For donations to foundations and sports clubs.	• For educational expenses. • For investment in the acquisition of shares or holdings in new or newly created entities. • For the promotion of self-employment of young people. • For investments made in entities listed on the alternative stock market.

Murcia Region

For personal and family circumstances	Related to the habitual residence	For donations and grants	Other deductible items
• For childcare expenses. • By adoption or birth. • For taxpayers with disabilities. • By conciliation. • For unpaid foster care for people over 65 years of age and/or people with disabilities.	• For investment in a principal residence by young people aged 35 or under (including the transitional scheme). • For investment in domestic water-saving devices. • For investment in the installation of renewable energy resources in housing. • For renting a permanent home.	• For donations for the protection of the Cultural Heritage of the Region of Murcia and the promotion of cultural and sporting activities and for donations for bio-health research.	• For investment in the acquisition of shares or holdings in new or newly created entities. • For investments in shares of entities listed in the growth segment of the alternative stock market • For expenditure on the purchase of school materials and textbooks. • For working women.

La Rioja

For personal and family circumstances	Related to the habitual residence	For donations and grants	Other deductible items
• For the birth and adoption of children. • For expenditure on nursery schools, children's centres or staff hired for the care of children from 0 to 3 years of age for taxpayers normally resident in small municipalities. • For each child in emergency, temporary or permanent foster care, or foster care for the purpose of adoption. • For each child from 0 to 3 years of age of taxpayers who have their residence or transfer their residence to small municipalities in La Rioja and maintain it for at least 3 consecutive years. • For each child from 0 to 3 years of age attending nursery schools or infant education centres in any municipality in La Rioja. • For expenses for hiring staff for the care of family members affected by Covid-19.	• For the acquisition, construction or renovation of a primary residence in small municipalities. • Internet access charges for emancipated young people. • For expenses for the supply of electricity and gas for domestic use for emancipated young people. • For investment in the primary residence of young people under 36 years of age. • For renting a permanent residence for taxpayers under 36 years of age. • For amounts invested for the purchase or construction of a primary residence for young people. • For the acquisition or renovation of a 2nd home in rural areas. • For the amounts invested in renovation work on the main residence. • For works to adapt the usual dwelling for people with disabilities.	• For donations for the promotion and encouragement of patronage activities. • For donations for research, conservation, restoration, rehabilitation, consolidation, dissemination, exhibition and acquisition of assets of cultural interest of the Historical Heritage. • For donations to cultural enterprises. • By donation of cultural goods by their authors or creators and their heirs. • For amounts earmarked for research, conservation, restoration, rehabilitation or consolidation of assets forming part of the historical heritage.	• For the purchase of new electric vehicles. • For the purchase of unassisted pedal-assisted bicycles.

Region of Valencia

For personal and family circumstances	Related to the habitual residence	For donations and grants	Other deductible items
• For birth, adoption or foster care. • By multiple birth or adoption. • For the birth or adoption of children with disabilities. • For having the status of large family or single-parent family. • For amounts intended for the non-occasional custody in nurseries and 1st cycle child education centres of children or children in permanent foster care, under 3 years of age. • Reconciliation of work and family life. • For taxpayers with a degree of disability equal to or greater than 33%, aged 65 or over. • For ascendants over 75 years of age, and for disabled ascendants over 65 years of age. • For hiring people affiliated to the Special System for Domestic Employees of the General Social Security Scheme on an indefinite-term basis to care for people. • For taxpayers with 2 or more descendants. • For habitually residing in a municipality at risk of depopulation.	• For the first purchase of their main residence by taxpayers under 36 years of age. • For the acquisition of their habitual residence by people with disabilities. • For amounts for the purchase or renovation of the main residence from public aid. • For renting a permanent home. • For renting a dwelling as a consequence of an activity, whether employed or self-employed, in a municipality other than the one in which the taxpayer previously resided. • For investments in installations for self-consumption of electricity or for the use of certain renewable energy sources in the homes or building where they are located. • For works of conservation or improvement of the quality, sustainability and accessibility of the usual dwelling carried out during the period. • For works of conservation or improvement of the quality, sustainability and accessibility of	• For donations for ecological purposes. • For donations of Valencian Cultural Heritage assets. • For donations for the conservation, repair and restoration of Valencian Cultural Heritage assets. • For donations destined to the promotion of the Valencian Language. • By donations or transfers of use or loan for other non-professional cultural, scientific or sporting purposes. • For monetary donations to finance research, innovation and scientific or technological development programmes in the field of treatment and prevention of Covid-19 infections. • For donations to help finance the costs of the Covid-19 health crisis.	• For amounts earmarked by their owners for the conservation, repair and restoration of Valencian Cultural Heritage assets. • For the purchase of school supplies. • For amounts earmarked for cultural subscriptions. • For obtaining income derived from the rental of housing whose income does not exceed the reference price of private rentals (deduction by the lessor). • For amounts from public aid granted under Decree Law 3/2020, of 10 April, to workers affected by an ERTE and to those who have reduced their working hours to reconcile work and family life on the occasion of Covid-19. • For the purchase of new vehicles belonging to the categories included in Order 5/2020 of 8 June. • For investment in the acquisition of shares or equity in new or newly created entities. • For amounts paid for fertility treatments carried out in authorised clinics or centres.

For personal and family circumstances	Related to the habitual residence	For donations and grants	Other deductible items
	the usual dwelling carried out in 2014 and 2015. • Due to the increase in the cost of external financing in the investment of the principal residence.		

Chapter 1.2022 Income Tax Campaign

Who is required to file the 2022 personal income tax return?

The Tax Agency's E-Office includes a "Renta Informador", where you can check whether you are obliged to file a tax return depending on the type of income you have obtained and its amount.

Regulations:Art. 96:transitional provision eighteen.3 of the Personal Income Tax Law;art. 61 and twelfth transitory provision Regulation IRPF

Delimitation of the obligation to file a personal income tax return

Note: *exempt income is not taken into account for the purposes of determining the obligation to declare.*

Positive delimitation

The following taxpayers are obliged to file the tax return for IRPF for the financial year 2022**:**

a. Those who have obtained income during the financial year in excess of the amounts indicated below for each class or source.

b. Those who, regardless of the amount and nature or source of the income obtained, **were entitled to apply** the transitional regime of the **deduction for investment in main residence, the deduction for international double taxation**, or have made contributions to protected estates for people with disabilities, pension plans, insured pension plans, company social welfare plans, dependency insurance or mutual social welfare funds **that reduce the taxable base, when they exercise the corresponding right.**

c. Those who are not obliged to declare due to the amount and nature or source of the income obtained in the financial year, **who request the refund derived from the regulations of the IRPF which, where applicable, corresponds to them** (among other cases due to withholdings and payments on account or due to deductions for maternity, large family or disabled dependents).

The provisional settlement that the tax administration may issue to these taxpayers may not imply any obligation other than the restitution of the amount previously refunded plus the interest for late payment referred to in article 26.6 of the LGT.This is without prejudice to any subsequent verification or investigation that may be carried out by the

State Tax Administration Agency.

For LGT see Ley 58/2003, de 17 de diciembre, General Tributaria.

Recipients of the minimum living income: *in accordance with the provisions of article 36.1.f) and 2.c) of Law 19/2021, of 20 December, which establishes the minimum living income, the holders of the minimum living income and all the members of the cohabitation unit are obliged, in order to maintain the minimum living income benefit, to file an annual declaration corresponding to IRPF, regardless of whether or not they meet the requirements established in article 96 of the Law of IRPF for the obligation to file a declaration.*

For these purposes, the cohabitation unit is that defined in Article 6 of Law 19/2021 of 20 December.

When minors form part of the minimum subsistence income cohabitation unit, they must file a tax return individually or jointly with their parents (if this is the taxation option for the family unit) and, to do so, they can access the Renta Web help service, authenticating themselves in the following way:

(*) In the case of a joint tax return, the child's NIF must be entered, but authentication with RENØ or Cl@ve will not be necessary, unless the child earns income.

- *With **reference (RENØ)**.*

  Please note that if the child did not file IRPF in the previous year, he/she needs to be the holder or co-holder of a bank account (IBAN) opened in his/her name on 31 December 2022 (for Renta 2022) in order to be identified.

- *With **Cl@ve PIN**.*

  *In order to register at **Cl@ve**, minors must come with their **valid DNI** issued by the Directorate General of Police, accompanied by the person exercising parental authority with the **documentation proving their identification and parental authority**.*

  *They cannot register at **Cl@ve** with a NIF K.*

The declaration of these minors** also **can be submitted on their behalf:

- ***By the legal representatives** (normally the parents) with their own authentication system (electronic certificate or Cl@ve), if they have previously registered in the Register of succession and legal representation of minors and incapacitated persons.*

  See Resolution of 18 May 2010, of the Directorate General of the State Tax Administration Agency, in relation to the registration and management of powers of attorney and the registration and management of inheritances and legal representations of minors and disabled persons for carrying out online procedures and actions before the Tax Agency (BOE of 21 May).

- ***By a social collaborator or by an authorised public official (face-to-face service in offices)** where identification with Cl@ve PIN or reference is not necessary because it is the collaborator or the official with their certificate who signs.*

- ***By an authorised public official (telephone service)*** *after identification of the minor with Cl@ve PIN or reference number for their attention (RENØ).*

Negative demarcation

The following are not obliged to submit a tax return on the amount and nature of the income obtained:

1.Taxpayers whose income comes exclusively from the following sources, provided that they do not exceed any of the limits indicated in each case, in individual or joint taxation:

A. Full work income (including, but not limited to, pensions and passive assets, including those from abroad, as well as compensatory pensions and annual payments for non-exempt maintenance) where it does not exceed:

- 22,000 euros per year, as a general rule.

- 14,000 euros per year, in the following cases:

a. When work income comes from more than one payer.

However, the **limit** will be **22,000 euros per year in the following cases**:

1.When, coming from more than one payer, the sum of the amounts received from the second and other payers, in order of amount, do not exceed the sum of 1,500 euros per year.

This is irrespective of whether the amounts paid by the second and subsequent payers are subject to the general withholding procedure, are compensatory pensions or other income not subject to withholding or are subject to a fixed withholding rate.

2.In the case of pensioners whose only income from work consists of the passive benefits referred to in Article 17.2.a) of the Law of IRPF from two or more payers, provided that the amount of the withholdings made by the latter has been determined by the Tax Agency, following application by the taxpayer to that effect, using form 146 and, in addition, the following requirements are met:

- That the number of passive benefit payers has not increased over the course of the financial year in respect of those initially communicated in the formulation of the application.
- That the amount of benefits actually paid by the payers does not differ by more than EUR 300 per year from the initial notice in the application.
- None of the other circumstances that determine an increase in the withholding tax rate provided for in Article 87 of the Regulations of IRPF have occurred during the financial year.

Accuracy: Regarding Form 146, see the Resolution of 13 January 2003 (BOE of 14 January), which approves form 146 for requesting the determination of the amount of withholdings, which may be filed by taxpayers receiving passive benefits from more than one payer, and determines the place, deadline and conditions for filing.

b. When non-exempt maintenance payments or annual payments are received from a spouse.

Please note that annuities for maintenance payments received from the parents by virtue of a court decision or by virtue of the regulatory agreement are exempt from IRPF .See Chapter 2.

c. When the payer of the earned income is not obliged to make withholdings.

d. When untaxed earned income is received subject to a fixed withholding rate.

In 2022 this corresponds to the withholding rate of 35 per cent or 19 per cent (when the earnings come from entities with a net turnover of less than 100,000 euros) applicable to remuneration received as administrators and members of Boards of Directors and their substitutes and other members of other representative bodies, as well as the withholding rate of 15 per cent applicable to income deriving from giving courses, lectures and similar or deriving from the writing of literary, artistic or scientific works, provided rights to exploit them are transferred.

Note: *in the case of joint taxation, the same quantitative limits mentioned above must be taken into account.However, to determine the number of payers, the situation of each member of the individual family unit will be addressed.Thus, for example, in a joint return by both spouses, each of whom receives their remuneration from a single payer, the determining limit of the obligation to declare is 22,000 euros per year.*

B. Full earnings from liquid capital(share dividends, account interest, deposits or fixed income securities, etc.)and **capital gains** (gains from reimbursements of shareholdings in Investment Funds, prizes from participation in competitions or games, etc.), provided that each have been **subject to withholding or payment on account** and its overall amount does not exceed **1,600 euros per year**.

The regulations of IRPF do not foresee the possibility of offsetting positive and negative income from movable capital for the purposes of the obligation to declare.Consequently, they shall be counted only to determine whether there is an obligation to file full positive income.

Capital gains from the transfer or buy-back of shares or holdings in collective investment institutions for which it is not appropriate to determine the withholding base from the sum to be integrated into the tax base are excluded from the joint limit of 1,600 euros.

Note: *when the withholding base has not been determined in accordance with the amount to the integrated into the tax base, the capital gain obtained from the transfer or buy-back of shares or holdings in collective investment institutions cannot be calculated as a capital gain subject to withholding or payment on account for the purposes of the allowances in the obligation to make a return.*

C. Imputed real estate income, full income from movable capital not subject to withholding derived from **Letras del Tesoro and subsidies for the acquisition of subsidised housing or subsidised housing and other capital gains derived from public aid**, with the joint limit of **1,000 euros per year.**

In the event of no attributed income from property, neither the principal residence of the taxpayer, nor the garage spaces acquired together with this up to a maximum of two, as well as the unbuilt land shall be taken into consideration for this purpose.

2.Taxpayers who have obtained full income from work, capital (liquid or property) or economic activities in 2022 exclusively, as well as capital gains, whether or not subject to withholding, up to a combined maximum of 1,000 euros per year and capital losses of less than 500 euros, in individual or joint taxation.

In order to determine the amounts indicated in points 1 and 2 above, income that is exempt from IRPF, such as, for example, public scholarships to study at all levels and grades of the education system, annuities for maintenance received from parents by judicial decision, etc., will not be taken into consideration.

Nor shall income subject to the special tax on prizes from certain lotteries and bets, regulated in the thirty-third additional provision of the Personal Income Tax Law.

None of the amounts or limits shall be increased or extended in the case of joint taxation of family units.

Taxpayers not required to declare-summary table

Rule	Income obtained	Limits	Other conditions
1º	Earned income	22,000	• One payer (2nd and remaining 1.500 ≤ euros per year). • Passive benefits of two or more payers whose withholding has been determined by the Tax Agency.
		14.000	• More than one payer (2nd and remaining >1.500 euros per year). • Non-exempt spousal compensatory pensions or maintenance annuities. • Payer of income not obliged to retain. • Yields subject to fixed retention rate
	• Returns on investments. • Capital gains.	1,600	• Subject to withholding or payment on account, except for capital gains from transfers or redemptions of shares or units of UCIs in which the withholding base should not be determined by the amount to be included in the tax base.
	• Fixed asset income. • Treasury bond yields. • Subsidies for the acquisition of official protection or tasado-price dwellings. • Other capital gains deriving from state aid	1,000	-
	• Income from work. • Income from capital (movable and real estate). • Performance of activities economic. • Capital gains.	1,000	• Subject or not to withholding or payment on account.
	• Equity losses.	<500	• Whatever its nature.

Comments to the box:

Rule 2 and its limits are independant of those contained in rule 1, acting in any case as a corrective measure of rule 1 for low-level income.As a result, if a taxpayer is not required to file a tax return on account of the nature and amount of income obtained pursuant to the limits and conditions of rule 1, rule 2 shall not apply.

When, in the application of the limits and conditions under rule 1, the taxpayer is required to file a tax return, rule 2 and its

limits shall be applied to verify whether the exclusion of the obligation to declare as low-income applies.

It should be noted that rule 1 does not include capital losses among the cases exempted from the obligation to declare.

Similarly, it should be noted that rule 2 does not list the imputation of income.

Examples of taxpayers obliged to declare

For example, the following taxpayers are among those required to file:

- Taxpayers who have received gross earned income in excess of €22,000 per year.
- Taxpayers who have received gross earned income in excess of €14,000 in 2022 in the following cases:

  a. When they come from more than one payer, if the sum of the amounts coming from the second and remaining payers, in order of amount, exceeds the figure of 1,500 euros per year.

  > ***Covid-19:*** *in 2022 the ERTEs linked to the health crisis caused by Covid-19 come to an end.*
  >
  > *However, in order to facilitate the transition to the new temporary redundancy plans under Articles 47 and 47 bis of the Workers' Statute, the first additional provision of Royal Decree-Law 2/2022 of 22 February (BOE of 23 February) established the automatic extension until 31 March 2022 of the plans referred to in Article 1 of Royal Decree-Law 18/2021 of 28 September or which had been authorised under Articles 2 and 5.1 of Royal Decree-Law 18/2021 of 28 September, including those authorised under the single transitory provision thereof, provided that they were in force on 24 February 2022.*
  >
  > *In the case of ERTE the Servicio Público de Empleo Estatal (SEPE) assumes the payment of the unemployment benefit and becomes another payer for the taxpayer.*
  >
  > *In view of this, and provided that the rest of the income is within the limits indicated in each case in article 96 of the Law IRPF, taxpayers who obtain income from work will not be obliged to declare it for the IRPF when in these cases of temporary employment regulation proceedings (ERTE) the sum of the income from work from more than one payer does not exceed 14,000 euros or, where applicable, 22,000 euros, if the sum of the amounts received from the second and remaining payers, in order of amount, does not exceed the sum of 1,500 euros per year.*

  b. In the case of pensioners with several pensions whose withholding has not been carried out in accordance with those determined by the Tax Agency, at the request of the taxpayer to that effect, by means of the model 146.

  c. When non-exempt maintenance payments or annual payments are received from a spouse.

  d. When the payer of the earned income is not obliged to make withholdings.

e. When untaxed earned income is received subject to a fixed withholding rate.

- Taxpayers who have owned real estate other than their primary residence and unbuilt land, whose allocated income together with income from Treasury Bills and the amount of subsidies for the acquisition of officially protected or valued price housing and other capital gains derived from public aid is more than €1,000 per year.
- Taxpayers with economic activities, including agricultural and livestock, regardless of the method of determining their net income, provided that gross income together with earned and capital income, as well as capital gains, exceed €1,000 per year.
- Taxpayers who have obtained capital losses of an amount equal to or greater than €500 per year.
- Taxpayers owning leased property (flats, premises, garage spaces) whose total income, exclusively from the above-mentioned properties, or in conjunction with earned income, liquid capital income, income from economic activities and capital gains, exceeds €1,000 per year.

The 2022 personal income tax return:general aspects

Declaration form

This year, as in previous years, a single tax return form (Form D-100) has been approved for use by all taxpayers obliged to file a tax return for IRPF.

For these purposes, **the draft return of the IRPF duly confirmed by the taxpayer will be considered as a declaration of the IRPF**.

The returns filed through the help services provided in the Tax Agency offices or in those authorised for this purpose by the Autonomous Communities, Cities with Statute of Autonomy and Local Entities for the provision of this service and whose filing is carried out in the aforementioned offices through the Tax Agency's intranet will be valid.

Information and identification of the current habitual address of the taxpayer

The identification of the taxpayer's tax address introduced in 2019 is maintained, which provides information on the latest tax address available in the database of the State Tax Administration Agency separately from the rest of the return and before downloading the tax data so that the taxpayer can ratify it and, where applicable, modify it.

However, this year, if personal income taxpayers who are registered in the census of entrepreneurs, professionals or withholders wish to change their tax domicile, they must do so by means of the corresponding census declaration .

Tax allocation to the Catholic Church

The eighteenth additional provision of Law 42/2006, of 28 December, on General State Budgets for 2007 (BOE of 29 December), establishes that, with effect from 1 January 2007 and indefinitely, the State will allocate 0.7% of the total amount of IRPF corresponding to taxpayers who expressly

express their wish to do so to support the Catholic Church.

> For this purpose, the gross personal income tax amount is understood as the sum of the gross state amount and the gross regional amount, boxes ***[0545]*** and ***[0546]***, respectively, of the tax return.

Consequently, in the 2022 personal income tax return, taxpayers may allocate 0.7 percent of their total tax liability to the economic support of the Catholic Church, by marking an “X” in box [***105***] of the return.

Assignment of amounts for activities of general interest considered to be of social interest

In accordance with the provisions of the eighty-first additional provision of Law 22/2021, of 28 December, on General State Budgets for the year 2022 (BOE of 29 December), the State will earmark 0.7 percent of the total tax liability of IRPF for the financial year 2022, corresponding to taxpayers who expressly express their wish to do so, to subsidise activities of general interest considered to be of social interest.

> For this purpose, the gross personal income tax amount is understood as the sum of the gross state amount and the gross regional amount, boxes ***[0545]*** and *[0546],* respectively, of the tax return.

Consequently, in the declaration of IRPF for the financial year 2022, taxpayers will be able to allocate 0.7% of their total tax liability to activities of general interest considered to be of social interest by marking an "X" in the box ***[106]*** of the declaration.

According to article 2 of Royal Decree-Law 7/2013, of 28 June, on urgent measures of a tax, budgetary and research, development and innovation nature (BOE of 29 June) the following are axes of activities of general interest considered to be of social interest, and as such will be taken into account in the determination of the regulatory bases for aid financed with the fixed percentage of the yield of IRPF to other purposes of general interest considered to be of social interest:

a. Care of people with a need for complete health and social care.
b. Care of people with educational or employment inclusion needs.
c. The promotion of public safety and crime prevention.
d. Environmental protection.
e. Cooperation for development.
f. The promotion and modernisation of the Third Social Action Sector.

Within the framework of the axes set out in the previous section, and in execution of the provisions of Article II of the Agreement between the Spanish State and the Holy See on economic affairs of 3 January 1979, the amounts to be distributed, obtained from the allocation of the percentage of the yield of IRPF for other purposes of social interest, shall be used for activities of general interest, understood as those that contribute to improving the quality of life of people and society in general and to protecting and conserving the environment, which may be declared by regulation to be of social interest.This percentage will be set every year in the General State Budget Act.

For 2022, the aforementioned eighty-first additional provision of Law 22/2021, of 28 December, on General State Budgets for 2022 (BOE of 29 December), establishes that the total amount allocated in the budgets for activities of general interest considered to be of social interest will be distributed by applying the following percentages:77.72 per cent to the Ministry of Social Rights and Agenda 2030, 19.43 per cent to the Ministry of Foreign Affairs, European Union and

Cooperation and 2.85 per cent to the Ministry of Ecological Transition and the Demographic Challenge . These percentages shall be applied to the final settlement made in the financial year 2022.

Note: *the tax allocation to the Catholic Church is independent of and compatible with the tax allocation to activities of general interest considered to be of social interest.Therefore, the taxpayer can tick both boxes* ***[105]*** *(tax allocation to the Catholic Church) and* ***[106]*** *(allocation of amounts to activities of general interest considered to be of social interest);either one or none of them.*

The choice of any of the above options, or the absence of choice, will not have any economic cost for the taxpayer, so the amount to be paid or refunded resulting from the tax return will not be modified in any case.

2022 personal income tax return draft

Regulations:(Arts.98 Law IRPF and 64 Regulation IRPF

Obtaining the draft income tax return and tax data

How to obtain

All taxpayers, within the deadlines and using one of the identification systems indicated below, may access their draft tax return and their tax data electronically at the State Tax Administration Agency's Electronic Headquarters, in the Draft/return processing service, from where they may confirm and file it or, where applicable, modify it, confirm it and file it.In the event of obtaining the draft tax return by the joint taxation option, the Tax Identification Number (NIF) of the spouse and, where applicable, of the other members of the family unit who receive income, as well as their reference number or Cl@ve PIN, must also be stated.

This draft/return processing service can be accessed via the Tax Agency's web portal on the Internet at the following address:https://sede.agenciatributaria.gob.es.

The tax data of the IRPF return will also be available at the electronic Headquarters of the State Tax Administration Agency, at the electronic address https://sede.agenciatributaria.gob.es, by accessing through the "Tax data" procedure.

In addition, taxpayers may also access their tax data and the summary of the draft tax return **through an application for mobile devices**, after registering with it, using the Cl@ve PIN system or the reference number referred to in letters b) and c) of the section on identification systems for accessing the draft and/or tax data.They may also confirm and submit the draft tax return provided they do not have to change or include any additional data.

In any case, failure to obtain the draft tax return or the tax data will not exonerate the taxpayer from the obligation to file a tax return.

> ***Note:*** *all taxpayers, whatever the nature of the income they have obtained during the year (from work, from movable or real estate capital, from economic activities, capital gains and losses, as well as income imputations) may obtain the draft tax return through the draft/return processing service (Renta Web), after providing, where appropriate, certain information that will be requested for this purpose, or other information that the taxpayer may include.*

Deadline to obtain the draft and/or the tax data

From 11 April to 30 June 2023.

Identification systems for access to the draft and/or tax data

a. **Recognised electronic certificate** , issued in accordance with the conditions established in

Law 6/2020, of 11 November, regulating certain aspects of electronic trust services, which is admissible by the State Tax Administration Agency in accordance with the regulations in force at any given time.

Please note that Law 59/2003 of 19 December 2003 on electronic signatures was repealed with effect from 13 November 2020 by the repealing provision.a) of Law 6/2020, of 11 November, regulating certain aspects of electronic trust services (BOE of 12 November).

b. **Cl@ve PIN** system for identification, authentication and electronic signature common to the entire State Public Administrative Sector, which will allow citizens to interact electronically with public services through a common platform by using agreed passwords after registering as a user

Please take into account Order PRE/1838/2014, which publishes the Agreement of the Council of Ministers of 19 September 2014, approving Cl@ve PIN, the common platform of the State Public Administrative Sector for identification, authentication and electronic signature through the use of agreed keys (BOE of 10 October).

c. **Reference number** previously supplied by the State Tax Administration Agency.

To obtain the reference number, taxpayers must communicate their Tax Identification Number (NIF), the expiry date of their National Identity Document (DNI) or the support number of their Foreigner's Identity Number (NIE), except in the case of a permanent National Identity Document (DNI) (expiry date 01/01/9999) in which case the date of issue must be communicated or in the case of a Tax Identification Number (NIF) beginning with the letters K, L, M in which case the date of birth must be communicated.

In addition, the amount of the box ***[0505]*** of the declaration of IRPF corresponding to the financial year **2021**, "Base liquidable general subject to taxation", must be provided, unless the taxpayer did not file a tax return the previous year, in which case an International Bank Account Number (IBAN) of a Spanish bank in which he/she appears as the holder on 31 December 2022 must be provided.

The reference number can be requested electronically via the Internet at the State Tax Administration Agency's Electronic Headquarters, using a recognised electronic certificate or the Cl@ve PIN system, without the need to communicate the box ***[0505]***.

The State Tax Administration Agency shall adopt the necessary control measures to guarantee the identity of the person or persons requesting the reference number, as well as, where appropriate, the conservation of the data communicated.

Obtaining a reference number invalidates the previous reference number that had been requested, so that, in the event that several reference numbers have been requested, only the last reference number requested will be valid and will therefore allow access to the draft or tax data, modify and, if applicable, file the draft or the return of IRPF.

For the reference number, see section one.3.a) and Annex I of the Resolution of 17 November 2011 of the Presidency of the State Tax Administration Agency, approving identification and authentication systems other than the advanced electronic signature for electronic relations with the aforementioned Tax Agency.

Modification of the draft tax return

Taxpayers may request the modification of the draft tax return IRPF when they consider that personal or financial data not included in the same should be added or when they notice that it

contains erroneous or inaccurate data.

The draft tax return may be amended in one of the **following ways:**

1.Electronically

a. **Through the electronic office of the State Tax Administration Agency (Agencia Estatal de Administración Tributaria).**

   Taxpayers can modify their draft tax return through the State Tax Administration Agency's Electronic Headquarters, at the electronic address https://sede.agenciatributaria.gob.es, by accessing the draft/return processing service.To do so, the taxpayer must use one of the identification systems indicated in the previous section (recognised electronic certificate, Cl@ve PIN system or reference number).In the event of a modification of the draft declaration by the Joint Taxation option, the spouse's Tax Identification number (Tax Identification number) and its reference number or CL@ve PIN must also be recorded.

b. **By telephone**

   Taxpayers can modify their draft tax return by telephone by communicating their Tax Identification Number (NIF) and their reference number, previously requested by the State Tax Administration Agency, exclusively for those taxpayers who meet the requirements stated in the State Tax Administration Agency's Electronic Headquarters on the Internet.In cases of joint tax return by both spouses, it will also be necessary to communicate the NIF as well as the reference number of the spouse.

   To this end, the Tax Agency will adopt the necessary control measures to guarantee the identity of the taxpayers who make the request to amend the draft tax return.

2.In person

The taxpayer may modify the draft by appearing in person, **by appointment**, at any **Office or Administration of the Tax Agency**, providing proof of identity, among other data, with their Tax Identification Number (NIF).

You may also request the modification of the draft tax return in person at the **offices of the tax administrations of the Autonomous Communities and Cities with a Statute of Autonomy** that have signed a collaboration agreement with the Tax Agency for the implementation of the one-stop tax system, under the terms set out in that agreement.

Confirmation and filing of draft tax returns

When the taxpayer considers that the draft tax return reflects their tax situation for the purposes of this tax, they may confirm it and file it, in this case, as a Personal Income Tax return for all purposes.

The confirmation and filing of the draft tax return, and the making of the payment, the request for the return or the waiver of it, will be made by one of the following means:

1.By electronic means online at the Tax Agency’s E-Office

In this case, the taxpayer must make use of one of the following identification systems:recognised electronic certificate, Cl@ve PIN system or reference numberIn the case of joint returns filed by both spouses, it will also be necessary to communicate the NIF, as well as the reference number or Cl@ve PIN of the spouse.

The technical requirements for electronic filing of the return and the procedure to follow, depending on the result of your return, are discussed in the section "Filing Personal Income Tax returns 2022" of this Chapter.

2.By electronic means through the telephone

By calling 901 200 345.To this end, the taxpayer must communicate, among other details, their Tax Identification Number (NIF), their reference number or Cl@ve PIN, as well as the International Bank Account Number (IBAN), to which they wish to make the aforementioned direct debit.In the case of a joint declaration made by both spouses, it will also be necessary to communicate the NIF, as well as the reference number of the spouse or Cl@ve PIN of the spouse.

Once the filing has been made, the Tax Agency will return the secure verification code associated with the filing.

> To this end, the Tax Agency will adopt the necessary control measures to guarantee the identity of the taxpayers who communicate, confirm and file the draft tax return.

Taxpayers can obtain proof of filing by accessing the State Tax Administration Agency's Electronic Headquarters on the Internet, at the electronic address https://sede.agenciatributaria.gob.es, using one of the following identification systems:recognised electronic certificate, reference number or Cl@ve PIN system, or by means of the electronic document matching service of the E-Office with the secure verification code that will have been provided after submission.

The telephone **cannot be used** to confirm the draft tax return and file it **when the result is a deposit and the taxpayer does not opt for direct debit** at a collaborating entity for the resulting amount or, where applicable, for the amount corresponding to the first instalment.However, in these cases, the taxpayer may also make the payment by means of the payment document at a collaborating entity within the established deadline.

> **Note:**Please note the Resolution of 15 December 2020, of the Tax Management Department of the State Tax Administration Agency, which enables procedures and actions to be carried out through the telephone channel, by means of certain identification systems.

3.In person

The confirmation and filing of the draft tax return can be done at the following offices:

a) The taxpayer may visit **at the offices of the State Tax Administration Agency**, exclusively for those taxpayers who meet the requirements stated in the electronic address of the State Tax Administration Agency, https://sede.agenciatributaria.gob.es and after requesting an appointment, as well as at **the offices set up by the Autonomous Communities, Cities with Statute of Autonomy and Local Entities** for the confirmation of the draft return and its immediate electronic transmission.

In this case, the taxpayer will be given their copy of the “Form 100.Document of payment or return

of the tax return of IRPF", as proof of submission or, where appropriate, proof of submission with the data of the declaration form of IRPF corresponding to the declaration submitted, validated with a secure verification code, which will include the date and time of submission of the declaration.

However, will not be able to confirm the draft tax return and file it in this way when the result of the return is to be paid and the taxpayer does not opt for direct debit at a collaborating entity for the resulting amount or, where applicable, for the amount corresponding to the first instalment.However, in these cases, the taxpayer may also make the payment by means of the payment document at a collaborating entity within the established deadline.

> Personal Income Tax returns of non-separated spouses may also be filed in this way, in which one of them requests the suspension of the income and the other states that they waive collection of the refund, whatever the final result of their returns, with results to be paid, to be refunded or negative.

b) In the offices of the Tax Administrations of the Autonomous Communities and Cities with a Statute of Autonomy that have signed a collaboration agreement with the Tax Agency for the implementation of **one-stop tax systems**, under the terms set out in that agreement.

Presentation of Personal Income Tax Returns 2022

Period and method for filing 2022 personal income tax return

Period for filing Personal Income Tax returns

The deadline for filing the returns of IRPF corresponding to the financial year 2022, whatever the result, will be between **11 April and 30 June 2023,** both inclusive.

This is without prejudice to the deadline for direct debit of tax returns (until 27 June 2023) discussed in this chapter.

Period and method for filing personal income tax returns

In general

In accordance with Article 2 of Order HAP/2194/2013 of 22 November, which regulates the procedures and general conditions for the filing of certain self-assessment tax returns, sample tax returns, tax register declarations, communications and refund requests, personal income tax returns, as well as the corresponding payment or refund document, may be filed as follows:

a) Electronic submission via the Internet, which may be made by means of one of the following identification systems:recognized electronic certificate, reference number or CL@ve PIN system described in this Chapter.

b) Filing of the tax return via the confirmation of the draft tax return which, as mentioned in the previous section, allows filing, in addition to the Internet at the State Tax Administration Agency's Electronic Headquarters, via the application for mobile devices, by telephone and at the offices of the State Tax Administration Agency, by appointment, as well as at the offices set up by the Autonomous Communities, Cities with Statute of Autonomy and Local Bodies for confirmation of the draft tax return.In this case, the tax return must be submitted directly to the above offices for immediate electronic transmission.Tax returns to be returned or negative and returns resulting in a payment may be submitted by confirmation of the draft tax return provided that the taxpayer would have proceeded to direct debit the resulting income or the first instalment if these are tax returns in which the taxpayer has chosen to split the payment.In the case of mobile devices, payment of the resulting tax debt must necessarily be made in two instalments, by direct debit of both.

Specialities:

1. **Personal Income Taxpayers who are covered by the current account system in tax matters**

   Taxpayers of the IRPF who are included in the current account system for tax matters, regulated in Articles 138 to 143 of the General Regulations on the actions and procedures for tax management and inspection and for the development of the common rules for tax application procedures, approved by Royal Decree 1065/2007, of 27 July, shall file their tax returns in accordance with the rules set out in numbers One and Two of section six of the Order of 30 September 1999, which approves the application form for inclusion in the current

account system for tax matters, establishes the place for filing tax returns that generate debts or credits that must be recorded in said current tax account and develops the provisions of Royal Decree 1108/1999, of 25 June, which regulates the current account system for tax matters.

2. **Taxpayers who are also obliged to file a Wealth Tax return**

   Taxpayers who file a Wealth Tax return are obliged to use online electronic means to file their Personal Income Tax return, using electronic means, via the internet or the telephone to confirm, where appropriate, the draft Personal Income Tax return.

3. **Taxpayers with habitual residence abroad or displaced outside the Spanish territory**

   Taxpayers who have their habitual residence abroad and those who are outside the national territory during the filing periods for Personal Income Tax returns may confirm and file their draft tax return and, where appropriate, make the payment or request the return electronically, online or over the telephone, within the terms, conditions and in accordance with the procedure set out in the "Confirmation and filing of draft tax return" section.

4. **Declarations of the IRPF of spouses who are not legally separated** in which one of them requests the suspension of income and the other declares the waiver of the refund.

   For tax returns corresponding to spouses not legally separated in which, under the provisions of Article 97.6 of the Personal Income Tax Act, one of them requests the suspension of income and the other declares the waiver of collection of the refund, tax returns must be submitted simultaneously and jointly in the appropriate place depending on the final result of their tax returns, as a result of application of the aforementioned procedure, whether to be paid or refunded.

Additional documentation to be filed along with the personal income tax return

We can distinguish the following cases in which additional documentation is required:

1.Taxpayers subject to the international tax transparency regime must submit, together with their personal income tax return, the information and documents indicated in Article 91.12 of the Law of IRPF, relating to each and every one of the non-resident entities whose income must be included in the tax base of IRPF.

2.Taxpayers who have made early investments in the financial year of future allocations to the Reserve for Investments in the Canary Islands must present, together with the declaration of IRPF, a notification of the early materialisation of the financial year and its financing system, in accordance with the provisions of Article 27.11 of Law 19/1994, of 6 July, on the modification of the Economic and Fiscal Regime of the Canary Islands.

3.Taxpayers who apply for a refund by means of an uncrossed nominative cheque from the Bank of Spain:should submit a written request together with the declaration of IRPF.

4.Taxpayers who, in accordance with the provisions of Article 89.1 of the Corporate Income Tax Act, **report merger or spin-off operations** in which neither the transferring nor the acquiring

entity has its tax residence in Spain and in which the regime established in Article 84 of the aforementioned Corporate Income Tax Act is not applicable, as the transferring entity does not have a permanent establishment in Spain, must, in addition to indicating in the corresponding box on the return form for IRPF the option for the special regime, as the resident shareholder concerned, submit the following documents:

- Identification of the entities involved in the operation and description of the operation.
- Copy of the public deed or equivalent document corresponding to the transaction.
- In the event that the operations had been carried out by means of a public offering for the acquisition of shares, a copy of the prospectus must also be provided.

In all cases in which additional documentation must be submitted, the documents or written documents and, in general, any others not expressly contemplated in the tax return forms that must accompany it, may be submitted through the **Electronic Register** of the State Tax Administration Agency regulated by the Resolution of 28 December 2009 (BOE of 29 December).They may also be submitted at the **in-person Register** of the Spanish State Tax Agency and at any of the registers referred to in Article 16.4 of Act 39/2015 of 1 October on the Public Administrations Common Administrative Procedure.

Descendants or ascendants who are listed in the deductions for large families or disabled dependents must have a tax identification number.

When the deduction applicable to family units formed of tax residents in EU or EEA member states may be applied, the members of the family unit will need a Tax Identification Number (NIF).

Online filing

Personal Income Tax returns, regardless of their result, can be filed online.

However, when taxpayers must accompany the return with the additional documentation referred to above and, in general, any documents, requests or declarations of options not expressly contemplated in the official return forms themselves, the electronic filing of the return will require the aforementioned additional documentation to be presented, in the form of electronic documents, in the Electronic Register of the State Tax Administration Agency, in accordance with the procedure established in the Resolution of 28 December 2009, creating the Electronic Headquarters and regulating the electronic registers of the State Tax Administration Agency (BOE of 29 December).

Who can file online?

The following may file online via the Tax Agency's e-Office:

a. By taxpayers or, if applicable, their legal representatives.

b. By voluntary representatives of taxpayers with powers to file tax returns and self-assessments online on their behalf with the Tax Agency or to represent them before the latter, under the terms established at each moment by the General Directorate of the Tax Agency.

c. By persons or entities that, in accordance with the provisions of article 92 of the LGT, have the status of social collaborators in the application of taxes and meet the requirements and conditions established for this purpose by the regulations in force at any given time.

For LGT see Ley 58/2003, de 17 de diciembre, General Tributaria.

What are the technical requirements for filing online?

Filing online via the Tax Agency's e-Office will be subject to compliance with the following general conditions:

a. **The taxpayer must have a Tax Identification Number (NIF) and be registered, prior to filing, in the Taxpayer Census** referred to in Article 3 of the General Regulation for tax management and inspection actions and procedures and in compliance with the common standards for tax procedures, approved by Royal Decree 1065/2007, of 27 July.In order to verify compliance with this requirement, the taxpayer may go to the "my census data" option available at the Tax Agency's e-Office.In the case of a joint return by spouses, the above circumstances must be met by both.

b. Electronic filing **may be carried out using a recognised electronic certificate** issued in accordance with the conditions established by Law 6/2020, of 11 November, regulating certain aspects of electronic trust services (BOE of 12 November) that is admissible by the State Tax Administration Agency in accordance with the regulations in force at any given time, or the system **Cl@ve PIN** or the reference number.In the case of a joint return by spouses, the spouse indicated as the first taxpayer must have a recognised electronic signature, **Cl@ve PIN** or reference number, and the other spouse must have a reference number or **Cl@ve PIN.**

   When returns are filed online **by proxy or by duly authorised corporate collaborators,** they must have a digital certificate.

c. To file online, **the taxpayer or, where appropriate, the self-assessment filer must** go to the Pre-populated tax return/tax return processing service.

   In the case of taxpayers, the return will be filed by confirming the pre-populated tax return.

   In turn, those who have the general and specific powers of attorney related to form 100 and social collaborators can use the Renta Web service to process the tax return of those they represent from the option available on the form 100 procedures page in the E-Office.

   Additionally, individuals or entities authorised to file tax returns online on behalf of third parties may use a computer program to obtain the file with the self-assessments to be sent from the option available on the procedures page for Form 100 on the Tax Agency e-Office.

How is the tax return filed?

Once the return has been filed by accessing the draft/return processing service for confirmation of the draft and/or filing of the return or, where applicable, from the option available on the form 100 procedures page at the State Tax Administration Agency's E-Office for filing returns on behalf of third parties, depending on the result of the return and whether or not the payment corresponding to the full amount or the first instalment has been paid by direct debit, the following procedure

must be followed:

> ***Note:****in the case of joint declarations of the IRPF made by both spouses for electronic filing, it will also be necessary to communicate the NIF as well as the reference number of the spouse or their Cl@ve PIN.*

a) With a result to be paid whose total payment is not made by direct debit or when partial payment is made with a request for deferment or instalments, compensation, recognition of debt or by delivery of Spanish Historical Heritage assets.

The taxpayer or, where applicable, the taxpayer must connect to the State Tax Administration Agency's Electronic Headquarters on the Internet, at the electronic address https://sede.agenciatributaria.gob.es, accessing the Service for processing the draft/return.Then, he/she will complete or confirm, if applicable, the options for payment by instalments and direct debit of the second instalment, with two alternatives being offered at the time of submission:

1ª. Enter the complete reference number (NRC) previously obtained after entering the collaborating entity and proceed with the confirmation and submission of the draft declaration.

For this purpose, the taxpayer or filer can obtain the Complete Reference Number (CRN) from the collaborating organisation in one of the following ways:

- Directly, either at their offices or through the electronic banking services they provide to their customers.
- Through the electronic headquarters of the State Tax Administration Agency, by electronic means, using a recognized electronic certificate or by using the CL@ve PIN system)

2ª. Obtain a deposit document with which payment can be made at a collaborating entity.

In both cases, if the return is accepted, the State Tax Administration Agency will return on screen the details of the IRPF return form corresponding to the return filed, proof of filing, validated with a secure verification code containing the date and time of filing, which the taxpayer must print or file and keep.

If the self-assessed tax return was refused, the errors detected will be shown so that the taxpayer may correct them.

b) With result to be paid whose total payment or that corresponding to the first instalment is paid by direct debit

Sending the tax return does not require, in advance, communication with the Collaborating organisation to complete payment and obtain the CRN.

The self-assessment, including the corresponding direct debit order, will be sent as described in the previous section.

The taxpayer may keep, in addition to the accepted return and the payment or refund document, form 100, the payment document for the second instalment, form 102, validated with a secure 16-character verification code which, in addition to the date and time of filing the return, will state the direct debit order made and, where applicable, the payment by instalments option chosen by the taxpayer.

Remember: *if the tax return is a deposit, the taxpayer may, at the same time as filing the return, pay by direct debit, make the immediate electronic payment (after obtaining the full reference number (NRC)), or obtain a payment document that will allow him/her to make the payment at a collaborating entity.*

c) With the result to be paid when they are presented with a request for deferral or payment in instalments, compensation, recognition of debt or request for payment by delivery of Spanish Historical Heritage assets.

The procedure for filing self-assessments online referred to in this point involves only the particular aspect that, once the return has been filed, the filer or the person or entity authorised to file returns by electronic means on behalf of third parties will obtain, in addition to the secure verification code, a 17-character settlement code with which, if they wish, they may use the link provided to request deferment, payment in instalments, offset or, where appropriate, payment with Spanish Historic Heritage assets.You will also be able to present these applications at a later date with the payment key at the electronic Headquarters of the State Tax Administration Agency on the Internet, at the electronic address "https://sede.agenciatributaria.gob.es", through the option "Pay, defer and consult", in the Information and formalities section.

If part of the total debt is to be paid while requesting deferment or payment in instalments, offset or request for payment with Spanish Historic Heritage assets for the part not paid, the taxpayer may obtain the Complete Reference Number (CRN) from the collaborating organisation as established in section a) above for the case of self-settlements with payment due, when payment is not made by direct debit.When you confirm the pre-populated tax return, you must enter the CRN and also the option or options you will later choose for the amount not paid.

Note: *under no circumstances shall the electronic filing of the IRPF return be considered, in itself, as a request for compensation, deferment or payment in instalments of debt or a request for payment by means of the delivery of Spanish Historical Heritage assets.*

d) Returns with refund or negative returns

The procedure to file these tax returns is similar to that described for tax returns with amounts to be deposited, except that it is not necessary to communicate with the Collaborating Organisation to make payment and obtain the associated CRN, nor the direct debit in the Collaborating Organisation.

The taxpayer must, where appropriate, fill in or confirm the account unique identifiers, International Bank Account Number (IBAN) and then confirm and file.

Attention: *in the case of joint returns filed by both spouses, for electronic filing it will also be necessary to communicate the NIF, as well as the reference number or "Cl@ve PIN" of the spouse.For this purpose, the State Tax Administration Agency will adopt the corresponding security protocol that allows the identity of the taxpayers filing the tax return to be guaranteed.*

Payment of personal income tax liability

In general

Regulations:(Arts.97.2 Law IRPF and 62.2 Regulation IRPF

If as a final result of the personal income tax return an amount to pay is obtained, the taxpayer must make the payment of that amount to the Public Treasury.

However, to pay the personal income tax debt, the taxpayer may choose to do this in one payment, or to split the amount, without interest or surcharge, in two payments:

a. The first, of 60 percent, at the time of filing the tax return.

b. The second, of the remaining 40 percent, until 6 November 2023, inclusive.

In order to enjoy this benefit, the draft tax return or self-assessment must be submitted within the established period and 60% of the tax debt resulting from the self-assessment must have been paid within the same period.

Failure to pay 60 per cent of the amount of the debt (of the first instalment) within the time limit determines the start of the enforcement period for the total amount of the self-assessed debt (100 per cent of the debt).

Note:*the payment of supplementary self-assessments of IRPFmay not be paid in two instalments.*

The existence of this procedure for payment by instalments does not prevent the taxpayer **from requesting deferment or payment by instalments as provided for in article 65 of the LGT**, developed in articles 44 and following of the General Collection Regulations, approved by Royal Decree 939/2005, of 29 July (BOE of 2 September).

For LGT see Ley 58/2003, de 17 de diciembre, General Tributaria.

Note:*the taxpayer cannot make use of the payment by instalments provided for in Articles 97.2 of the Law of IRPF and 62.2 of the Regulation at the time of filing the return and, at the same time, request deferment or instalment payment of the first instalment in accordance with Article 65 of the LGT, as both deferment/ instalment payment mechanisms are not applicable simultaneously in this case.*

One-time payment

The payment of the amount resulting from the declaration of IRPF corresponding to 2022 can be made in one single payment at **cash, by debit or charge on account or by direct debit, in any**

of the authorised collaborating Entities (Banks, Savings Banks or Credit Cooperatives) located in Spanish territory.

Direct debit of payment

Taxpayers will be able pay the tax resulting from the income tax return by direct debit subject to the following requirements and conditions.

A. Scope of application of direct debiting

Direct debit will only be possible for:

a. Taxpayers who file their income tax return online.

b. Taxpayers whose self-assessment is made through the assistance services provided in the offices of the Spanish State Tax Agency, in the offices of the Tax Administrations of the Autonomous Communities and Cities with a Statute of Autonomy that have signed and collaboration agreement with the Spanish State Tax Agency for the implementation of one-stop-shop tax systems, and in those empowered to this effect by the remaining Autonomous Communities, Cities with Statute of Autonomy and Local Entities for their immediate electronic transmission.

c. Taxpayers who confirm the income tax draft declaration electronically on the internet, by telephone or in the above offices.

B. Time limit for direct debiting

Direct debit can be made from **11 April until 27 June 2023**, both inclusive.

C. Procedure for making the payment

The State Tax Administration Agency will communicate the taxpayer's direct debit order to the collaborating Entity indicated in the same, which will proceed, where applicable, on **30 June 2023 to debit the direct debit amount**, subsequently sending the taxpayer proof of the payment made, which will serve as a document accrediting said payment.

The persons or entities authorised to file returns electronically on behalf of third parties, in accordance with the provisions of Articles 79 to 86 of the General Regulations on tax management and inspection actions and procedures and on the development of the common rules for tax application procedures, approved by Royal Decree 1065/2007, of 27 July, and in Order HAC/1398/2003, of 27 May, which establishes the cases and conditions in which social collaboration in the management of taxes may be effective, and expressly extends this to the electronic filing of certain tax return forms and other tax documents, may, by this means, transfer the direct debit orders previously communicated to them by the third parties they represent.

Payments will be understood to have been made on the date the debits are debited, and the proof of payment will be that issued by the credit institution where the payment is made.

Payment in two instalments

To be able to take advantage of this tax benefit of splitting the payment resulting from the IRPF in two instalments:the first, 60 per cent of the amount, at the time of filing the tax return, and the second, the remaining 40 per cent, is essential:

a. The return must be filed within the established deadline and must not be a self-assessment tax return.

b. 60 per cent of the amount resulting from the tax return must be paid when the tax return is filed.

> ***Note:*** *in cases where, under the provisions of Article 97.6 of the Law of IRPF, the request for suspension of payment of the tax debt resulting from the tax return made by a spouse does not reach the full amount, the remainder of the tax debt may be paid in instalments.*

However, in the case of taxpayers who confirm and submit the draft return **through the application for mobile devices,** the payment of the resulting tax debt **must be made in two instalments** by direct debit of both instalments.

Deadline for direct debit

Direct debit can be made from **11 April until 27 June 2023,** both inclusive.

However, if you choose to direct debit **only the second instalment**, this can be done up to **30 June 2023** inclusive.

Depending on whether or not the taxpayer pays by direct debit for the first instalment, the following situations can be distinguished in relation to the payment of each of the instalments:

A. Taxpayers who do not pay the first instalment by direct debit

First instalment

Amount of income: 60 percent of the amount resulting from the declaration.

Time of payment:when submitting the declaration.

Location:

a. **If you wish to direct debit only the payment of the second instalment.**

   The second instalment must be paid by direct debit at the credit institution that collaborates in the collection process with which the taxpayer paid the first instalment.

b. **If you do not wish to pay the second instalment by direct debit.**

   In the event that you do not wish to pay the second instalment by direct debit, the payment of the second instalment must be made electronically or directly at any branch of these institutions (banks, savings banks or credit cooperatives) located in Spain.

Second instalment

Amount of income:the remaining 40 per cent of the amount resulting from the declaration.

Time of payment:until 6 November 2023**, inclusive.**

Location:

a. **If only the payment of the second instalment was paid by direct debit.**

   On 6 November 2023, the collaborating institution to which the payment of the second instalment was paid by direct debit will debit the amount to the account indicated by the taxpayer, and will then send the corresponding proof of payment.In this case, a sufficient balance must be available on the account indicated.

b. **If the payment of the second instalment was not paid by direct debit.**

   At any of the collaborating entities located in Spanish territory, directly or electronically, by means of the payment document, **form 102**, which can be obtained by downloading **through the Internet portal of the State Tax Administration Agency**, at the electronic address e "http://sede.agenciatributaria.gob.es" or at any **Delegation or Administration** of the State Tax Administration Agency.

B. Taxpayers making a direct debit for the first instalment

Taxpayers who make the direct debit of the first instalment of IRPF can opt for the following alternatives:

Direct debit of the first and second instalments

The first instalment must be paid by direct debit to a collaborating bank in accordance with the terms, conditions and deadline previously mentioned in the section "Payment in a single instalment".On the other hand, the second instalment must be paid by direct debit from the same collaborating bank and account to which the first instalment was paid by direct debit.

The State Tax Administration Agency will communicate the direct debit orders made by the taxpayer to the collaborating entity indicated, which will proceed, where applicable, on 30 June 2023 to debit the account for the amount of the first instalment paid by direct debit, subsequently sending the taxpayer proof of the payment made, which will serve as a document accrediting the payment.

Subsequently, on 6 November 2023, the collaborating Entity will, where applicable, debit the account for the second instalment, sending the taxpayer proof of the payment made.

Direct debit of the first instalment only

In this case, the special feature with respect to the above is that the payment corresponding to the second instalment must be made at any of the Collaborating Entities located in Spanish territory, directly or electronically, by means of the payment document, form 102.

However, provided that the first instalment has been paid by direct debit, taxpayers may pay the second instalment by direct debit up to and including 30 September 2023.

Other forms of payment and/or extinguishment of tax debts

Payment, subject to acknowledgement of debt, by bank transfer

Taxpayers who do not have an account open with any of the credit institutions that collaborate in the collection process, may pay the full amount of the tax debt resulting from the personal income tax return, after acknowledgement of the same, by bank transfer, in accordance with the provisions of the Resolution of 18 January 2021, of the Directorate General of the State Tax Administration Agency, which defines the procedure and conditions for the payment of debts by means of transfers through collaborating institutions in the collection process entrusted to the State Tax Administration Agency.

Further information on this transfer payment procedure is available athttps://sede.agenciatributaria.gob.es/Sede/deudas-apremios-embargos-subastas/pagar-aplazar-consultar/pagos-transferencias-especial-extranjero.html

Payment by delivery of Spanish Historical Heritage assets

Regulations:(Arts.97.3 Law IRPF and 62.3 Regulation IRPF

Payment of the tax debt may be made by means of the delivery of goods belonging to the Spanish Historical Heritage that are registered in the General Inventory of Movable Goods or in the General Register of Goods of Cultural Interest, in accordance with the provisions of Article 73 of Law 16/1985, of 25 June, on Spanish Historical Heritage.Taxpayers who intend to use this means of payment in kind as a means of settling debts for the IRPF to the Administration must follow the procedure established for this purpose by Article 40 of the General Collection Regulations, approved by Royal Decree 939/2005, of 29 July (BOE of 2 September).The procedure for the electronic filing of self-assessments with results to be paid with a request for payment by delivery of Spanish Historical Heritage assets is regulated in article 10 of Order HAP/2194/2013, of 22 November, which regulates the procedures and general conditions for the filing of certain self-assessments, informative declarations, census declarations, communications and requests for refunds, of a tax nature.

> Under no circumstances shall the electronic submission of the self-assessment be considered, in itself, as a request for payment by delivery of Spanish Historical Heritage assets.

Extinguishment by book entry in the current account system in tax matters

The tax debt resulting from the declaration of IRPF may be extinguished by offsetting by means of an entry in the current account system in tax matters.

For this purpose, taxpayers of IRPF who are included in the current account system for tax matters regulated in Articles 138 to 143 of the General Regulations on tax management and inspection actions and procedures and on the development of the common rules for tax application procedures, approved by Royal Decree 1065/2007, of 27 July, shall file their tax returns in accordance with the rules set out in section six of the Order of 30 September 1999,

which approves the application form for inclusion in the current account system for tax matters, establishes the place for filing tax returns that generate debts or credits that must be recorded in said current tax account and develops the provisions of Royal Decree 1108/1999, of 25 June, which regulates the current account system for tax matters.

Extinguishment by offsetting against recognised tax credits

The tax debts resulting from the declarations of the IRPF may also be extinguished by compensation with tax credits recognised by administrative act in favour of the same taxpayer, under the terms set out in articles 71 and following of the LGT and in accordance with the conditions and procedure established in articles 55 and following of the General Collection Regulations.

For LGT see Ley 58/2003, de 17 de diciembre, General Tributaria.

Special instalment payment cases due to death and loss of taxpayer status due to change of residence

Regulations:(Arts.97.5 Law IRPF and 63 Regulation IRPF

In addition to the general case mentioned above, the regulations governing the IRPF provide for two special cases of splitting:

a. Death of the taxpayer.

b. Loss of taxpayer status due to change of residence.

In both cases, all unallocated income must be included in the tax base of the last tax period to be declared for the IRPF.

Therefore, the successors of the deceased or the taxpayer may request that the part of the tax debt corresponding to this income be paid in instalments.

The instalment payment shall be governed by the rules laid down in the General Collection Regulations, approved by Royal Decree 939/2005, of 29 July, with the following special features:

a. Applications must be made within the statutory declaration period.

b. The applicant must provide a guarantee in the form of a joint and several guarantee from a credit institution or mutual guarantee company or a surety insurance certificate.

Procedure for suspension of income tax debt without interest on arrears

Regulations:Art. 97.6 Ley IRPF and 62.1 Reglamento IRPF

Married couples who are not legally separated and who choose to pay tax individually and in which one of the tax returns is a deposit and the other a refund, may avail themselves of this procedure whereby the taxpayer whose return is positive may request the suspension of the

payment of their tax debt, without interest for late payment, in the maximum amount allowed by the amount of the refund resulting from their spouse's return, on condition that the spouse waives the collection of the same in an amount equal to the amount of the debt whose suspension has been requested by the taxpayer.

The suspension will be provisional until the tax authorities recognise the right to the refund for the spouse and as a result of the amount of the refund.

Requirements for provisional suspension

a. The taxpayer whose tax return results in an amount to be refunded must waive collection of the refund up to the amount of the debt whose suspension has been requested by their spouse, also accepting that the amount waived will be applied to the payment of that debt.

b. Both returns, that of the taxpayer requesting the suspension and that of the spouse waiving the refund, must correspond to the same tax period and must be filed simultaneously and jointly, within the established period.

c. None of the spouses may be covered by the tax current account system regulated in Articles 138 to 140 of the General Regulation on tax management and inspection actions and procedures and the development of common rules on tax application procedures, approved by Royal Decree 1065/2007 of 27 July (BOE of 5 September).

d. Both spouses must be up to date in the payment of their tax obligations, in the terms set out in Article 18 of the Regulations of Law 38/2003, of 17 November, General Subsidies Law, approved by Royal Decree 887/2006, of 21 July (BOE of 25 July).

How to request a suspension

To request the suspension, the spouse whose tax return results in an amount to be paid must complete and sign the corresponding section of the tax return.In addition, when filling in the payment document (form 100), you must mark with an "X" the box ***[7]*** of the section "Summary of the declaration".

Likewise, the spouse whose return is to be refunded must complete and sign the corresponding section of their return, also marking with an "X" the box ***[7]*** of the section "Summary of the return" of their payment or refund document (form 100).

Possibility of direct debiting the payment of the unsuspended part of the tax debt

If the positive result of the return is greater than the amount for which suspension is requested, the payment of the excess may be split into two instalments, 60% and 40% respectively, and the payment of each of these instalments may also be made by direct debit, in accordance with the general procedure established in the previous section for the payment of Personal Income Tax.

Effects of improper requests for suspension

When the suspension is not appropriate because the above-mentioned requirements are not met,

the administration will make a provisional settlement to the taxpayer who requested it for the amount of the debt that is the subject of the request together with the interest for late payment calculated from the date of expiry of the period established for presenting the tax return until the date of the aforementioned provisional settlement.

Effects on the debt suspended of the recognition of the right of reimbursement for the spouse

a. If the recognised repayment is equal to the suspended debt, the latter will be totally extinguished, as will the right to repayment.

b. If the recognised refund is greater than the suspended debt, the latter will be declared totally extinguished and the Administration will refund the difference between the two amounts.

c. If the recognised refund is less than the suspended debt, the latter will be declared extinguished in the concurrent part, and the Administration will make a provisional settlement to the spouse who requested the suspension for the amount of the difference together with the interest for late payment calculated from the date of expiry of the period established for presenting the tax return until the date of the aforementioned provisional settlement.

Note:*by express legal provision, there shall be deemed to be no lucrative transfer for tax purposes between the spouses for the amount which, from the return of one of them, is applied to the payment of the debt of the other*

Returns derived from personal income tax regulations

In general:refunds deriving from personal income tax legislation

Regulations:Art. 103 of the Personal Income Tax Act

If as a final result of the Personal Income Tax return, regardless of whether this is self-assessment or the duly confirmed draft declaration, an amount to be returned is obtained, the taxpayer may request said amount be returned.

In accordance with the provisions of article 103 of the Law of IRPF, **this amount will be, at most, the sum of the withholdings effectively made, the payments on account and instalments made from IRPF**, as well as the **non-resident income tax payments** paid by taxpayers who have acquired this status due to a change of residence, plus the amount corresponding, if applicable, to the deduction for maternity regulated in article 81 of the Law of IRPF and/or the **deduction for large families or disabled dependents** provided for in article 81 bis of the Law of IRPF.

How is it refunded?

The refund is not automatic.The taxpayer must expressly apply for on the “**Payment or Refund Document” (Form 100)** accompanying the declaration forms.

As a general rule, the refund is made by bank transfer to the account indicated by the taxpayer as his or her account in the aforementioned payment or refund document, although payment by cheque may be authorised.

It is therefore vitally important that the full details of the account into which the refund is to be made are correctly completed in the relevant section of the said document.

Payment of the amount to be refunded shall be made by bank transfer to the bank account that the taxpayer or his authorised legal representative indicates as his or her account in the self-assessment tax return, without the taxpayer being able to claim any liability in the event that the refund is sent to the bank account number designated by him or her.

In this regard, see Article 132(1) of the General Regulations on tax management and inspection actions and procedures and on the development of the common rules for tax application procedures, approved by Royal Decree 1065/2007, of 27 July, amended by Article 1.7 of Royal Decree 1615/2011, of 14 November, which introduces modifications to the aforementioned Regulations in terms of formal obligations (BOE of 26 November).

However, when the taxpayer does not have an account open with any Collaborating Entity or when there are circumstances that justify this, he/she may request that the refund be made by means of an uncrossed nominative cheque from the Bank of Spain.To do so, the taxpayer must submit a written request containing this request as additional documentation for the return, either through the electronic register of the State Tax Administration Agency, at the electronic address of the State Tax Administration Agency, https://sede.agenciatributaria.gob.es/, accessing the procedure for providing additional documentation corresponding to the return, or in person at the register of the State Tax Administration Agency.Once the letter has been received and the relevant verifications have been carried out, the appropriate refund may be authorised by means of an uncrossed nominative cheque.

When is it refunded?

The Administration has six months to provide a provisional settlement that confirms or corrects the refund amount requested by the taxpayer, from the end of the tax return submission deadline, or from the date the tax return was filed if it was filed after the deadline.

If the provisional settlement has not been made within this six-month period, the Administration will, on its own account, refund any surplus payments on account above the self-settled amount, without prejudice to making any subsequent provisional or definitive settlements that may be appropriate.

Once said six-month period has elapsed without the payment of the refund having been ordered as a result of causes that can be attributed to the Tax Agency, an interest for delay in payment will be applied to the refund amount pending payment beginning the day after this six-month period ends and up to the date the payment is ordered, without the taxpayer having to claim it.

Finally, it should be borne in mind that, if errors or omissions are noted in the declaration, the Tax Administration may rectify the outcome of the taxpayer's settlement by means of the corresponding interim settlement, modifying the amount of the refund requested or determining its impropriety.

In the event of said interim settlement, the taxpayer shall be notified of the such, which may convey the remedies provided for in the current tax legislation.All this is without prejudice to the fact that, after the interim settlement has been made, new verification actions limited by the Tax Management bodies and inspection proceedings may be carried, in either case, when new facts or circumstances have been discovered resulting from actions other than those taken and specified in the interim settlement.

Attention:*the tax authorities will not be responsible for the delay when the refund cannot be processed within the specified period because the return has not been correctly completed in all its aspects, does not contain the required documentation, or the details of the account to which the amount should be transferred are missing or erroneous.*

Special case:request for refund in the case of taxpayers who died during 2022

In the case of taxpayers deceased during 2022, the IRPF will accrue on the date of death and the tax period will be shorter than the calendar year.

See in this respect in Chapter 2 of this manual the section "Accrual and tax period".

In this case, it is the successors of the deceased who are obliged to fulfil the outstanding tax obligations for the IRPF, excluding penalties, in accordance with article 39.1 of the LGT.

For LGT see Ley 58/2003, de 17 de diciembre, General Tributaria.

To do so, they must file the deceased's individual tax return and integrate the income obtained up to the time of death, paying the resulting debt, if applicable.

However, if the result of the tax return is a refund, in accordance with Article 107.6 of the General Regulations on tax management and inspection actions and procedures and on the development of the common rules for tax application procedures approved by Royal Decree 1065/2007, of 27 July, in order for the refund to be made to the successors, the proportion corresponding to each of them must be accredited in accordance with the provisions of the specific legislation**,** for the purposes of recognising the right and paying or offsetting the refund, except in the case of duly identified inheritances, in which case the refund will be recognised and paid to the deceased inheritance.

In order to process this refund application and obtain payment, the State Tax Administration Agency provides heirs with a voluntary form, the sole purpose of which is to facilitate the provision of the information and documentation considered necessary to process the application for a deceased person's personal income tax refund.This optional form is form H-100 ("Solicitud de pago de devolución a herederos"), available at the electronic Headquarters of the Agencia Estatal de Administración Tributaria, at the electronic address https://sede.agenciatributaria.gob.es.

The following documentation must be submitted with the application:

- **For amounts less than or equal to 2,000 euros:**
  - Death certificate.
  - Full Family records book.
  - Certificate from the Register of Last Wills and Testaments.
  - Last will and testament (only if included in the certificate of last will and testament).
  - In the event that there are several heirs and you wish the amount of the refund to be paid to one of them, written and signed authorisation with a photocopy of DNI of all of them.
  - Bank certificate stating as accountholders the persons designated to receive the refund.

- **For amounts over 2,000 euros:**
  - Death certificate.
  - Full Family records book.
  - Certificate from the Register of Last Wills and Testaments.
  - Last will and testament (only if included in the certificate of last will and testament).
  - Proof of that the refund amount has been declared in the tax return for Inheritance and Donations Tax.
  - In the case of multiple heirs and if the payment method chosen is bank transfer, bank certificates naming all the heirs as accountholders or, if applicable, a Notarised Authorisation for one/multiple heirs.

Rectification of errors or omissions in tax returns already filed

It may happen that, once the taxpayer has filed the tax return for IRPF, either in the form of a self-assessment or a duly confirmed draft return, he/she notices errors or omissions in the data declared.The channel for rectification of such anomalies is different, depending on whether the errors or omissions have caused damage to the Treasury or to the taxpayer himself.

Errors or omissions to the detriment of the Public Treasury:

The procedure for regularising tax situations arising from errors or omissions in returns already filed that have caused damage to the tax authorities is discussed in Chapter 18 in the section "Regularisation through the presentation of supplementary self-assessment".

Errors or omissions to the detriment of the taxpayer

If the taxpayer has wrongly declared any exempt income, over-estimated amounts, forgotten to deduct any fiscally eligible expenses or omitted any reduction or deduction to which he was entitled and, consequently, his legitimate interests have been harmed, he may request the correction of the self-assessment in accordance with the procedure discussed in Chapter 18.

It is possible to request the rectification of the self-assessment of IRPF through the tax return itself, when the taxpayer has made errors or omissions that determine a higher refund in their favour or a lower income, and this rectification request can be made, for the 2022 tax period, not only through Renta Web but also through the filing programmes developed by third parties.

> ***Note:****to request the correction of their self-assessment for the tax year 2022, the taxpayer must tick the box* ***[127]*** *of the return.Once marked, the self-assessment acts as a letter of request for rectification, in accordance with the provisions of article 67 bis of the Regulation of the IRPF.*

Help services for 2022 Income tax

The Spanish Tax Agency provides taxpayers with the following support services for 2022 Income tax:

INCOME TAX INFORMATION.**Telephone *901 33 55 33* or *91 554 87 70***, from 9 a.m. to 7 p.m. Monday to Friday.To clarify any doubts that may arise about completing your income tax return.

INCOME TAX APPOINTMENT.The appointment can serve two purposes:

- **Personal assistance in the tax office:**this service allows you to obtain the place, day and time to file the IRPF return at the offices and can be requested via:

  Telephone *901 22 33 44* or *91 553 00 71*.For the timetable you can consult the website of the Tax Agency.

  Internet at the address **" http://sede.agenciatributaria.gob.es "**

  The 'Agencia Tributaria' app.

  > ***Attention:*** *the appointment period for face-to-face appointments will be from 25 May to 29 June 2023.*

- **Preparing tax returns by phone:Plan "We'll call you"** this service allows taxpayers to request the day and time they wish the Tax Agency to contact them by telephone to prepare and file their income tax return.You can make an appointment in one of the following ways:

  Telephone *901 22 33 44* or *91 553 00 71* -personalised attention.For the opening times, please consult the Tax Agency website.

  Telephone *901 12 12 24* or *91 535 73 26* -automatic- .

  Internet at the address **"http://sede.agenciatributaria.gob.es"**

  The 'Agencia Tributaria' app.

  > ***Attention:*** *the deadline to make an appointment for the "Le llamamos" Plan will be from 3 May to 29 June 2023.*

AppMOBILE APPLICATION "AGENCIA TRIBUTARIA" from a mobile device and downloading the "Agencia Tributaria" application free of charge, available in the Google (Play Store) and Apple (App Store) markets for the Android and iOS operating systems respectively, the taxpayer will have direct access to various procedures and to the Renta Web application to generate and file their Renta 2022 return.

RENTA WEB: "http://sede.agenciatributaria.gob.es" on the Tax Agency portal, by

accessing "Renta 2022", taxpayers can consult general information and, by accessing the "Draft / return processing service (Renta Web)", they can obtain their draft return, modify and/or confirm it and complete and submit the self-assessment electronically.

To access this service you will need a digital certificate or electronic DNI, Cl@ve PIN or reference number, which the taxpayer will have requested from the RENØ Service or through the Tax Agency mobile app.

The Autonomous regions and cities with Statute of Autonomy, in exercise of their fiscal co-responsibility, collaborate with the Spanish Tax Agency in the 2022 Income Tax Campaign to prepare tax returns, as well as modify and confirm of draft tax returns.

Chapter 2.Personal Income Tax (IRPF):General issues

Personal Income Tax (IRPF)

Nature of Personal Income Tax

Regulations:Article 1 of the Personal Income Tax Law

Personal Income Tax (hereinafter referred to as IRPF) is a personal and direct tax that taxes, according to the principles of equality, generality and progressiveness, the income of individuals in accordance with their nature and their personal and family circumstances.

What is meant by "income" for the purposes of IRPF?

Regulations:Article 2 of the Personal Income Tax Law

The taxpayer's income, which is taxed by IRPF, is legally defined as the totality of their **income, gains and losses**, as well as the income allocations established by law, regardless of where they have occurred and whatever the residence of the payer.

Treatment of personal and family circumstances on IRPF

The personal and family tax-free threshold constitutes the part of the taxable base that, because it is used to cover the vital needs of the taxpayer and the people who depend on them, is not subject to taxation.

Scope of application of IRPF

Regulations:Articles 4 and 5 of the Personal Income Tax Law

Personal income tax is applied throughout Spain, with the specialties provided for the Canary Islands, Ceuta and Melilla, and without prejudice to the provincial tax systems of concert and economic agreement in force, respectively, in the Historical Territories of the Basque Country and the Autonomous Community of Navarre.

All of this is without prejudice to the provisions of international treaties and conventions that have become part of domestic law, in accordance with Article 96 of the Spanish Constitution.

Partial transfer of personal income tax to the Autonomous Communities

Introduction

Regulations:Art. 3 Law IRPF

Since 1 January 2009, the maximum limit for the partial transfer of personal income tax is **50 percent of the income produced in the territory of each Autonomous Community**, in accordance with the provisions of article eleven of Organic Law 8/1980, of 22 September, on the Financing of the Autonomous Communities (LOFCA), as last amended by Organic Law 3/2009, of 18 December (BOE of 19 December).

The current system of financing of the Autonomous Communities is articulated in Law 22/2009, of 18 December, which regulates the system of financing of the Autonomous Communities of common regime and Cities with Statute of Autonomy and modifies certain tax rules (BOE of 19 December).

The aforementioned law establishes, with effect from 1 January 2010, the regulatory powers assumed by the Autonomous Communities in the IRPF and introduces, with the same temporal validity, the corresponding modifications in the regulations of this tax in order to adapt its structure to the new financing system.

Regulatory competences of the Autonomous Communities under joint government for the 2022 personal income tax

In accordance with Article 46 of Law 22/2009, of 18 December, the normative powers that may be assumed by the Autonomous Regions under joint government are as follows:

a. Amount of the personal and family minimum applicable for the calculation of the Autonomous Community levy

For these purposes, the Autonomous Communities may establish increases or decreases in the amounts corresponding to the minimum for the taxpayer and the minimum for descendants, ascendants and disability referred to in articles 57, 58, 59 and 60 of Law 35/2006, of 28 November, of IRPF, **with a limit of 10 percent for each of the amounts**.See in this respect the minimums approved by the Autonomous Communities at Chapter 14.

b. Autonomous Community scale applicable to the general tax base

In accordance with article 46.1 (b) of Law 22/2009, of 18 December, the only requirement for its approval is that the structure of this scale be progressive.See in this respect the regional scales applicable to the general tax base at Chapter 15.

c. Deductions in the autonomous community tax liability for

- **Personal and family circumstances, for non-business investments and for income application**, provided that they do not directly or indirectly involve a reduction of the actual assessment of some income categories.

- **Non-exempt public subsidies and aid** received from the Autonomous Region, except for those that affect the development of economic activities or income that is included in the savings base.

  In relation to these deductions, the regulatory powers of the Autonomous Communities shall also cover the determination of:

  - The justification required to be able to practise them.
  - The limits of deduction.
  - Whether or not they are subject to the requirement to verify their financial situation.
  - The special rules which, if applicable, must be taken into consideration in cases of joint taxation, tax period shorter than the calendar year and determination of the family situation.If the Autonomous Region does not regulate any of these matters, the rules laid down for this purpose in the Personal Income Tax Act will be applied.

The regional deductions applicable in the 2022 financial year are set out in Chapter 17.

d. Increases or decreases in the percentages of the regional tranche of the deduction for investment in principal residence (without effect from 1 January 2013).

With effect from 1 January 2013, the deduction for investment in primary residence was abolished, although a transitional regime was established for taxpayers who had been benefiting from this deduction prior to that date.This regime allows them to continue applying the aforementioned deduction in accordance with the provisions of the regulations of the Law of IRPF in its wording in force on 31 December 2012, without prejudice to the deduction percentages that, in accordance with the provisions of Law 22/2009, have been approved by the Autonomous Community.

> The deduction percentages applicable in the regional section of the deduction for investment in principal residence in the Autonomous Community of Catalonia are discussed in Chapter 16 in the section on "Deduction for investment in principal residence:Transitional regime" as well as in Chapter 17 when examining the deductions of the Autonomous Community of Catalonia.

Participation of the Autonomous Communities and cities with statute of autonomy in the management of personal income tax

The participation of the Autonomous Communities in the Spanish State Tax Agency, which is the responsible administrative organisation on behalf of and for the Spanish State of the effective implementation of the State tax system and the Customs system, is done through the following bodies, regulated in Articles 65 and 66 of Act 22/2009:

Superior Council for the Management and Coordination of Tax Management

The Senior Board for Tax Management and Coordination is the collegiate body, made up of representatives from the State Tax Administration and the Tax Administrations of the Autonomous

Communities and Cities with a Statute of Autonomy, charged with coordinating management of assigned taxes and levies.

This body is chaired by the President of the State Tax Administration Agency and is made up of the Director General of the State Tax Administration Agency, who will hold the first Vice-Presidency, five representatives of the State Tax Administration Agency, the heads of the General Secretariat of Finance, the General Secretariat of Territorial Financing and the General Inspectorate of the Ministry of Economy and Finance (currently the Ministry of Finance and Public Function) and by a representative of each of the Autonomous Communities of the common system and of the Cities with Statute of Autonomy, one of whom will be appointed by them each year to hold the second Vice-Presidency.

Those Autonomous Communities and cities with statute of autonomy entrusted to two different bodies or entities with the functions of applying taxes and those that design or interpret the regional regulations may designate two representatives, although they shall have one vote.

Accuracy: It should be noted that article 1.8 of Royal Decree 352/2011, of 11 March (BOE of 12 March) abolished the General Secretariat for Territorial Financing and that Royal Decree 1887/2011, of 30 December (BOE of 31 December), abolished in its article 4.3, among other executive bodies, the General Secretariat of Finance and the General Inspectorate of the Ministry of Economy and Finance.

At present, see Royal Decree 139/2020 of 28 January, which establishes the basic organisational structure of ministerial departments (BOE of 29 January), which includes the General Secretariat for Regional and Local Financing as a management body of the Secretariat of State for Finance, and the General Inspectorate within the current Under-Secretariat for Finance and Public Administration.

Territorial Councils for the Management and Coordination of Tax Management

The Regional Boards for Tax Management and Coordination are collegiate bodies made up of representatives of the Spanish State Tax Agency and the Autonomous Community or the City with Statute of Autonomy concerned. They are responsible for coordinating management of assigned taxes in their respective regional area.

These boards include four representatives of the Spanish State Tax Agency and four from the respective Autonomous Community or City with Statute of Autonomy.There are as many substitutes as members and these will act in the event of the absence or vacancy of one of the latter.

Participation of the Autonomous Regions and cities with statute of autonomy in the personal income tax campaign

The Autonomous Regions under joint government and the Cities with Statute of Autonomy, in exercise of their fiscal co-responsibility, participate and collaborate with the Tax Agency in the development of the 2022 personal income tax campaign, through the enabling of offices for the provision of tax information services and assistance in filing tax returns.

In these offices, the filed taxed returns whose result is a return or negative can also be carried out, as well as those that result in a deposit and the direct debit of your payment.

You may also file your tax return for IRPF and confirm and file your draft tax return at the offices of the tax administrations of the Autonomous Communities, under the terms set out in the collaboration agreements signed between the Tax Agency and these tax administrations for the implementation of one-stop tax systems.

Subject to personal income tax:Material aspects

Positive delimitation of the taxable event

Regulations:Art. 6 Law IRPF

The taxable event for Personal Income Tax is the obtaining of income by the taxpayer, the components of which are as follows:

a. Income from work.
b. Income on capital.
c. Income from economic activities.
d. Capital gains and losses.
e. The income allocations established by law.

However, for the purposes of determining the taxable base and calculating personal income tax, income is **generally classified and savings** is classified.

By express legal provision, the provision of goods, rights or services likely to generate income from work or capital is presumed to be remunerated, unless there is evidence to the contrary.

Negative delimitation of taxable event:exempt and non-taxable income

Income exempted under Article 7 of the Personal Income Tax Law

NB: *in order to determine the limit of the obligation to declare established for individuals resident in Spanish territory, the amount of the income listed in this section shall not be taken into account.*

They are exempt from tax according to article 7 of the Law of IRPF:

1.Terrorist benefits and pensions

Regulations:Art. 7.a) Law IRPF

They are exempt:

a. Extraordinary public benefits for acts of terrorism and pensions deriving from medals and decorations awarded for acts of terrorism.

   For these purposes, the following, among others, are considered as such:

   - Extraordinary pensions for acts of terrorism granted under the Social Security system regulated by Royal Decree 1576/1990 of 7 December 1990 (BOE of 8 December 1990).
   - Extraordinary pensions caused by acts of terrorism regulated by Royal Decree 851/1992 of 10 July 1992 (BOE of 1 August).

     This Royal Decree regulated the legal provisions on extraordinary pensions for terrorist acts that were pending regulatory development.On the one hand, in the State Passive Class Regime, for those cases in which the victim's disability or death is unrelated to the act of service, or to their status as a civil servant, as well as in that managed by the Mutualidad Nacional de Previsión de la Administración Local, and on the other, establishing the legal regime for those caused by those who, not being entitled to an extraordinary pension in any public Social Security regime, lose their lives or suffer permanent disabling injuries as a result of terrorist acts.In addition to the aforementioned fundamental objective, the Royal Decree compiled all the legislation in force on extraordinary pensions for acts of terrorism in order to bring together in a single provision the dispersed regulatory framework on the subject within the State Pension Scheme, with a view to rationalising and systematising it.

   - The compensation and financial aid provided for in Law 32/1999, of 8 October, on Solidarity with Victims of Terrorism (BOE of 9 October) in accordance with the provisions of Article 13 thereof.

     The aforementioned Law 32/1999 creates, in order to honour the victims of terrorism, the Royal Order of Civil Recognition to the Victims of Terrorism, regulated in articles 4 and 4 bis, an honorary distinction for which no pension is recognised and which is awarded to those killed, injured or kidnapped in terrorist acts.Royal Decree 1974/1999 of 23 December 1999 approved the Regulations of the Royal Order of Civilian Recognition of Victims of Terrorism.

     Royal Decree 1912/1999, of 17 December 1999, approved the implementing regulations for Law 32/1999, of

8 October 1999, on Solidarity with Victims of Terrorism.

Royal Decree 288/2003 of 7 March 2003 approved the Regulation on aid and compensation for victims of terrorist crimes, replacing and repealing the previous Royal Decree 1211/1997 of 18 July 1997.

Royal Decree-Law 6/2006, of 23 June, allowed those persons who, while maintaining an analogous relationship of affectivity, were not the spouse of the person who died as a result of terrorism, to be beneficiaries of extraordinary pensions for acts of terrorism, both in the Social Security System and in the State Pension Scheme.

- The benefits defined in article 14 of Law 29/2011, of 22 September, on the Recognition and Comprehensive Protection of Victims of Terrorism (BOE of 23 September), for personal and material damages, civil liability, social protection and extraordinary pensions, derived from terrorist acts, by virtue of the provisions of article 16 and 7.a) of the Personal Income Tax Law.

The temporary scope of application of Law 32/1999, of 8 October, on Solidarity with Victims of Terrorism (BOE of 9 October) has been extended, with indefinite validity, to events occurring on or after 1 January 2009.See the fourteenth final provision of Law 2/2008, of 23 December, on the General State Budget for 2009 (BOE of 24 December).

Royal Decree 671/2013 of 6 September (BOE of 18 September.Correction of errors of 19 September) approved the Regulation of Law 29/2011.

The pension attached to the Cross with red badge of the Order of Merit of the Civil Guard received by a natural person can benefit from the exemption of Article 7.a) of the Law of the IRPF, only in those cases in which it is duly accredited that such decoration has been awarded for acts of terrorism, either as a consequence of the execution of terrorist acts or as a result of the tasks of prevention of such acts.(Resolution of the TEAC of 26 April 2022, Claim number 00/08956/2021, appeal for the unification of criteria).

b. Likewise, **exceptional pensions derived from terrorist attacks** recognised in Royal Decree-Law 6/2006, of 23 June (BOE of 24 June) are declared exempt.

2.Support of any kind received by HIV-affected persons

Regulations:Art. 7.b) Law IRPF

Aid of any kind received by those affected by the Human Immunodeficiency Virus (HIV), regulated by Royal Decree-Law 9/1993, of 28 May (BOE of 1 June), is exempt.

3.Pensions awarded to persons who suffered injury or mutilation as a result of or in connection with the Civil War 1936/1939

Regulations:Art. 7.c) Law IRPF

Pensions awarded to persons who were injured or mutilated during or as a result of the Civil War 1936/1939, either under the State Pension Scheme or under special legislation enacted for that purpose, are exempt:Law 35/1980 of 26 June 1980 (BOE of 10 July 1980);Law 6/1982, of 29 March (BOE of 3 April);Decree 670/1976 of 5 March 1976 (BOE of 7 April).

4.Compensation for personal injuries resulting from civil liability and those arising from accident insurance policies

Regulations:Art. 7.d) Law IRPF

We can distinguish between:

A) Compensation for personal injury resulting from civil liability to the extent legally or judicially recognised.

Regulations:Disposición adicional primera Reglamento IRPF.

Compensation as a consequence of civil liability for personal injury (a concept which includes physical, mental and moral damages) is exempt to the extent of the amount legally or judicially recognised.

Legally recognised amounts

This circumstance occurs when a rule determines the amount of compensation, which means that the excess that may be received is subject to tax and not exempt.

For these purposes, in the case of traffic accidents, the compensation fixed in accordance with the provisions of Article 1.4 of the revised text of the Law on Civil Liability and Insurance in the Circulation of Motor Vehicles, approved by Royal Legislative Decree 8/2004, of 29th October (BOE of 5th November), are considered as legally recognised amounts, as long as they are paid by an insurance company as a consequence of the civil liability of its insured party.

In relation to these amounts a distinction must be made for the assessment of damages caused to persons in traffic accidents between:

- Accidents occurring on or after 1 January 2016, to which the valuation system set out in the new Title IV and the new Annex to the Consolidated Text of the Law on civil liability and insurance in the circulation of motor vehicles, approved by Royal Legislative Decree 8/2004, of 29 October, introduced by the sole article of Law 35/2015, of 22 September, on the reform of the system for the valuation of damages caused to persons in traffic accidents (BOE of 23 October) will be applied.

  In application of article 49.3 of the revised text of the Law on Civil Liability and Insurance in the Circulation of Motor Vehicles, the Resolution of 23 February 2022 (BOE of 7 March), the Directorate General of Insurance and Pension Funds agrees to publish on its website http://www.dgsfp.mineco.es/ the compensation amounts in force during the year 2022, once updated by 2.5 percent, taking into account the adjustment of 1.6 percent for correction of the deviation corresponding to 2021.

- Accidents occurring prior to 1 January 2016, to which the system set out in the Annex to the Consolidated Text of the Law on Civil Liability and Insurance in the Circulation of Motor Vehicles, approved by Royal Legislative Decree 8/2004, of 29 October, in its wording in force until 31 December 2015, shall apply.

  These amounts were last updated in the Resolution of the Directorate General of Insurance and Pension Funds of 5 March 2014 (BOE of 15 March).

New 2022: *Please note that on 28 October 2022, Royal Decree 907/2022, of 25 October, was published on BOE , amending the amounts of certain tables of the system for the valuation of damages caused to persons in traffic accidents contained in the annex to the revised text of the Law on civil liability and insurance in the circulation of motor vehicles, approved by Royal Legislative Decree 8/2004, of 29 October, and amending Royal Decree 1060/2015, of 20 November, on the regulation, supervision and solvency of insurance and reinsurance companies, for the updating of amounts in euros in relation to the special solvency regime.*

This Royal Decree 907/2022 has updated the compensation amounts of the tables corresponding to the valuation of loss of earnings and third party assistance, as well as the so-called technical tables of assistance for the processing of claims, whose technical bases were previously modified by Order ETD/949/2022 of 29 September.

The new amounts of the tables in the annex included in Royal Decree 907/2022 will apply to accidents occurring on or after 29 October 2022 and to those injured in previous accidents whose after-effects have stabilised as of that date.

Amounts judicially recognised

Two cases are considered to be covered by this expression:

a. Quantification fixed by a judge or court by means of a judicial decision.

b. Intermediate formulas.This expression refers to those cases in which there is a voluntary approximation in the positions of the parties in conflict, provided that there is some kind of judicial intervention .Examples include the following:judicial conciliation, settlement, waiver, renunciation, withdrawal and judicial settlement.

These amounts are exempt in their entirety, even if they exceed the above-mentioned legal amounts.

Please note*: however, please note that the fifty-first additional provision of the Personal Income Tax Law declares exempt, with effect from 31 March 2022 and previous years not prescribed, the compensation received in respect of civil liability for personal injury by the relatives of the victims of the accident of flight GWI9525, which occurred on 24 March 2015, as well as the aid paid by the airline company affected or by an entity related to the latter.*

B) Compensation for personal injuries arising out of accident insurance contracts

Compensation for personal injuries derived from accident insurance contracts are also exempt, except for those whose premiums could have reduced the taxable base or been considered as a deductible expense in the determination of the net yield of the economic activity carried out by the insured party.

The exemption only extends up to the amount resulting from the application, for the damage suffered, of the system for the valuation of damages caused to persons in traffic accidents, with a distinction being made:

- Accidents occurring on or after 1 January 2016, to which the valuation system set out in the new Title IV and the new Annex to the Consolidated Text of the Law on civil liability and insurance in the circulation of motor vehicles, approved by Royal Legislative Decree 8/2004, of 29 October, introduced by the sole article of Law 35/2015, of 22 September, on the reform of the system for the valuation of damages caused to persons in traffic accidents (BOE of 23 September) will be applied.

  Please note that the Directorate General of Insurance and Pension Funds, in order to facilitate its knowledge and application, publishes on its website http://www.dgsfp.mineco.es/, the compensation amounts in force during the year 2022, once updated by 2.5 per cent, taking into account the adjustment of 1.6 per cent for correction of the deviation corresponding to 2021.

- Accidents occurring prior to 1 January 2016, to which the system set out in the Annex to the Consolidated Text of the Law on Civil Liability and Insurance in the Circulation of Motor Vehicles, approved by Royal Legislative Decree 8/2004, of 29 October, in its wording in force until 31 December 2015, shall apply.

Note: *Compensation interest for late payment corresponding to exempt compensation is also exempted according to Article 7 of the Law of IRPF.The reason is that the fixed interest, as an ancillary obligation, must be treated in the same way as the main item from which it derives and, in these cases, be classified as an exempt capital gain.See in this regard the Resolution of the Central Economic-Administrative Tribunal (TEAC), of 10 May 2018, Claim number 00/05260/2017, in an extraordinary appeal for the unification of criteria.*

5.Severance pay for dismissal or termination of employment

Regulations:(Arts.7.e) Law IRPF;1 and 73 of the Regulation IRPF

Note: *in all cases, this exemption is conditional on the employee's actual and effective separation from the company.It will be presumed, unless there is proof to the contrary, that such disengagement does not occur when in the three years following the dismissal or termination the worker returns to provide services to the same company or to another company related to it, under the terms provided for in Article 18 of the Corporate Income Tax Act, provided that in the case where the relationship is defined according to the relationship of the shareholders or participants with the company, the shareholding is equal to or greater than 25% (Article 1 of the Personal Income Tax Regulations).*

Precisions

- *Article 1 of the Personal Income Tax Regulation does not limit the presumption of severance to the nature of the relationship, whether past or future, but refers generically to the circumstance that the worker "returns to provide services" to the same company or to another company linked to it, and it is therefore irrelevant whether the new provision of services is part of an employment relationship, whether ordinary or special, or a business or professional relationship.Therefore, the fact that the previous relationship that is terminated and for which the*

indemnity is received is of an employment nature and the subsequent relationship that the worker maintains with the company is of a commercial nature has no effect.

- *For the application of the presumption of Article 1 of the Regulation, it is sufficient that within three years of his dismissal or termination the worker returns to provide services to the same company or to another company linked to it under the terms of the aforementioned provision, without it being necessary to establish a fraudulent purpose in the new provision of services.Consequently, the non-existence of fraudulent intent in the new relationship with the same or another related company does not entail the automatic application of the exemption established in article 7.e) of the Personal Income Tax Law (Resolution of the TEAC of 22/04/2021, Claim number 00/02016/2020, , appealed in an extraordinary appeal for the unification of criteria).*

A) Exempt amount:Limits

Compensation for dismissal or termination of employment is exempt, subject to the following limits:

A. Up to the amount established as compulsory in the Workers' Statute, in its implementing regulations or, where appropriate, in the regulations governing the enforcement of judgments**.**

However, it should be noted that Article 7.e) of the Law of IRPF establishes, as will be seen below, an exception in the case of collective dismissals for which an exemption greater than the amount of compensation established as compulsory in the Workers' Statute is foreseen.

However, in order to exempt the severance of compensation for inappropriate dismissal or termination up to the amount established as compulsory in the Workers' Statute, we must differentiate between the redundancies produced until 7 July 2012 and those arising after that date:

- For dismissals occurring up to **7 July 2012** , severance payments are exempt when the employer acknowledges this at the time of notification of the dismissal or at any other time prior to the conciliation procedure, provided that the amount of the severance payment does not exceed the amount that would have been payable if the dismissal had been declared unfair, and the termination is not by mutual agreement within the framework of collective redundancy plans or systems (second transitory provision of the Law on IRPF).

- In the case of dismissals **occurring after 7 July 2012**, only severance payments recognised in conciliation proceedings or in a court decision are exempt.

  For these purposes, it should be borne in mind that article 63 of Law 36/2011, of 10 October, regulating social jurisdiction, requires, as a prerequisite for the judicial process, that an attempt at conciliation or, where appropriate, mediation be carried out before the corresponding administrative service (to be established in each Autonomous Community) or before the body that assumes these functions, which may be constituted through the interprofessional agreements or collective agreements referred to in article 83 of the revised text of the Workers' Statute Law, as well as through the agreements of professional interest referred to in article 13 and article 18.1 of the Self-Employed Workers' Statute Law.

Accuracy: The revised text of the Workers' Statute Law is the one approved by Royal Legislative Decree 2/2015, of 23 October (BOE of 24 October).

B. However, the amount of exempted compensation **shall be limited to a maximum of 180,000 euros**.Therefore, even if the total compensation does not exceed the amount stipulated in the Workers' Statute or its implementing regulations, if it exceeds 180,000 euros, the excess will be

subject to taxation, with the exceptions indicated below:

Exceptions:

Regulations:Transitional provision 22.3 Law IRPF.

This EUR 180.000 limit shall not apply:

- To severance payments for dismissals or cessations occurring with **prior to 1 August 2014.**
- To compensation for dismissals occurring after that date when they derive from **an approved redundancy plan, or a collective dismissal in which the opening of the consultation period had been communicated to the labour authority, prior to 1 August 2014**.

> ***Note:*** *when the amount of the compensation received exceeds the amount that, in each case, is mandatory or the maximum limit of 180,000 euros, the excess is not exempt from IRPF and must be declared as personal income from work, without prejudice to the possibility of applying, where applicable, the legally established reduction for income from work generated over a period of more than two years.*

B) Cases which are not considered to be covered by the exemption

They are not considered to be covered by the exemption and are therefore fully taxable and must be declared in full:

a. Compensation provided for by agreement, arrangement or contract.

> ***Note:*** *those agreed in the act of conciliation before the Administrative Service referred to in Article 63 of Law 36/2011, of 10 October, regulating social jurisdiction, shall not be considered as compensation established by virtue of an agreement, pact or contract.*

b. In general, any sums received as a result of the termination of the employment contract for any reason other than the dismissal or termination of the worker or for which the worker's right to receive compensation is not compulsorily established in the Workers' Statute or its implementing regulations.

These scenarios include the following:

- The termination, on expiry, of temporary or fixed-term employment contracts or contracts for the performance of the work or service covered by the contract, as provided for in Article 49.1 c) of the Workers' Statute, due to the absence of dismissal or termination at the employee's will (termination).
- Disciplinary dismissals that are qualified as appropriate.
- The termination of the contract at the worker's (cessation) will not be motivated by any of the causes referred to in Articles 41.3 and 50 of the Workers' Statute.

C) Exempted severance payments arising from dismissals deemed to be unfair

Regulations:Art. 56 and the eleventh transitional provision of the Workers' Statute.

Compensation not exceeding the following amounts is exempt:

a. In dismissals declared prior to 12 February 2012:45 days' salary, per year of service, with periods of less than one year being prorated by month, up to a maximum of 42 monthly payments .

b. In dismissals declared since 12 February 2012 a distinction must be made:

- ***For contracts signed on or after 12 February 2012:*****33 days of salary** per year of service, prorated by months for periods of less than one year, up to a maximum of **24 monthly payments**.
- ***For contracts concluded before 12 February 2012***:The sum of the following quantities:

  i. Compensation for the period prior to February 12:**45 days' salary** per year of service for the period of service prior to that date, with periods of less than one year being prorated on a monthly basis.

  ii. Compensation for the period after February 12:**33 days' salary** per year of service for the subsequent period of service, with periods of less than one year also being prorated on a monthly basis.

  The resulting amount of compensation may not exceed **720 days' salary**, unless the calculation of the compensation for the period prior to 12 February 2012 results in a higher number of days, in which case this shall be applied as the maximum amount of compensation, which may not exceed **42 monthly payments, in any case**.

The *contracts for the promotion of indefinite hiring* concluded before 12 February 2012 will continue to be governed by the regulations under which they were concluded.

> The contract for the promotion of indefinite-term contracts was regulated in the now repealed first additional provision of Law 12/2001, of 9 July 2001, Urgent Labour Market Reform Measures.

However, in the case of disciplinary dismissal, the compensation for improper dismissal shall be calculated in accordance with the above.

> An example of the treatment of compensation for unfair dismissal can be found in Chapter 3 at case study.

D) Exempt compensation arising from the termination of the contract at the employee's will (severance pay)

Regulations:(Arts.40, 41 and 50 Workers' statute

A distinction must be made between the following cases:

1.When the voluntary termination is motivated by any of the following causes (Art. 50 Workers' Statute):

a. Substantial changes in working conditions that undermine the dignity of the worker.

b. Lack of payment or continued delays in the payment of the agreed salary.

c. Any other serious breach of their contractual obligations by the employer, except in cases of force majeure, As well as the refusal of the worker to reintegrate the worker in his previous working conditions in the cases of geographical mobility and substantial changes in working conditions provided for in Articles 40 and 41 of the Workers' Statute, when a court judgment has declared the same unjustified.

In these cases the exempt compensation will be the **fixed for the unfair dismissals** discussed in the previous section.

2.When the termination of the contract at the employee's will is due to substantial changes in working conditions (working day, working hours and distribution of working time, shift work, system of remuneration and salary, system of work and performance and, functions, when they exceed the limits foreseen for functional mobility) by which the employee is harmed **but which do not undermine the worker's dignity** (Art. 41 Workers' Statute).

In this case, compensation payments are exempt if they do not exceed **20 days' salary per year worked, with periods of less than one year being prorated by months, with a maximum of 9 monthly payments**.

3.Similarly, when the employer notifies the worker of his transfer to a different work centre of the same company **which requires a change of residence**, the worker will be entitled to termination of his contract with a severance payment of **20 days' salary per year of service, prorated by months for periods of less than one year and with a maximum of 12 monthly payments** (Art. 40 Workers' Statute).

E) Exempt compensation arising from collective redundancies due to economic, technical, organisational, production or force majeure causes.

In the case of collective dismissals carried out in accordance with the provisions of Article 51 of the Workers' Statute due to economic, technical, organisational, production or force majeure causes, **the part of the compensation received that does not exceed the limits established** on a mandatory basis in the aforementioned Statute **for unfair dismissal** (33 days per year of service up to a maximum of 24 monthly payments with the application, where applicable, of the transitional regime for contracts formalised prior to 12 February 2012) will be exempt, instead of the mandatory amount established for each of them by the Workers' Statute itself.

> **Note:** for collective dismissals based on economic, technical, organisational or production reasons or due to force majeure, the compensation set as mandatory in the Workers' Statute is 20 days per year of service, prorated by months for periods of less than one year and with a maximum of 12 monthly payments.

Important: *It should be borne in mind that, as we shall see when examining the objective dismissals, when these occur for the reasons set out in letter c) of Article 52 of the aforementioned Statute, i.e. when the dismissal is based on the economic, technical, organisational, production or force majeure causes regulated in Article 51 of the Workers' Statute, the part of the compensation received that does not exceed the limits established as mandatory in the aforementioned Statute* ***for unfair dismissal,*** *instead of the mandatory amount established in the Workers' Statute, will also be exempt from taxation.*

Collective dismissal under Article 51 of the Workers' Statute is known as **Expediente de Regulación de Empleo (ERE) de extinción** and must be clearly distinguished from **Expediente de Regulación Temporal de Empleo** which have **a merely temporary nature** and imply the **obligatory reincorporation of the worker** to his/her job under the same conditions as before the application of the ERTE, once the ERTE has ended.Therefore, in the **ERTE there is no termination or dismissal** of the workers and, consequently, **the employer does not have to compensate the workers**, and the amounts received for this concept are fully subject to personal income tax.

Temporary arrangement:

Regulations:Twenty-second Transitional Provision Law IRPF

Compensation for dismissal or cessation as a result of redundancy plans **in process or in force on 12 February 2012** referred to in the tenth transitional provision of the revised text of the Workers' Statute Law, approved by Royal Legislative Decree 2/2015, of 23 October (BOE of 24 October), approved by the competent authority after 8 March 2009, are exempt in the amount not exceeding **45 days' salary**, per year of service, with periods of less than one year being prorated by months up to a maximum **of 42 monthly payments.**

Accuracy: the twenty-second transitory provision of the Law of IRPF refers to the tenth transitory provision of Law 3/2012 of 6 July, on urgent measures for the reform of the labour market, which has been repealed by Royal Legislative Decree 2/2015 of 23 October, approving the revised text of the Workers' Statute Law, and its content has been included in the tenth transitory provision of the aforementioned Royal Legislative Decree 2/2015.

However, in the case of dismissal or termination at the employee's will as a result of redundancy plans, processed in accordance with Article 51 of the Workers' Statute, approved **prior to 8 March 2009** and dismissals for the reasons set out in letter c) of Article 52 of the Workers' Statute **prior to that date**, the exempt amount will be 20 days' salary per year worked, prorated by months for periods of less than one year, up to a maximum of 12 monthly payments.

F) Exempt indemnities arising from the termination of the employment relationship due to the death, retirement or disability of the employer or due to the termination of the legal personality of the employer

Regulations:Art. 49.1.g) Estatuto de los Trabajadores (Workers' Statute)

Compensation for these reasons that does not exceed the equivalent of one month's salary is exempt.

In cases of termination of the legal personality of the employer, the procedures of **collective dismissal** of Article 51 of the Workers' Statute must be followed.

G) Exempt compensation arising from the termination of the employment contract on objective grounds

Regulations:Art. 52 Workers' Statute

In dismissals for any of the objective causes referred to in Article 52 of the Workers' Statute, the compensation received will be exempt if it does not exceed the amount of **20 days' salary** per year worked, with a maximum of 12 monthly payments .

For these purposes, the objective causes referred to in **article 52 of the Workers' Statute** and for which the contract may be terminated with an exempt indemnity of **20 days' salary** per year worked, with a maximum **of 12 monthly payments** are as follows:

- Due to the worker's ineptitude, known or acquired after his or her effective placement in the company.Inaptitude existing prior to the completion of a probationary period may not be invoked after the completion of the probationary period.

- Failure of the employee to adapt to technical changes made to his or her job, where such changes are reasonable.Beforehand, the employer must offer the worker a course aimed at facilitating adaptation to the changes made.The time spent on training shall in any case be considered as actual working time and the employer shall pay the employee the average wage he/she has been receiving.Termination may not be agreed by the employer until at least two months have elapsed since the change was introduced or the adaptation training has been completed.

- In the case of contracts for an indefinite period of time entered into directly by non-profit entities for the execution of specific public plans and programmes, without stable economic endowment and financed by the Public Administrations through annual budgetary or extra-budgetary appropriations as a result of external revenue of a finalist nature, due to the insufficiency of the corresponding appropriation for the maintenance of the work contract in question.

In contrast to the above, when the contract is terminated for the reasons set out in letter c) of Article 52 of the Workers' Statute, i.e. when any of the economic, technical, organisational, production or force majeure causes set out in Article 51.1 of the Workers' Statute apply and the number of employees affected is less than the number established in that article, **will exempt the part of the compensation received that does not exceed the limits established as mandatory in that Statute for unfair dismissal** (33 days per year of service up to a maximum of 24 monthly payments with the application, where applicable, of the transitional regime for contracts formalised prior to 12 February 2012).

In this regard, it should be noted that collective dismissal and objective dismissal respond to the same economic,

technical, organisational and production causes and nature.The difference is only in the number of workers affected.When the termination affects a number of workers equal to or greater than that established in Article 51.1 of the Workers' Statute, the procedure set out in that article for collective dismissal must be followed.

H) Exempt severance payments arising from the termination of special employment relations

a. Senior management

Regulations:(Arts.2.1.a) Workers' Statute and 11 Royal Decree 1382/1985 of 1 August 1985, which regulates the special employment relationship of senior management personnel (BOE of 12 August).

In the case of senior management personnel, the employment contract may be terminated for the reasons and through the procedures provided for in the Workers' Statute, except for the following specialities established in Article 11 of Royal Decree 1382/1985 of 1 August 1985:

1. **Termination of the contract due to withdrawal by the employer.**

   In such cases, the senior manager shall be entitled to the severance pay agreed in the contract and, in the absence of an agreement, the severance pay shall be equivalent to seven days' salary in cash per year of service up to a limit of six months' salary.

   The amount of compensation set for these cases (**7 days with a maximum of 6 monthly payments**) is considered a mandatory minimum and, therefore, exempt from personal income tax, in accordance with the interpretative criterion established in Supreme Court Ruling number 1528/2019, of 5 November, of the Second Section of the Contentious-Administrative Chamber (ROJ:STS 3678/2019).

   To specify that the ruling of Judgment number 1528/2019 is based on the doctrine set out in the judgment of the Plenary of the Social Division of the Supreme Court of 22 April 2014 (Appeal for the unification of doctrine no. 1197/2013) which considered that the compensation of seven days' salary in cash per year of service with the limit of six monthly payments established in article 11.1 Royal Decree 1382/1985, is a "necessary minimum of law, not available" and, therefore, mandatory, even in cases where the termination of the contract without compensation has been agreed.

2. **In the case of dismissal declared unfair**, and in accordance with the above interpretative criterion, the part of the compensation that does not exceed the mandatory minimum amount provided for in section 2 of the aforementioned Article 11 of Royal Decree 1382/1985 of 1 August (**20 days** of salary in cash per year of service and **up to a maximum of 12 monthly payments**) is considered exempt.

b. Professional sportsmen and women

Regulations:(Arts.2.1.d) Estatuto de los Trabajadores and 15 Real Decreto 1006/1985, de 26 de junio por el que se regula la relación laboral especial de los deportistas profesionales (BOE de 27 de junio).

In the event of unfair dismissal, professional sportspersons with a special employment relationship

(Royal Decree 1006/1985 of 26 June 1985) are entitled to a guaranteed minimum indemnity of **of at least two monthly payments** of their regular remuneration, plus the corresponding proportional part of the quality and quantity bonuses received during the last year, with periods of time of less than one year being prorated by month.

The compensation received by them is considered to be exempt under article 7.e) of the Law of IRPF up to the amount corresponding to this limit (**two months per year worked**).

c. Family household service employees

Regulations:(Arts.2.1.b) Workers' Statute and 11 Royal Decree 1620/2011, of 14 November, which regulates the special employment relationship of the family home service (BOE of 17 November).

In the case of family household service employees (a special employment relationship regulated by Royal Decree 1620/2011 of 14 November), the cause of termination or dismissal must be distinguished:

If the contract is terminated by the employer's withdrawal, the exempted compensation is:

- For contracts entered into on or after 1 January 2012, from **12 calendar days** per year of service, with the limit of 6 monthly payments **.**
- For contracts prior to that date, from **7 days** per year with the **limit of 6 monthly payments**.

In the case of unfair dismissal, the exempted compensation will be **20 calendar days** per year of service, with the limit of 12 monthly payments .

Summary table

Cause of termination of the employment contract	Workers' Statute		Exempt compensation IRPF
	Salary days per year of service	Maximum monthly payments	
Improper dismissal			
Unfair dismissal with contract entered into as of 12-02-2012	33	24	SI
Dismissal without contract signed prior to 12-02-2012 (transitional regime)	45/33	42	SI
At the worker's will			
Worker's cessation	NO.		NO.
Termination of contract for transfer of work center that involves change of residence	20	12	SI
Termination of the contract for harmful modification of working hours, hours or shift arrangements	20	9	SI
Termination of contract for changes detrimental to vocational training or to the employee's dignity	45/33	42	SI
Collective redundancies (Economic, technical, organizational or production causes and force majeure)			
ERE approved before 08-03-2009	20	12	SI
ERE in process or in force on 12 February 2012 (Personal Income Tax Law, 22nd transitional provision).	45	42	YES:mandatory amount for unfair dismissal before 12 February 2012.
Collective dismissal since 12-02-2012	33 45/33 (Transient regime)	42	YES:compulsory amount for unfair dismissal (33 days/24 monthly payments or transitional regime).
Objective causes			
Produced before 08-03-2009	20	12	SI

Cause of termination of the employment contract	Workers' Statute		Exempt compensation IRPF
	Salary days per year of service	Maximum monthly payments	
Contract for the promotion of indefinite recruitment concluded prior to 12-2-2012 (extinction by objective causes, declared or recognized as inappropriate) (Workers' Statute, 11th Transitional provision)	33	24	SI
Objective dismissal since 12-02-2012 (article 52 Estatuto de los Trabajadores except letter c)	20	12	SI
Objective dismissal for economic, technical, organisational or production reasons and force majeure (art. 52.c) Workers' Statute).	20	12	YES:compulsory amount for unfair dismissal (33 days/24 monthly payments or transitional regime).
Death, disability or retirement of the employer	1 month total	NO.	SI
Temporary recruitment	8-12	NO.	NO.
Derived from the termination of special employment relationships			
Senior management			
Disistiment of the entrepreneur	7	6	SI
Improper dismissal	20	12	SI
Professional sportsmen and women	2 months	NO.	SI
Family household service employees			
Withdrawal with contract concluded since 01-01-2012	12	6	SI
Withdrawal with contract concluded before 01-01-2012	7	6	SI
Improper dismissal	20	12	SI

6.Benefits for absolute permanent disability or high perceived disability of social security or for entities replacing it

Regulations:Art. 7.f) Law IRPF

The exemption concerns benefits received from Social Security in its **contributory mode**.

Currently, in the absence of the regulatory development referred to in article 194 and the twenty-sixth transitory provision of the revised text of the General Social Security Act, approved by Royal Legislative Decree 8/2015, of 30 October (BOE of 31 October), permanent incapacity admits in the scope of the Social Security four gradations, configured as follows:

- **Partial permanent incapacity for the usual occupation:** that which, without reaching the level of total disability, causes the worker a reduction of not less than 33 per cent in his normal performance for that profession, without preventing him from carrying out the essential tasks of that profession.
- **Total permanent incapacity for the usual profession:** disqualifies the worker from carrying out all or the essential tasks of that usual occupation, provided that he is able to engage in another occupation.
- **Absolute permanent incapacity for all work:** which completely disqualifies the worker from any profession or trade.
- **Major disability:** a situation that affects the worker and produces the same effects as absolute disability, but which, in addition, as a result of anatomical or functional losses, requires the assistance of another person for the most essential acts of life, such as dressing, moving around, eating or similar.

Of these gradations, only benefits for **absolute permanent incapacity or severe disability** received from the Social Security entitle to exemption.

Pensions **from abroad** received by taxpayers of IRPF and which are subject to taxation in Spain will be exempt, provided that the following requirements are met:

- That the degree of recognized disability can be equated in its characteristics with absolute disability or great disability.
- That the entity that satisfies the benefit enjoy, according to the regulations of the country of origin of the pension, the character of replacement of the Social Security.

For the purposes of the equalisation or, where appropriate, homologation of benefits for permanent incapacity in its degrees of absolute or severe disability, see the interpretative criteria established by the Supreme Court in Ruling number 346/2019, of 14 March (ROJ:STS 810/2019).

Additional information: The documents that the AEAT collects from recipients of disability pensions from foreign countries who claim the application of the exemption of article 7.f) of the law of IRPF are those indicated below:

- Resolution recognizing the benefit or income in question,
- Official medical report describing the pathologies, injuries, sequelae and functional limitations taken into consideration for the assessment of incapacity for work, and
- Official expert opinion specifying and determining the scope and impact of functional limitations on working capacity.

This documentation must be accompanied by the corresponding translation into Spanish.

Likewise, **benefits granted to professionals who are not included in the special Social Security scheme for self-employed workers or the self-employed by the Mutual Social Security Societies that act as alternatives to the special Social Security scheme** mentioned above are declared exempt, provided that they are benefits in situations identical to those provided for absolute permanent incapacity or major disability under the Social Security system.

The exempt amount **is limited to the amount of the maximum benefit recognised by Social Security for the corresponding concept**.The excess will be taxed as income from work, and in the event of concurrence of benefits from the Social Security and the aforementioned mutual insurance companies, it will be understood to be produced in the provision of the latter.

In contrast to the above, as they are not public benefits, **are subject to and not exempt from IRPF benefits paid by any other entity or company**, even if they are received as a result of absolute permanent incapacity or severe disability.

7.Pensions for incapacity or permanent incapacity under the passive pension scheme

Regulations:Art. 7.g) Law IRPF

Pensions for incapacity or permanent incapacity under the pensioners' pension scheme are exempt, provided that the injury or illness which gave rise to them renders the recipient of the pension completely unfit for any occupation or trade.

It should be borne in mind that in accordance with the provisions of the Order of the Presidency of the Government of 22 November 1996, which establishes the procedure for issuing medical reports for the purpose of recognising certain benefits of the Pensioners' Pension Scheme (BOE of 23 November), in cases of retirement due to permanent incapacity for service, it must be stated whether the injury or pathological process of the civil servant, in addition to disabling him/her for the functions of his/her Corps, completely disables him/her for any profession or trade and, where appropriate, whether he/she needs the assistance of another person to carry out the most essential acts of life.

8.Maternity, paternity and similar benefits and non-contributory family allowances

Regulations:Art. 7.h) Law IRPF

They are exempt:

- **Maternity or paternity benefits and non-contributory family benefits** regulated, respectively, in Chapters VI and VII of Title II and Chapter I of Title VI of the revised text of the General Social Security Act, approved by Royal Legislative Decree 8/2015, of 30 October (BOE of 31 October), **and the pensions and passive assets for orphans and in favour of grandchildren and siblings, under the age of twenty-two or disabled for any work**, received from the public Social Security and passive class schemes.

- Likewise, benefits granted to professionals who are not included in the special Social Security scheme for self-employed workers or self-employed workers by Mutual Social Welfare Societies acting as alternatives to the aforementioned special Social Security scheme **are declared exempt**, provided that they are benefits in situations identical to those provided for in the previous paragraph by the Social Security for professionals included in the aforementioned special scheme.

  The exempt amount is limited to the amount of the maximum benefit recognised by Social Security for the corresponding concept.The excess will be taxed as income from work, and in the event of concurrence of benefits from the Social Security and the aforementioned mutual insurance companies, it will be understood to be produced in the benefits of the latter.

- In the case of **public employees covered by a Social Security scheme that does not entitle them to receive the maternity or paternity benefit** referred to in the first paragraph of this point, **the remuneration received during leave for childbirth, adoption or foster care and paternity** referred to in letters a), b) and c) of article 49 of the revised text of the Basic Statute of Public Employees Act, approved by Royal Legislative Decree 5/2015, of 30 October, or that recognised by the specific legislation applicable to them for situations identical to those set out above, shall be exempt.

  The exempt amount is limited to the amount of the maximum benefit recognised by Social Security for the corresponding concept.Any excess will be taxed as earned income.

  In accordance with the method of calculating the maternity and/or paternity benefit, and for the purposes of the limit indicated in article 7.h) of the Law of IRPF, the monthly amount of the benefit may never exceed 100% of the maximum contribution base in force at any given time.This maximum contribution base has been set for 2022 at 4,139.40 euros/month, in accordance with the provisions of article 116 of Law 22/2021 of 28 December on the General State Budget for 2022 (BOE of 29 December).

  Other public benefits for birth, multiple birth or adoption, adoption, maternity or paternity, dependent children and orphans are also exempt .

Note: *public maternity benefits received from the Social Security have been considered as subject to the IRPF until the Supreme Court ruling number 1462/2018, of 3 October 2018 (ROJ:STS 3256/2018) which established as legal doctrine that such benefits are exempt from IRPF.*

Como consecuencia de la citada Sentencia del Tribunal Supremo, el artículo 1.Primero del Real Decreto-ley 27/2018, de 28 de diciembre, por el que se adoptan determinadas medidas en materia tributaria y catastral (BOE de 29 de diciembre), modificó, con efectos desde el 30 de diciembre de 2018 y para ejercicios anteriores no prescritos, la redacción de la letra h) del artículo 7 de la Ley del IRPF en los términos transcritos en este manual, recoge la citada doctrina legal, extendiéndola a las prestaciones de paternidad satisfechas por la Seguridad Social y ampliando expresamente el ámbito de la exención a las retribuciones percibidas durante los permisos por parto, adopción o guarda y paternidad, por los empleados públicos encuadrados en un régimen de Seguridad Social que no dé derecho a percibir prestación de maternidad o paternidad, con el límite de la prestación máxima que reconozca la

In accordance with this legal amendment, taxpayers who have received maternity or paternity benefits or remuneration during childbirth, adoption or parental leave in 2022 do not have to declare the exempt amounts and can deduct the withholdings paid.

9.Public benefits for foster care for people with disabilities, over 65 years of age or minors

Regulations:Art. 7.i) Ley IRPF

The following are exempt: **economic benefits** received from public institutions **for the fostering of people with disabilities, over 65 years of age or minors,** whether in the simple, permanent or pre-adoptive modality or the equivalent provided for in the systems of the Autonomous Communities, including fostering in the execution of the judicial measure of cohabitation of the

minor with a person or family provided for in Organic Law 5/2000, of 12 January, regulating the criminal responsibility of minors.

It should be noted that Law 26/2015 of 28 July 2015, which modifies the system for the protection of children and adolescents (BOE of 29 July) modified, with effect from 18 August 2015, article 173 bis of the Civil Code, which regulates the modalities of foster care.Currently they are:emergency foster care, temporary foster care and permanent foster care.

Furthermore, according to the second additional provision of Law 26/2015 *"all references made in laws and other provisions to pre-adoptive foster care shall be understood as references to the delegation of guardianship for pre-adoptive cohabitation provided for in Article 176 bis of the Civil Code.Those carried out in simple foster care shall be understood to be made to the temporary family foster care provided for in Article 173 bis of the Civil Code;and when they were to the collaborating bodies for international adoption, they shall be understood to be to the bodies accredited for international adoption".*

Also exempt are the **financial aid** granted by public institutions to **persons with a degree of disability equal to or greater than 65% or over 65 years of age to finance their stay in residences or day centres**, provided that the rest of their income does not exceed twice the public indicator of multiple effects income (IPREM), which for the financial year 2022 amounts to 16,212.56 euros (8,106.28 x 2).

The "Indicador público de renta de efectos múltiples" (IPREM) for 2022 is set at 8,106.28 euros, in accordance with the provisions of the one hundredth additional provision of Law 22/2021, of 28 December, on the General State Budget for 2022 (BOE of 29 December).

10.Grants

Regulations:(Arts.7.j) Law IRPF and 2 Regulation IRPF

A) Scholarships for regulated studies

A.1.Grants including

The following grants are exempt**:**

- **Public grants.**
- **Grants awarded by non-profit organisations** to which the special regime regulated in Title II of Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage is applicable.
- **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.

A.2.Purpose for which it is granted

When they are received to attend **regulated studies**, both in Spain and abroad, **at all levels and grades of the education system.**

> In Spain, the education system offers pre-school education, primary education, compulsory secondary education and baccalaureate, vocational training (basic, intermediate and higher levels), university education (which in turn is a degree, master's or doctorate) and special education, which can be artistic, language or sports education.See Article 3 of Organic Law 2/2006, of 3 May, on Education (BOE of 4 May) and Royal Decree 1393/2007, of 29 October, which establishes the organisation of official university education (BOE of 30 October).

A.3.Requirements and conditions for its application

- **In the case of public grants received for regulated studies**, the exemption is conditional on the granting of the same being in accordance with the principles of merit and capacity, generality and non-discrimination in the conditions of access and publicity of the call for applications.

  Under no circumstances are study grants awarded by a Public Body in which the recipients are exclusively or fundamentally its employees or their spouses or relatives, in direct or collateral line, by blood or by affinity, up to the third degree inclusive, of the same, exempt.

- **In the case of grants awarded by the aforementioned non-profit organisations and banking foundations**, the above principles shall be deemed to be fulfilled when the following requirements are met:

  a. That the addressees are generic groups of people, without any limitation being established with respect to them for reasons unrelated to the very nature of the studies to be carried out

and the activities inherent to their statutory object or purpose.

b. The announcement of the call for applications must be published in the Official State or Autonomous Community Gazette and either in a newspaper of wide national circulation or on the entity's website.

c. That the award is carried out on a competitive basis.

A.4.Exempt amounts

The exempt amount will reach the costs of enrolment fees, or equivalent amounts paid in order to be able to undertake such studies, and of the insurance for bodily accidents and health care of which the grantee and, if applicable, the spouse and child of the grantee are beneficiaries, provided that they do not have Social Security coverage.

In addition, a maximum financial endowment of:

- **6,000 euros per year**, as a general rule, in the case of scholarships for studies up to the second cycle of university.
- The latter amount is raised to a maximum of 18,000 euros per year , when the purpose of the grant is to compensate for transport and accommodation costs.
- **21,000 euros per year** when studies up to the second university cycle are carried out abroad.

If the purpose of the scholarship is to pursue postgraduate studies, the financial endowment will be exempted up to a maximum amount of :

- **21,000 euros per year**, as a general rule.
- **24,600 euros per year,** in the case of studies abroad.

When the duration of the scholarship is less than one calendar year, the maximum amount exempted will be the corresponding proportional part.

B) Research Training Fellowships

B.1.Grants and purposes for which the exemption is granted

Comprising

a) Grants awarded for research in the field described by Royal Decree 63/2006, of 27 January, which approves the Statute of research personnel in training (BOE of 3 February) in the case of:

- **Public grants.**
- **Grants awarded by non-profit organisations** to which the special regime regulated in Title II of Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage is applicable.

- **Grants awarded by the 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.

These grants will be exempt provided that the research aid programme **has been recognised and registered in the General Register of research aid programmes** referred to in article 3 of the aforementioned Royal Decree 63/2006.

Under no circumstances shall amounts paid in the framework of an employment contract be considered as a grant.

In relation to this exemption, Royal Decree 63/2006 (now repealed) was applicable to any aid programme aimed at the development of training and scientific and technical specialisation activities, regardless of the public or private nature of the organising entity and, according to Article 2 thereof, its scope of application was limited by the fulfilment of certain requirements, among others, the following:

- Scholarship holders were required to be university graduates.
- Fellowships were to be oriented towards the development of scientific and technical training and specialisation activities.
- Grants were to be awarded in accordance with the principles of publicity, equality, merit and capacity.
- The programmes had to require the dedication of the research personnel in training to the training and scientific or technical specialisation activities covered by the aid, without prejudice to the provisions of Article 7 c) of the aforementioned Royal Decree.

The grant did not include the activity in entities of university graduates benefiting from grants aimed at scientific and technical development and specialisation not linked to official doctoral studies.

It should be added that the aforementioned Royal Decree 63/2006 has been repealed by Royal Decree 103/2019, of 1 March, which approves the Statute of pre-doctoral research staff in training (BOE of 15 March).

According to its article 1, Royal Decree 103/2019 "aims to develop the legal regime of the employment relationship established through the pre-doctoral contract provided for in article 21 of Law 14/2011, of 1 June, on Science, Technology and Innovation, when it is signed between pre-doctoral research personnel in training and the public entities listed in article 20.2 of said law, or the private entities referred to in the first additional provision of the same."

Likewise, Article 2 of Royal Decree 103/2019 provides that:

"1.This Royal Decree shall be applicable to any pre-doctoral contracting according to the modality and conditions defined in the previous article, regardless of the public or private nature of the contracting entity.All contracts shall comply with the provisions of the pre-doctoral contract whose basic regulation is contained in Law 14/2011, of 1 June, and which is developed in this Royal Decree.

2.Pre-doctoral contracting according to the modality and conditions defined in the previous article must respect the principles of publicity, equality, merit and capacity in the awarding of grants or in the corresponding selection processes.

3.This Royal Decree shall not include the activity of persons holding a degree, engineer, architect or university degree who are beneficiaries of aid aimed at scientific and technical development and specialisation not linked to official doctoral studies, or who have been contracted under any other modality other than the pre-doctoral modality of article 21 of Law 14/2011, of 1 June".

b) Grants awarded for research purposes to civil servants and other staff in the service of the Public Administrations and to university teaching and research staff, in the case of:

- **Public grants.**
- **Grants awarded by non-profit organisations** to which the special regime regulated in Title II of Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage is applicable.
- **Grants awarded by the 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.

B.2.Application requirements

- For the **scholarships mentioned in letter a) of the previous paragraph,** in the case of public scholarships, the award must comply with the principles of merit and capacity, generality and non-discrimination in the conditions of access and publicity of the call for applications.
- For the **grants mentioned in letter b) of the previous section** the terms and conditions of the call for applications must expressly stipulate as a requirement or merit that the recipients must be civil servants, staff in the service of the Public Administrations and teaching and research staff of the Universities.

  This does not mean that all the beneficiaries of the grant must be civil servants or staff in the service of public administrations or university teaching and research staff, although it is only the latter who will benefit from the exemption.

  The awarding body, when awarding the grant, is aware of and has taken this circumstance into account.In this sense, the exemption cannot be made conditional on the subsequent accreditation of belonging to one of these categories, as this would imply that the status of beneficiary of the grant has little or nothing to do with the status of civil servant or university lecturer.

- The following requirements must be met for grants under both **letter a)** and **letter b)** of the previous section, when they are **awarded by the aforementioned non-profit organisations and banking foundations**:

  - That the addressees are generic groups of persons, and no limitation may be established with respect to them for reasons other than to the very nature of the activities inherent to their statutory object or purpose.

  - The announcement of the call for applications must be published in the Official State or Autonomous Community Gazette and either in a newspaper of wide national circulation or on the entity's website.

  - That the award be carried out on a competitive basis.

B.3.Exempt amount

The exemption will cover the whole of the financial endowment derived from the aid programme of which the taxpayer is a beneficiary.

The exempt financial endowment shall include additional grants to compensate for travel, subsistence and subsistence expenses arising from attendance at scientific forums and meetings, as well as temporary stays at universities and research centres other than those to which the grantee is assigned, in both cases to complete the research training of the grantee.

Note:"Grants for research in the field described by Royal Decree 63/2006 of 27 January 2006, approving the Statute of research personnel in training".

*It should be noted that Royal Decree 103/2019 of 1 March 2019, which approves the Statute of pre-doctoral research personnel in training, **repealed,** with effect from 16 March 2019, Royal Decree 63/2006 of 27 January, which approves the Statute of research personnel in training.*

Summary table of the maximum annual financial endowment exempted from scholarships

Subject		Spain	Foreign
Regulated studies up to the second university cycle	Excluding transport and accommodation costs	6,000	--
	Including transport and accommodation costs	18,000	21,000
Regulated third cycle university studies	Including additional aid	21,000	24,600
Research Grants	Including additional aid	Total amount to be received	

Note to table:where the duration of the grant is less than one calendar year, the maximum amount exempted shall be the corresponding proportional part

11.Annuities for foodstuffs in favour of children

Regulations:Art. 7.k) Law IRPF

Amounts received by children from their parents in the form of maintenance annuities by virtue of a court decision are exempt.

Likewise, as of the amendments introduced in the Civil Code by the first final provision of Law 15/2015, of 2 July, on Voluntary Jurisdiction, the exemption applies to the amounts received for maintenance annuities agreed in:

- The Regulatory Agreement referred to in Article 90 of the Civil Code, both in separation or divorce proceedings decreed judicially and in those formalised before the Court Clerk or in a public deed before a Notary Public, regardless of whether or not said agreement derives from any appropriate means of dispute resolution provided for by law.
- The equivalent agreement provided for in the laws of the Autonomous Communities, approved by the judicial authority or formalised before the Legal Advisor of the Administration of Justice or in a public deed before a Notary Public, regardless of whether or not said agreement derives from any appropriate means of dispute resolution provided for by law.

These amounts are taxable to the payer, who cannot reduce his taxable income by the amount of these amounts.However, the taxpayer who pays this type of benefit, without the right to apply the minimum for descendants provided for in Article 58 of the Personal Income Tax Act, when the amount is lower than the general taxable base, shall apply the tax scales separately to the amount of the annuities for child support and to the rest of the general taxable base.

***Remember**: Please note the treatment for the payer of child maintenance annuities discussed in Chapter 15 and the reductions for alimony and maintenance annuities discussed in Chapter 13 of this handbook .*

12.Relevant literary, artistic or scientific awards declared exempt from taxation and Princess of Asturias Awards

Regulations:Arts.7.l) Law IRPF and 3 Regulation IRPF.

See also Order EHA/3525/2008, of 20 November, establishing the procedure for declaring the exemption from IRPF of certain literary, artistic or scientific prizes (BOE of 5 December).

A. In general

The granting of goods or rights to one or more persons, without consideration, in reward or recognition of the value of literary, artistic or scientific works, as well as the merit of their activity or work, in general, in such matters, shall be considered a relevant literary, artistic or scientific prize.

In order to be declared exempt, prizes must meet the following conditions :

a. Your call for applications must meet the following requirements established in article 3.3 of the Regulations of the IRPF, which are as follows:

- Having a national or international.
- Not establish any limitation with respect to contestants for reasons beyond the own essence the award.
- The announcement must be published in the Official State or Autonomous Community Gazette and in at least one newspaper of wide national circulation (except in the case of prizes awarded abroad or by International Organisations).

b. The prize must be awarded in respect of works executed or activities carried out prior to its announcement, thus excluding scholarships, grants and, in general, amounts intended for the prior or simultaneous financing of works or projects relating to literary, artistic or scientific subjects.

c. The exemption of relevant literary, artistic or scientific prizes **must have been expressly declared by the Director of the Tax Management Department of the State Tax Administration Agency** through the procedure regulated by Order EHA/3525/2008, of 20 November, which establishes the procedure for the declaration of the exemption of certain literary, artistic or scientific prizes from Personal Income Tax (BOE of 5 December).

The declaration of exemption shall be valid for subsequent calls provided that they do not modify the terms on which the exemption was granted.If these terms are modified in subsequent calls for applications, or if any of the requirements for their application are not fulfilled, the right to their application will be declared forfeited.

The list of literary, artistic or scientific prizes declared exempt by the Tax Agency can be consulted at sede.agenciatributaria.gob.es

B. The "Princess of Asturias" Awards

The "Princess of Asturias" awards, in their different modalities, granted by the Princess of Asturias Foundation, are declared exempt **.**

13.Aid for top-level sportsmen and sportswomen, up to a limit of 60,100 euros.

Regulations:(Arts.7.m) Law IRPF and 4 Regulation IRPF

The following are exempt, up to a limit of 60,100 euros per year, financial aid for training and sports technification, in accordance with the preparation programmes established by the Consejo Superior de Deportes with the Spanish sports federations or with the Spanish Olympic Committee, which meet the following requirements:

- That their beneficiaries have the status of high-level sportspersons, in accordance with the provisions of Royal Decree 971/2007, of 13 July, on high-level and high-performance sportspersons (BOE of 25 July).

  It should be noted that the aforementioned Royal Decree 971/2007 repealed, with effect from 26 July 2007, Royal Decree 1467/1997, of 19 September, on top-level sportsmen and sportswomen referred to in Article 4 of the Regulation of IRPF.

- They financed directly or indirectly for the Senior sports, for the Association of olympic sports, by the committee Spanish Olympic or by the committee paralympic territory.

14.Unemployment benefits paid in a single instalment

Regulations:Art. 7.n) Law IRPF

Unemployment benefits recognised by the respective managing body are exempt, whatever their amount, 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 (BOE of 2 July), provided that the amounts received are used for the purposes and in the cases provided for in the aforementioned regulation.

It should be noted that, with effect from 10 October 2015, Article 34.1 of Law 20/2007, of 11 July, on the Statute of Self-Employment (BOE of 12 July) provides that the provisions of Royal Decree 1044/1985, of 19 June, establishing the payment of unemployment benefits in the form of a single payment, including the amendments made by subsequent regulations, shall be maintained insofar as they do not conflict with the rules indicated in this same paragraph 1 of Article 34.

The cases for which the single unemployment payment can be claimed are as follows:

- The start of an activity as a self-employed person.
- Joining an existing or newly created cooperative as a worker or stable worker member.
- The incorporation of a workforce owned company or the incorporation of an existing one, as a worker or stable partner.
- Contribution to the share capital of a newly created company or business entity or one set up within a maximum period of twelve months prior to the contribution, provided that they are going to have effective control of the company or business entity and carry out a professional activity in it, under the Special Scheme for Self-Employed Workers (RETA) or the Special Social Security Scheme for Seafarers.

This exemption **will be conditional** on 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 entity, or on maintaining the activity for the same period, in the case of the self-employed worker.

15.Long-term Savings Plans

Regulations:Art. 7.ñ) and additional provision twenty-sixth Law IRPF

The **positive returns** of movable capital from life insurance, deposits and financial contracts through which Long-Term Savings Plans are instrumented, referred to in the twenty-sixth additional provision of the Law of IRPF, **are exempt, provided that the taxpayer does not make any disposition** of the capital resulting from the Plan before the end of the five-year period from its opening**.**

The Long-Term Savings Schemes are discussed in more detail in Chapter 5.

Any disposal of the aforementioned capital or failure to comply with any other requirement of the provisions of the twenty-sixth additional provision of the Law of IRPF before the end of the aforementioned period**, will determine the obligation to integrate 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**.**

The exemption only applies to **positive income** from movable capital.The **negative returns** which, where applicable, are obtained during the term of the Long-Term Savings Plan, including those which may be obtained due to the termination of the Plan, **will be attributed** to the tax

period in which said termination occurs and only to the part of the total amount of said negative returns which exceeds the sum of the returns of the same Plan to which the exemption would have been applicable.

16.Gratuities for participation in international peace or humanitarian missions to members of such missions and allowances for international peace and security operations.

Regulations:(Arts.7.o) Law IRPF and 5 Regulation IRPF

The amounts paid by the Spanish State to members of international peace or humanitarian missions for the following reasons are exempt:

a. Bonuses extraordinary of any nature that responds to the performance of the mission international peace or humanitarian.

b. Indemnities or benefits paid by the damage personal details that have undergone during the same.

Also declared exempt are the amounts received as a consequence of the **compensation to participants in international peace and security operations** referred to in articles 1 and 2 of Royal Decree-Law 8/2004, of 5 November (BOE of 10 November), in the wording given by Organic Law 7/2007, of 2 July (BOE of 3 July).

The indemnities established in Royal Decree-Law 8/2004 are applicable to:

a. Spanish military personnel participating in peacekeeping operations, humanitarian assistance operations or other international operations that have been specifically approved by the Government for these purposes, including those who, as part of the Ministry of Defence, form part of the crew of the means of transport in which the journeys are made.

b. Members of the State Security Forces and Corps participating in the aforementioned operations.

c. Personnel in the service of Public Administrations, including personnel recruited in Spain on an individual basis by the State, who travel to the territory in which the operation is carried out in order to participate in it or who are stationed in that territory.

Accuracy: Article 7 of Royal Decree-Law 8/2004, of 5 November, declared the exemption in the IRPF of the amounts received as a consequence of the indemnities referred to in the said Royal Decree-Law 8/2004 and the first derogatory provision.2.16 of the Law of IRPF has declared the aforementioned Article 7 to be in force.

17.Income from work received for work actually carried out abroad, with a limit of EUR 60.100 per year

Regulations:Arts.7.p) Law IRPF and 6 Regulation IRPF

Requirements

Income from work received **for work effectively carried out abroad** is exempt when the following requirements are met:

a) The work is carried out for a company or entity not resident in Spain or a permanent establishment located abroad.

In particular, when the entity receiving the work is related to the employee's employer or to the entity in which the employee provides services, the work will be deemed to have been carried out for the non-resident entity when, in accordance with the provisions of article 18.5 of the LIS , it can be considered that an intra-group service has been provided to the non-resident entity because the said service produces or may produce an advantage or profit for the recipient entity.

> **Note:** for the application of this exemption to income obtained abroad by civil servants seconded to international organisations, see Supreme Court ruling no. 428/2019, of 28 March (ROJ:STS 1056/2019).

b) In the territory in which the work is carried out, a tax of an identical or analogous nature to that of IRPF is applied and it is not a country or territory classified by regulations as a tax haven.

This requirement is considered to be fulfilled when the country or territory in which the work is carried out has signed with Spain an agreement to avoid double international taxation containing an exchange of information clause.For all other countries (with which there is no Convention), an identical or similar tax must be in place.

> You can access the list of double taxation treaties signed by Spain on the AEAT website https://sede.agenciatributaria.gob.es.

Attention: *Although article 7.p) of the Personal Income Tax Act expressly refers to "tax havens", it should be borne in mind that, according to the new tenth additional provision of Law 36/2006, of 29 November, on measures for the prevention of tax fraud, all references made in the regulations of IRPF to tax havens, countries or territories with which there is no effective exchange of information, or where there is no or low taxation* ***will be understood to refer to the definition of non-cooperative jurisdiction*** *established in the first additional provision of the aforementioned Law 36/2006, in its wording in force as of 11 July 2021, and which is discussed in chapter 10 of this manual.*

However, until such time as a Ministerial Order approves the countries or territories that are considered to be non-cooperative jurisdictions, the countries or territories provided for in Royal Decree 1080/1991, of 5 July, which determines the countries or territories that are considered to be tax havens (second transitory provision of Law 36/2006, of 29 November), will be considered to be such countries or territories.

> See *for a list of countries and territories that qualify by regulation as* tax havens and the notes on the list of countries and territories in Chapter 10 of this handbook.

Quantification of the exempted amount

The exemption will have a maximum limit of 60,100 euros per year.

For the purposes of calculating the remuneration corresponding to the work carried out abroad,

shall be taken into consideration the days that effectively the worker has been moved abroad, as well as the specific remuneration corresponding to services rendered abroad.

To this effect, Supreme Court Ruling number 274/2021, of 25 February 2021, handed down in cassation appeal no. 1990/2019.(ROJ:STS 607/2021), has established as an interpretative criterion that the days spent travelling to the country of destination or returning to Spain must be included in the calculation of the amount of the exemption.

To calculate the amount of income accrued each day for work carried out abroad, in addition to the specific remuneration corresponding to the aforementioned work, a proportional distribution criterion shall be applied, taking into account the total number of days in the year.

Incompatibility with the excess regime

Finally, this exemption is incompatible, for taxpayers posted abroad, with the regime of excess excluded from taxation for remuneration received by employees of companies and civil servants posted abroad provided for in Article 9.A.3.b) of the Personal Income Tax Regulations, whatever the amount.The taxpayer may opt for the application of the system for excess in substitution of this exemption.

Unlike the regime of excesses of Article 9.A.3.b) of the IRPF Regulation, the amounts received for travel and subsistence to which the general regime of exempt subsistence allowance in Article 9.A.3.a applies are compatible with the exemption for foreign work. Of the IRPF Regulations.

Example:

Mr J.L.M. was sent by his company from 1 April to 30 June 2022 to a subsidiary company in Brazil for the purpose of training and further training of the subsidiary's staff.After that work, don J.L.M. returned to Spain, continuing in the company in its normal working and salary regime.

As a specific remuneration for services rendered abroad don J.L.M received the amount of 10.250 euros.

In addition, to cover his travel and living expenses during his stay in Brazil, the company bought and paid for his airline tickets and paid him EUR 80 per day for the three months he worked at the subsidiary for living expenses.

To determine the amount exempt from the remuneration for work carried out abroad, knowing that the annual salary you receive from your company amounts to 75.000 euros.

Solution:

When, according to the data in the example, the requirements established by the rules of the IRPF, it is appropriate to apply the exemption whose quantification is carried out as follows:

(a) Remuneration earned during days spent abroad:

- Corresponding to the salary:(75.000 ÷ 365) x 91 = 18.698,63
- Corresponding to services rendered abroad **(*)** = 10,250
- Total (18.698,63 + 10.250) = 28.948,63

(*) Air tickets and daily living expenses are exempted because they do not exceed the legal limit.See the section on per diems and exempt travel allowances in Chapter 3 of this handbook.**(Back)**

(b) Amount of the exemption:(18.647,54 + 10.250) = 28.948,63 (**)

(**) This amount falls within the maximum annual exemption limit of 60,100.00 euros.

18.Compensation paid by public administrations for personal injuries

Regulations:Art. 7.q) Law IRPF

Compensation paid by Public Administrations for personal injury as a result of the operation of public services is exempt, when it is established in accordance with the procedure laid down in Law 39/2015, of 1 October, on the Common Administrative Procedure for Public Administrations, which regulates in its articles 65, 67, 81, 86.5, 91 and 92 the specialities of the procedure for financial liability and in Law 40/2015, of 1 October, on the Legal System for the Public Sector which, specifically, devotes its chapter IV, articles 32 to 37, both inclusive, to regulating the system of financial liability of Public Administrations in terms of its principles, concurrent liability, scope of compensation, private law liability, the requirement for financial liability of the authorities and staff in the service of Public Administrations and criminal liability.

Note: Law 39/2015, of 1 October 2015, on the Common Administrative Procedure of Public Administrations (BOE of 2 October) and Law 40/2015, of 1 October, on the Legal Regime of the Public Sector (BOE of 2 October), repealed, with effect from 2 October 2016, Royal Decree 429/1993, of 26 March.approving the Regulation on the procedures of the Public Administrations in matters of patrimonial responsibility.

Note: *Compensation interest for late payment corresponding to exempt compensation is also exempted according to Article 7 of the Law of IRPF.The reason is that the fixed interest, as an ancillary obligation, must be treated in the same way as the main item from which it derives and, in these cases, be classified as an exempt capital gain.In this regard, see Resolution of the Central Economic-Administrative Tribunal (TEAC), of 10 May 2018, Claim number 00/05260/2017, in an extraordinary appeal for the unification of criteria.*

19.Benefits received in respect of burial or entombment

Regulations:(Arts.7.r) Law IRPF and 12.1 d) Regulation IRPF

Benefits received for burial or burial are exempt up to the limit of the total amount of the expenses incurred for this purpose.

The benefits of workers or civil servants, both those of a public nature and those paid by orphanages and similar institutions, companies and public bodies, which exceed the exempt limit will be considered as income from work obtained in a notoriously irregular manner over time and the reduction of 30 per cent will be applicable to them, when they are taxed in a single tax period.

20.Financial support for persons with haemophilia or other congenital coagulopathies who have developed hepatitis C

Regulations:Art. 7.s) Law IRPF

Financial aid for people with haemophilia or other congenital coagulopathies who have developed

hepatitis C, as a result of having received treatment with clotting factor concentrates in the public health system, regulated in article 2 of Law 14/2002, of 5 June (BOE of 6 June), is exempt.

18,030.36, and is compatible with any public pension that the beneficiary may be entitled to receive.

In accordance with article 1 of Law 14/2002 of 5 June 2002, the following are considered beneficiaries of this social aid:

a. Haemophiliacs or persons with other congenital coagulopathies who, having developed hepatitis C as a result of having received treatment with coagulation factor concentrates in the public health system, are included in the definitive census provided for in Article 80 of Law 55/1999, of 29 December, on fiscal, administrative and social measures.

b. In the event of the death of the persons included in the census, they can receive social assistance:

   - minor children and incapacitated adult children, in equal shares,
   - in their absence, the spouse who is not legally separated or, where appropriate, the person who has been living with the deceased permanently in a similar relationship to that of the spouse for at least two years prior to the time of death,
   - in the absence of the above, the parents of the deceased persons.

The procedure for processing and granting this financial aid is regulated in Royal Decree 377/2003, of 28 March (BOE of 29 March).

21.Hedging instruments for the risk of an increase in the variable interest rate on mortgage loans for the purchase of primary residences.

Regulations:Art. 7.t) Law IRPF

Income derived from the application of hedging instruments are exempt when they exclusively cover the risk of an increase in the variable interest rate of mortgage loans for the purchase of the main residence, regulated in article nineteen of Law 36/2003, of 11 November, on economic reform measures (BOE of 12 November).

> Regarding the concept of main residence, see the twenty-third additional provision of the Personal Income Tax Act and article 41 bis of the Regulations.

22.Compensation from the State and the Autonomous Communities to compensate for deprivation of liberty

Regulations:Art. 7.u) Law IRPF

Compensation provided for in the legislation of the State and the Autonomous Communities to compensate for the deprivation of liberty in penitentiary establishments as a consequence of the cases contemplated in Law 46/1977, of 15 October, on Amnesty, is exempt.

> It should be taken into account that article 7 of 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 (BOE of 27 December) modified the scope of application of compensation for those who suffered imprisonment as a consequence of the cases contemplated in Law 46/1977, of 15 October, on Amnesty, to include cases that were once excluded from the granting of compensation for time spent in prison during the Dictatorship.

23.Individual Systematic Savings Plans

Regulations:Art. 7.v) and third additional provision Law IRPF

Exempt from taxation are the incomes that are revealed at the time of the **constitution of insured annuities resulting from the individual systematic savings plans** referred to in the third additional provision of the Law of IRPF, as well as in the **transformation of certain life insurance contracts into individual systematic savings plans** in the terms and with the requirements established in the fourteenth transitory provision of the Law of IRPF.

See chapter 5 for comments on for individual systematic savings plans.

24.Income from work derived from benefits obtained in the form of income by persons with disabilities corresponding to contributions to social welfare systems and contributions to protected estates

Regulations:Art. 7.w) Law IRPF

Income from work derived from benefits obtained in the form of income by people with disabilities corresponding to contributions to the social welfare systems referred to in article 53 of the Law of IRPF are exempt, up to a maximum annual amount of three times the public indicator of income for multiple effects (for the year 2022 this amount is the result of 8,106.28 x 3 = 24,318.84 euros).

The annual amount of the public indicator of multiple effects income (IPREM) is 8,106.28 euros, in accordance with the provisions of the one hundredth additional provision of Law 22/2021, of 28 December, on the General State Budget for the year 2022 (BOE of 29 December).

Likewise exempt, with the same limit as that indicated in the previous paragraph, is income from work derived from contributions to protected assets referred to in the eighteenth additional provision of this Law.

Precisions:

The exemption of this income from work is declared provided that such benefits derive from contributions made to pension plans constituted in favour of persons with a degree of physical or sensory disability equal to or greater than 65%, mental disability equal to or greater than 33% or with a judicially declared incapacity.If at the time of receiving the benefit you are recognised as having a degree of mental disability of less than 33 per cent, even if the contributions to the pension plan were made under the special scheme, the exemptionwill not apply.

It should also be borne in mind that benefits deriving from contributions made to pension plans under the general scheme are not eligible for this exemption, even if the taxpayer has a recognised disability.In this sense, vested or economic rights generated with contributions made to pension plans under the general scheme cannot under any circumstances be covered by the special scheme for pension plans for people with disabilities, since the option of the special scheme must be made prior to making contributions.

Note: *from 1 January 2015, the exemption limit ceased to be joint and is applied individually and separately for each of the two previous incomes.*

25.Public financial services related to the service, for care in the family environment and for personalized assistance

Regulations:Art. 7.x) Law IRPF

Public economic benefits linked to the service, for care in the family environment and personalised assistance derived from Law 39/2006, of 14 December, on the Promotion of Personal Autonomy and Care for dependent persons (BOE of 15 December) are exempt.

See Royal Decree 1051/2013, of 27 December, regulating the benefits of the System for Autonomy and Care for Dependency, established in Law 39/2006, of 14 December, on the Promotion of Personal Autonomy and Care for Dependent Persons (BOE of 31 December), amended by Royal Decree 291/2015, of 17 April (BOE of 1 May).See also the tenth transitional provision of Royal Decree-Law 20/2012, of 13 July, on measures to guarantee budgetary stability and promote competitiveness (BOE of 14 July), which sets the maximum amounts of economic benefits for care in the family environment, personal assistance and the service-related benefit.

26.Minimum living income, minimum insertion income and aid for victims of violent crime and gender-based violence.

Regulations:Art. 7.y) Law IRPF

They are exempt:

- The Social Security benefit of the Minimum Vital Income regulated by Law 19/2021 of 20 December.

It should be noted that, as of 1 January 2022, Law 19/2021 of 20 December establishing the minimum living income, which stems from and replaces Royal Decree-Law 20/2020 of 29 May, came into force as a draft law.

Child support supplement for minimum income recipients

Article 11.6 of Law 19/2021 establishes a child support supplement for those cohabitation units that include minors among their members and whose computable income in the year immediately prior to the year of application is less than 300 per cent of the guaranteed income and does not exceed 150 per cent of the limit of assets established for the minimum living income.

This allowance consists of a monthly amount for each minor member of the cohabitation unit, which varies according to the age of the minor on 1 January of the corresponding financial year, in accordance with the following brackets:

- Children under three years of age:100 euros.
- Over three years old and under six years old:70 euros.
- Over six years old and under 18 years old:50 euros

As regards the receipt of the child allowance, a distinction must be made:

1. Cohabitation units that are beneficiaries of the minimum living income benefit.For them, the allowance is an amount in addition, where appropriate, to the amount due under Article 13.1 of Law 19/2021 and which is calculated as the difference between the corresponding guaranteed income and the income of the beneficiary or the members of the cohabitation unit in the previous year.Although it is an amount that is a

fixed amount and independent of the above, it is in the nature of a minimum living income benefit,

2. Cohabitation units that are NOT beneficiaries of the minimum living income benefit, but meet the requirements for entitlement to the supplement, i.e. their income does not exceed 300% of the guaranteed income and their assets are less than 150% of the assets limit established for the minimum living income.Again, it is in the nature of a minimum income benefit.

The child allowance also replaces the allowance for a dependent child or minor without disability or with a disability of less than 33 per cent, which was regulated in Chapter I of Title VI of the revised text of the General Social Security Act, and which is abolished, although temporarily it is possible to maintain the receipt of this financial allowance in certain cases (mainly for those beneficiaries who received it before 1 June 2020 and do not meet the requirements to receive the child allowance).

For those who had been receiving this allowance for dependent children or minors, and who met the requirements set out in article 11.6 of Law 19/2021 to be entitled to the child support supplement and the amount of the supplement they were entitled to was equal to or greater than the amount of the allowance they had been receiving, automatic recognition of the aforementioned supplement was established, although the beneficiaries were notified of this recognition so that they could choose between the two, as they were declared to be incompatible with each other.

In accordance with the above, for the 2022 financial year, for the purposes of the application of the exemptions in Article 7 of the Personal Income Tax Act, we can distinguish two situations:

a. For those who continue to receive the financial allowance for a dependent child or minor without disability or with a disability of less than 33 per cent, which was regulated in Chapter I of Title VI of the revised text of the General Social Security Act, this allowance shall be exempt in accordance with the provisions of Article 7.(h) of the Personal Income Tax Act.

b. For recipients of the child support supplement, the benefit is exempt under Article 7.y) of the Personal Income Tax Act.

- The economic benefits established by the Autonomous Communities under the concept of minimum insertion income to guarantee economic resources for subsistence to people who lack them, as well as other aid established by these or by local entities to attend, in accordance with their regulations, to groups at risk of social exclusion, situations of social emergency, housing needs of people without resources or needs for food, schooling and other basic needs of minors or people with disabilities when they or their dependents lack sufficient economic means.

Joint limit: in all these cases (minimum living income, including, where applicable, child support allowance; and the economic benefits listed in the second point above) the exemption is up to a maximum annual amount of 1.5 times the public indicator of multiple effects income (for the year 2022 the maximum amount is 12,159.42 euros).

The annual amount of the public indicator of multiple effects income (IPREM) is 8,106.28 euros, in accordance with the provisions of the one hundredth additional provision of Law 22/2021, of 28 December, on the General State Budget for the year 2022.(BOE of 29 December).

- Likewise, the aid granted to victims of violent crimes referred to in Law 35/1995, of 11 December, on aid and assistance to victims of violent crimes and crimes against sexual freedom, and the aid provided for in Organic Law 1/2004, of 28 December, on Comprehensive Protection Measures against Gender Violence, and other public aid paid to victims of gender violence for this condition.

27.Family benefits and assistance received from any of the public administrations, whether related to the birth, adoption, fostering or care of minor children.

Regulations:Art. 7.z) Law IRPF

Family benefits and assistance received from any of the Public Administrations, whether related to birth, adoption, fostering or care of minor children, are exempt.

The benefits regulated by Royal Decree 1148/2011, of 29 July, for the application and development, in the Social Security system, of the financial benefit for the care of minors affected by cancer or another serious illness, are considered exempt income.

The financial benefit for co-responsible infant care regulated in articles 183 to 185 of the revised text of the General Social Security Act, approved by Royal Legislative Decree 8/2015, of 30 October, is also considered exempt.

To properly delimit this exemption, take into account the exemption foreseen for maternity, paternity and similar benefits and non-contributory family benefits in article 7.h) of the Law of IRPF.

Other exempt income

***Attention**: in order to determine the limit of the obligation to declare established for individuals resident in Spanish territory, the amount of the income listed in this section shall not be taken into account.*

In addition to the exemptions established in Article 7 of the Law of IRPF mentioned above, both in this Law of IRPF and in other laws with tax content, the following exemptions, among others, are established:

1.Exemptions on earned income

- Diets

Regulations:(Arts.17.1.d) Law IRPF and 9 Regulation IRPF

The daily subsistence allowance and travel allowance are exempt from taxation.

See section on "Tax treatment of subsistence and travel allowances" in Chapter 3 of this handbook.

- Exempt income from work in kind

Income in kind which, in accordance with article 42.3 of the Personal Income Tax Act, is considered exempt income from work.

See the section on "Exempt income from work in kind" in Chapter 3 of this handbook.

- Income from work for Canary Islands ships' crews

Regulations:Arts 73.2 and 3;75.1 y 3 Ley 19/1994, de 6 de julio, de modificación del Régimen Económico y Fiscal de Canarias (BOE de 7 de julio).

The following is exempt: **50 per 100** of the full income from personal work earned while sailing by crew members of ships registered in the Special Register of Canary Islands Ships and Shipping Companies and of ships assigned to regular services between the Canary Islands and between the Canary Islands and the rest of Spain, provided that these crew members are taxpayers of IRPF.

> In the case of ships engaged on regular passenger services between ports of the European Union, the above exemption shall apply only to crew members who are nationals of a Member State of the European Union or of a State party to the Agreement on the European Economic Area.

Likewise, from 1 January 2021, this incentive is also applicable to crew members, taxpayers of IRPF , of vessels of shipping companies registered in the Special Register of Ships and Shipping Companies that were registered in another Member State of the European Union or the European Economic Area, because in these cases, in order to adapt the Special Register of Ships and Shipping Companies to the Community Guidelines on aid to maritime transport, contained in Communication C(2004)43 of the European Commission, it has been established that these vessels are considered to be registered in the Special Register, provided that they meet the same requirements and conditions as those registered.

Note: *the application of the exemption for "Income from work of crew members of certain fishing vessels", which is provided for in the forty-first additional provision of the Personal Income Tax Law, is conditional on its compatibility with Community law, which means that it must be approved by the European Union.To the extent that this has not yet occurred, it is not applicable in 2022.*

- Income from work received from the International Organisation of Securities Commissions

Regulations:Third additional provision Law 55/1999, of 29 December, on fiscal, administrative and social measures (BOE of 30 December).

Income from work received from the International Organisation of Securities Commissions, in its capacity as a public utility association, by the Secretary General, management staff and employees carrying out an activity directly related to the statutory purpose of the organisation is exempt.

- International Public Oversight Board of Auditing Standards, Professional Ethics and Professional Ethics

Regulations:Second additional provision Law 4/2006, of 29 March (BOE of 30 March)

Income from work received from the International Public Oversight Board on auditing standards, professional ethics and related matters received by the Secretary General, senior management

and staff performing an activity directly related to its statutory purpose is exempt.

This exemption is not applicable when the natural persons to whom it refers are Spanish nationals or were resident in Spanish territory prior to the commencement of the activity listed in the Council.

2.Exemptions for income from economic activities

- Subsidies under Community agricultural and fisheries policy and public aid

Regulations:Additional Provision Five of IRPF Law

They are exempt:

- The **positive income** that becomes apparent as a result of the receipt of certain subsidies of the Community agricultural and fisheries policy, as well as other public aid received in the exercise of economic activities.

  The taxation of these subsidies and state aid are discussed in more detail in Chapter 7.

- Also exempted are **public aids** aimed at **repairing the destruction**, by fire, flood or subsidence, volcanic eruption or other natural causes, **of heritage elements**.

- **Public aid, other than these,** received for the **repair of damage** suffered by heritage elements due to fire, flooding, subsidence or other natural causes, shall be included in the taxable base only to the extent that it exceeds the cost of repairing the same.

  Please note that compensation received as a result of the destruction of insured assets provided for in article 3 of Royal Decree-Law 6/2011, of 13 May, adopting urgent measures to repair the damage caused by the earthquakes that occurred on 11 May 2011 in Lorca, Murcia (BOE of 14 May), shall be subject to the fifth additional provision of the Personal Income Tax Act.

  Attention: *in no case shall the repair costs, up to the amount of such aid, be tax deductible or be counted as an improvement.*

- **Aid for the abandonment of road transport activities** paid by the Ministry of Public Works (now the Ministry of Transport, Mobility and the Urban Agenda) to hauliers.

- Likewise, the collection of **public compensation for the compulsory slaughter of livestock**, in the context of actions aimed at the eradication of epidemics or diseases, is also exempted.The exemption shall only concern animals for breeding purposes.

- Lastly, **declares exempt public aid** received to compensate **for the temporary or permanent eviction of the taxpayer's habitual residence or the premises** in which the owner of the economic activity carried out the same as a result of fire, flooding, subsidence or other natural causes.

  In this respect, see Royal Decree-Laws 10/2021 of 18 May adopting urgent measures to alleviate the damage caused by the "Filomena" storm (BOE of 19 May) and 20/2021 of 5 October adopting urgent support measures to repair the damage caused by volcanic eruptions and for the economic and social reconstruction of the island of La Palma (BOE of 6 October).

- Forestry subsidies

Regulations:Disposición adicional cuarta Ley IRPF.

Forestry 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 forestry administration, provided that the average production period, depending on the species concerned, as determined by the competent forestry administration, is equal to or more than 20 years.

3.Exemptions on capital gains

Donations to certain entities

Regulations:Art. 33.4 a) Law IRPF

Capital gains arising from donations made to the entities mentioned in article 68.3 of the Law of IRPF are exempt.

> The entities referred to in article 68.3 of the Law of IRPF are those entitled to the deduction for donations.These entities benefiting from patronage are listed in Chapter 16.

Transfer of their habitual residence by persons over 65 years of age or persons in a situation of dependence

Regulations:(Arts.33.4 b) Law IRPF and 41 bis Regulation IRPF

Capital gains arising on the transfer of their main residence by persons over 65 years of age, as well as by persons in a situation of severe or great dependency in accordance with the Law for the promotion of personal autonomy and care for dependent persons, are exempt from taxation.The exemption also applies to the transfer of the bare ownership of the main residence by its owner, who retains the usufruct for life over said residence.

For the exclusive purposes of the application of this exemption, the taxpayer shall be deemed to be transferring his main residence when the said building constitutes his main residence at that time or has been considered as such until any day in the two years prior to the date of transfer.

> The non-applicability to IRPF of the amounts received in certain cases of reverse mortgage of the main residence is discussed in the sub-section "Rentas no sujetas", of this same Chapter.Regarding the concept of housing, see the twenty-third additional provision of the Law of IRPF.

Payment of tax debts with assets forming part of Spanish Historical Heritage

Regulations:Art. 33.4 c) Law IRPF

The capital gains that are revealed on the occasion of the payment of the tax debts of IRPF and Inheritance and Gift Tax by means of the delivery of goods that are part of the Spanish Historical Heritage in accordance with the provisions of article 73 of Law 16/1985, of 25 June, on Spanish Historical Heritage, are exempt.

Dation in payment for the principal residence

Regulations:Art. 33.4 d) Law IRPF

Capital gains arising on the occasion of the payment in lieu of payment of the debtor's or the debtor's guarantor's habitual residence, for the cancellation of debts secured by a mortgage on the same, contracted with credit institutions or any other entity that, in a professional manner, carries out the activity of granting mortgage loans or credits, are exempt.

> **Accuracy:** the dation in payment is not distorted or its nature changed by the fact that it is made in favour of a third party, other than the mortgagee, provided that the latter is the one who imposes such a condition to agree to the dation and accepts it as extinguishing the obligation.

Likewise, capital gains arising from the transfer of the home in which the same requirements are met as for the previous dation in payment, carried out in judicial or notarial foreclosures, are declared exempt**.**

In any case, the owner of the main residence must not have other goods or rights that could satisfy the total amount of the debt and prevent the alienation of the property.

> Regarding the concept of main residence, see the twenty-third additional provision of the Personal Income Tax Act and Article 41 bis of the Regulations.

Exemption for reinvestment in primary residence

Regulations:(Arts.38.1 Law IRPF and 41 Regulation IRPF

The capital gain obtained from the transfer of the main residence is exempt, provided that the reinvestment of the amount obtained takes place in the acquisition of another main residence or in the refurbishment of that which is to become a main residence, under the conditions and requirements established in the regulations, in the same financial year in which the capital gain is obtained, in the two previous years or in the two following years.

> The conditions and requirements for the application of this exemption for reinvestment in the main residence are discussed in Chapter 11.

Exemption for reinvestment in another new or newly created entity

Regulations:(Arts.38.2 Law IRPF and 41 Regulation IRPF

The capital gain obtained from the transfer of shares or holdings for which the deduction for investment in new or recently created companies provided for in article 68.1 of this Law has been taken is exempt, provided that the total amount obtained from the transfer of the same is reinvested in the acquisition of shares or holdings in the aforementioned entities under the conditions determined by regulations.

> The conditions and requirements for the application of this exemption for reinvestment in another new or newly created entity are discussed in Chapter 11.

Exemption for reinvestment in annuities

Regulations:(Arts.38.3 Law IRPF and 42 Regulation IRPF

Capital gains arising on the transfer by taxpayers over 65 years of age of assets are exempt, 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 established in the regulations.The total maximum amount that can be allocated for this purpose to constitute life annuities will be 240,000 euros.It should be noted that this investment limit is per taxpayer, not per transaction.

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

The advanced receipt, total or partial, of the economic rights deriving from the constituted life annuity will determine the subjection to taxation of the corresponding capital gain.

The treatment of the income derived from the life annuity is not special, as it is taxed as income from movable capital.

The detailed commentary on this exemption for the transfer of assets by taxpayers over 65 years of age with reinvestment of the amount obtained in annuities is contained in Chapter 11.

Transfer of shares or holdings in newly or recently created companies acquired between 11 July 2011 and 29 September 2013

Regulations:See the thirty-fourth additional provision of the Law of IRPF, as in force on 31 December 2012.

Capital gains arising on the transfer of shares or holdings acquired by the taxpayer in new or recently created companies between 11 July 2011 and 29 September 2013 are exempt, provided that they have remained in the taxpayer's assets for a period of more than three years (counted from date to date) since their acquisition, and that the requirements and conditions established in the thirty-fourth additional provision of the Law of IRPF in its wording in force on 31 December 2012 are met.

Exceptional aid for personal injury caused by natural disasters

Aid granted in the event of death and disability directly caused by the storm "Filomena", in accordance with the provisions of Royal Decree-Law 10/2021 of 18 May (BOE of 19 May), as well as aid granted for personal damage directly caused by volcanic eruptions on the island of La Palma in accordance with the provisions of Royal Decree-Law 20/2021 of 5 October, which adopts urgent support measures to repair the damage caused by volcanic eruptions and for the economic and social reconstruction of the island of La Palma (BOE of 6 October), are exempt.

Exceptional aid for personal injury suffered by persons affected by, inter alia, the following are also exempt under the same terms:

- The seismic movements that occurred on 11 May 2011 in the municipality of Lorca (Murcia), in accordance with the provisions of article 2 of Royal Decree-Law 6/2011, of 13 May (BOE of 14 May.Correction of errors of 18 and 19 May), amended by Royal Decree-Law 17/2011, of 31 October (BOE of 1 November).
- Forest fires and other natural disasters to which Law 14/2012 of 26 December 2012 applies (BOE of 27 December).See also Royal Decrees 1505/2012 of 2 November (BOE of 3 November) and 389/2013 of 31 May (BOE of 15 June), extending the scope of application of Law 14/2012.

- Wind and sea storms on the Atlantic coast and the Cantabrian coast in January and February 2014, in accordance with the provisions of articles 2 and 10 of Royal Decree-Law 2/2014, of 21 February, (BOE of 22 February).

- Floods and other effects of rain, snow and wind storms in the months of January, February and March 2015, in accordance with the provisions of articles 2 and 10 of Royal Decree-Law 2/2015, of 6 March (BOE of 7 March) or rain storms in the Autonomous Community of the Canary Islands and in the south and east of the peninsula in the months of September and October 2015 in accordance with articles 2 and 10 of Royal Decree-Law 12/2015, of 30 October (BOE of 31 October).

- Storms of rain, wind, snowfall, hail and coastal phenomena that occurred in November and December 2016 and in 2017 to which Royal Decree-Law 2/2017, of 27 January, adopting urgent measures to alleviate the damage caused by recent storms (BOE of 28 January) is applicable.See also Royal Decrees 265/2017 of 17 March and 1387/2018 of 19 November (BOE of 20 November), extending the scope of application of Royal Decree-Law 2/2017.

- Storms of torrential rain, snow, hail and wind, floods, overflowing rivers and streams, hail, coastal phenomena and tornadoes, as well as forest fires or other catastrophic events occurring from January 2018 until 20 September and other situations to which Royal Decree-Law 2/2019, of 25 January, adopting urgent measures to alleviate the damage caused by storms and other catastrophic situations (BOE of 26 January) and Royal Decree-Law 11/2019, of 20 September, adopting urgent measures to alleviate the damage caused by storms and other catastrophic situations (BOE of 21 September) are applicable.

Con efectos desde el 28 de diciembre de 2022, están exentas del IRPF las ayudas previstas en la Ley 17/2015, de 9 de julio, del Sistema Nacional de Protección Civil, por daños personales ocasionados por los incendios forestales que tuvieron lugar durante los meses de junio, julio y agosto en las Comunidades Autónomas que se declaran zonas afectadas gravemente por emergencias de protección civil (Andalucía, Aragón, Baleares, Canarias, Castilla y León, Castilla-La Mancha, Cataluña, Comunidad Valenciana, Extremadura, Galicia, Madrid, Región de Murcia, Navarra, País Vasco y La Rioja), en el anexo del Acuerdo del Consejo de Ministros 23 de agosto de 2022, todo ello conforme a lo establecido en el apartado 7 del artículo 94 del Real Decreto-ley 20/2022, de 27 de diciembre, de medidas de respuesta a las consecuencias económicas y sociales de la Guerra de Ucrania y de apoyo a la reconstrucción de la isla de La Palma y a otras situaciones de vulnerabi

Exceptional aid for damage to heritage caused by natural disasters

Regulations:Fifth additional provision.1 section c) Law IRPF

Public aid aimed at repairing the destruction, by fire, flood, subsidence, volcanic eruption or other natural causes, of assets shall not be included in the taxable base for personal income tax purposes.

In this respect, the aid to alleviate personal damage, housing, industrial, commercial and service establishments, local corporations, and natural or legal persons, provided for in Royal Decree-Law 20/2021 of 5 October, adopting urgent support measures to repair the damage caused by the volcanic eruptions and for the economic and social reconstruction of the island of La Palma (BOE of 6 October), should be taken into account.

Aid to compensate for costs in buildings affected by the release of the first digital dividend

Regulations:Fifth additional provision.4 Law IRPF

Aid granted by virtue of the provisions of Royal Decree 920/2014, of 31 October, which regulates the direct granting of subsidies aimed at compensating the costs derived from the reception of or access to audiovisual television communication services in buildings affected by the release of the digital dividend (first digital dividend) will not be included in the taxable base of IRPF.

> ***Please note**: unlike the previous one, the aid to compensate for the costs derived from the reception of or access to audiovisual television communication services in buildings affected by the release of the second digital dividend, regulated in Royal Decree 392/2019, of 21 June, is subject to and not exempt from tax.*

Subsidies and grants for energy rehabilitation actions in buildings

Regulations:Fifth additional provision.4 Personal Income Tax Law

The aid granted under the different programmes established in the following Royal Decrees will not be included in the taxable base of IRPF, in the financial year 2021 and subsequent years:

- Royal Decree 691/2021, of 3 August, which regulates the subsidies to be granted for energy rehabilitation actions in existing buildings, in execution of the Energy Rehabilitation Programme for existing buildings in municipalities with demographic challenges (PREE 5000 Programme), included in the Regeneration and Demographic Challenge Programme of the Urban Rehabilitation and Regeneration Plan of the Recovery, Transformation and Resilience Plan, as well as its direct concession to the autonomous communities;
- Royal Decree 737/2020, of 4 August, which regulates the programme of assistance for energy renovation actions in existing buildings and regulates the direct granting of assistance under this programme to the autonomous communities and the cities of Ceuta and Melilla;
- and Royal Decree 853/2021, of 5 October, which regulates the programme of assistance for residential renovation and social housing under the Recovery, Transformation and Resilience Plan.

Transfer of urban real estate acquired between 12 May 2012 and 31 December 2012

Regulations:Thirty-seventh additional provision Law IRPF

The following is exempt: **50 per 100 per cent** of the capital gain arising from the transfer of urban real estate acquired for valuable consideration from 12 May 2012 until 31 December 2012.

This case is discussed under exempt capital gains in Chapter 11.

Income obtained by the debtor in bankruptcy proceedings

Regulations:Forty-third additional provision Law IRPF

The income obtained by debtors as a result of debt write-offs and dations in lieu of payment of debts, established in:

- A judicially approved agreement in accordance with the procedure laid down in Law 22/2003 of 9 July 2003 on Insolvency and, from 1 September 2020, in Royal Legislative Decree 1/2020 of 5 May 2020 approving the revised text of the Insolvency Law.
- A judicially approved refinancing agreement as referred to in Article 71 bis and the fourth additional provision of Law 22/2003 of 9 July 2003 on Insolvency and, from 1 September 2020, regulated in Title II of Book Two, Articles 596 to 630, of Royal Legislative Decree 1/2020 of 5 May, approving the revised text of the Insolvency Law.
- An out-of-court payment agreement referred to in Title X of Bankruptcy Law 22/2003 of 9 July 2003 and, from 1 September 2020, regulated in Title III of Book Two, Articles 631 to 694, of Royal Legislative Decree 1/2020 of 5 May, approving the consolidated text of the Bankruptcy Law, or
- or, finally, as a result of exonerations of unsatisfied liabilities as referred to in Article 178 bis of Law 22/2003 of 9 July 2003 on Insolvency and, from 1 September 2020, Chapter II of Title XI of Book One, Articles 486 to 502, of Royal Legislative Decree 1/2020 of 5 May 2020, approving the consolidated text of the Insolvency Law.

In all cases, in order for income to be declared exempt, it is a prerequisite that **the debts do not derive from the exercise of economic activities**.

> Regarding the criterion of imputation in the case of losses derived from overdue and uncollected credits when a write-off established in a judicially homologated refinancing agreement, or in an out-of-court payment agreement, becomes effective, see Article 14.2.k) of the Law of IRPF.

Compensation received by the relatives of the victims of the accident of flight GWI9525 in respect of civil liability for personal injuries

Regulations:Fifty-first additional provision Personal Income Tax Act

With effect from 31 March 2022 and prior years for which the statute of limitations has not expired, compensation received in respect of civil liability for personal injury by the relatives of the victims of the accident of flight GWI9525 on 24 March 2015, as well as aid paid by the airline company affected or by an entity related to the latter, are declared exempt.

> ***New:****It should be noted that Royal Decree-Law 6/2022 of 29 March has introduced this exemption with effect from 31 March 2022 and prior years for which the statute of limitations has not expired.*

Special tax on prizes from certain lotteries and bets:exempt amounts

Regulations:Thirty-third additional provision Law IRPF

Prizes

The following prizes are not included in the taxable base of IRPF, but are subject to this tax by means of a special levy:

- The prizes obtained from lotteries and bets organised by the Sociedad Estatal Loterías y Apuestas del Estado and by the bodies or entities of the Autonomous Communities.
- The prizes obtained from the raffles organised by the Spanish Red Cross.
- The prizes obtained from the types of games authorised to the Spanish National Organisation for the Blind (ONCE).
- Prizes organised by public bodies or bodies engaged in social or welfare activities of a non-profit-making nature established in other Member States of the European Union or the European Economic Area and pursuing objectives identical to those of the above-mentioned bodies or bodies.

All other prizes (other than those listed above) are considered capital gains and are included in the general taxable base of IRPF.

Exempt amounts

In the financial year 2022, prizes whose full amount is **equal to or less than 40,000 euros will be exempt from the special tax**.

Prizes whose full amount is **greater than 40,000 euros**, **shall be subject to special taxation in respect of the part of the prize that exceeds this amount.**

This exemption shall apply provided that the amount of the tenth, fraction, lottery coupon or bet made is at least 0.50 euros.If **is less than 0.50 euros**, the maximum exempted amount will be reduced proportionally.

Should the winnings be shared between two or more persons, the exempt amount will be prorated between the co-winners, depending on the sum received by each.

Income not subject to tax

1.In general

Income not subject to IRPF includes the following:

- Income subject to Inheritance and Gift Tax

Regulations:Art. 6.4 Law IRPF

This income is made up of capital gains arising in the person who receives amounts, goods or rights by inheritance, legacy or donation or as beneficiaries of life insurance contracts, when the contracting party is a person other than the beneficiary, except in those cases in which by express

legal provision the amounts received from such insurance are considered as income from work.

- Capital gains or losses disclosed in the cases listed in Article 33.3 of the Personal Income Tax Act .

Article 33.3 of the Law of IRPF establishes the cases in which, by express legal provision, there is no capital gain or loss which are discussed in Chapter 11 to which reference is made.

- Transitional regime applicable to capital gains deriving from assets acquired before 31 December 1994 (reduction or abatement percentages)

Regulations:first additional provision Law of IRPF

The part of the **capital gain generated prior to 20 January 2006** (not capital losses) deriving from assets not used for the pursuit of economic activities which on 31 December 1996 had a period of permanence in the taxpayer's assets of more than

- 10 years, in the case of immovable property or rights thereon.
- 5 years, in the case of shares admitted to trading, with the exception of shares representing the share capital of Investment Companies and Real Estate Investment Companies.
- 8 years, in the case of other assets or rights.

Since 1 January 2015, a maximum limit of 400,000 euros has been established for all assets to which the above applies, which operates on the transfer value.

The detailed commentary on this transitional regime is contained in Chapter 11.

- The capital losses which, by express provision contained in article 33.5 of the Personal Income Tax Act, are not computed as such

A detailed list of these losses which are not counted as such is given in Chapter 11, to which reference is made.

- Income from movable capital arising from the lucrative transfer of financial assets due to the death of the taxpayer.

Regulations:Art. 25.6 Law IRPF

It is necessary to point out that this case completes that relating to the non-taxation of capital gains or losses produced by lucrative transfers due to the death of the taxpayer (capital gains of the deceased) included within those listed in article 33.3 of the Law of IRPF.Consequently, income derived from the lucrative transfer of financial assets due to death shall not be considered as income from movable capital for the testator.

- Income arising from the exercise of surrender rights in respect of group insurance contracts covering pension liabilities

Regulations:First additional provision Law IRPF

This income will not be subject to the personal income tax of the holder of the economic resources that corresponds in each case, in the following cases:

- For the total or partial integration of the commitments instrumented in the policy in another insurance contract that meets the requirements of the first additional provision of the revised text of the Pension Plans and Funds Regulation Act.
- For the integration into another group insurance contract of the employee's rights under the original contract in the event of termination of the employment relationship.

Neither is the income arising as a result of the **participation in the profits of insurance contracts that implement pension commitments** in accordance with the provisions of the first additional provision of the revised text of the Pension Plans and Funds Regulation Act subject to personal income tax, when said participation in profits is used to increase the benefits insured in said contracts.

- Disposal of assets that make up personal wealth to meet the financial needs of old age and dependency.

Regulations:Fifteenth additional provision Law IRPF and first additional provision Law 41/2007, of 7 December (BOE of 8 December).

The amounts received as a result of disposals made of the habitual residence (**reverse mortgage**) by people over 65 years of age, as well as by people who are in a situation of severe or great dependency, as referred to in article 26 of Law 39/2006, of 14 December, on the Promotion of Personal Autonomy and Care for people in a situation of dependency (BOE of 15 December), provided that they are carried out in accordance with the financial regulations relating to acts of disposal of assets that make up personal wealth to meet the financial needs of old age and dependency.

Regarding the concept of habitual residence see the twenty-third additional provision of the Law of IRPF and article 41 bis of the Regulation of IRPF.

The reverse mortgage is regulated in the first additional 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 mortgage and financial system regulations, on the regulation of reverse mortgages and dependency insurance and which establishes certain tax regulations (BOE of 8 December).According to this provision, "reverse mortgage" means a loan or credit secured by a mortgage on real estate that constitutes the applicant's habitual residence, provided that the following requirements are met:

a. the applicant and the beneficiaries he/she may designate are persons aged 65 or over, or are dependent or have been recognised as having a degree of disability equal to or greater than 33 per cent,

b. the debtor disposes of the amount of the loan or credit by means of regular or one-off drawdowns,

c. the debt is only payable by the creditor and the security enforceable upon the death of the borrower or, if so stipulated in the contract, upon the death of the last of the beneficiaries,

d. that the mortgaged property has been appraised and insured against damage in accordance with the terms and requirements established in articles 7 and 8 of Law 2/1981, of 25 March 1981, on the Regulation of the Mortgage Market".

These mortgages may only be granted by credit institutions and insurance companies authorised to operate in Spain, without prejudice to the limits, requirements or conditions imposed on insurance companies by their sectoral

regulations.

- Financial aid to be granted for uncovered sickness costs

Neither is any financial aid granted for sickness expenses not covered by the corresponding Health Service or Mutual Society , which are intended for the treatment or restoration of health, considered as subject income.

2.Special case:Floor clauses

Scope of the non-subjection

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 interest rates on loans (the so-called "floor clause") will not be included in the taxable base of this IRPF.

> ***Note:*** *the declaration of non-liability takes effect from 21 January 2017 and is applicable to previous years for which the statute of limitations has not expired.*

Similarly, it should be borne in mind that the refund of amounts previously paid by the taxpayer for the application of interest rate limitation clauses in loans, together with the corresponding compensatory interest, deriving from the enforcement or compliance with judgements or arbitration awards declaring them null and void, are not included in the taxable base of IRPF.

Tax treatment of amounts previously paid by the taxpayer who is the subject of the refund

The amounts previously paid by the taxpayer who is the object of the refund derived from agreements entered into with financial institutions or from judgements or arbitration awards, will be treated for tax purposes as follows:

a. When such amounts have formed part, in previous years, of the basis of the deduction for investment in main residence or of deductions established by the Autonomous Community, the following cases must be differentiated:

- If the refund of these amounts is made in cash, the taxpayer will lose the right to the deductions made in relation to them, and must add to the state and regional net tax payable, accrued in the year in which the agreement with the financial institution was made or in the year of the ruling or arbitration award, only the amounts unduly deducted in previous years under the terms set out in Article 59 of the Regulations of IRPF, without including late payment interest.

  This adjustment shall only be made in respect of tax years in which the Administration's right to determine the tax debt by means of the appropriate assessment has not expired.

- If the repayment of these amounts takes place by means of compensation with a part of the capital pending repayment, the above addition will not apply to the part of the amounts that are

directly used by the financial institution, after agreement with the taxpayer concerned, to reduce the principal of the loan, i.e. the deductions previously made in respect of these amounts will not have to be regularised.

On the other hand, the reduction of the principal of the loan will not generate the right to apply the deduction for investment in primary residence or any regional deduction.

b. When such amounts previously paid by the taxpayer who is the object of the refund had been considered a deductible expense in previous years in respect of which the Administration's right to determine the tax debt by means of the appropriate settlement had not expired, such consideration shall be lost and a complementary self-assessment corresponding to such years shall be made, without penalty, late payment interest or any surcharge within the period between the date of the agreement and the end of the following deadline for filing the self-assessment for the IRPF.

c. The amounts which, due to the application of floor clauses, have been paid by the taxpayer in 2022 and in respect of which, before the end of the period for filing the self-assessment of the IRPF for that year, an agreement is reached with the financial institution to return them or as a result of a court ruling or arbitration award, will not form part of the basis for the deduction for investment in primary residence or of any regional deduction, nor will they be considered as a deductible expense.

Note: *for the purposes of the appropriate adjustments, it should be borne in mind that while in the case of the existence of an agreement with the financial institution the adjustment is calculated from the date on which the agreement is signed, in the case of a judgement or arbitration award the adjustment should be calculated from the date of the latter (the finality of the judgement, where applicable).*

Subject to personal income tax:personal aspects

The following are taxpayers liable to personal income tax

Regulations:Art. 8 Law IRPF

1. Individuals who have their habitual residence on Spanish territory.

2. Individuals who have their habitual residence abroad due to any of the circumstances provided for in Article 10 of the Law of IRPF which are discussed below.

3. Individuals of Spanish nationality who can prove their new tax residence in a country or territory that is legally classified as a tax haven.These persons will not lose their status as taxpayers for the IRPF in the tax period in which the change of residence takes place and in the following four tax periods.

   Please note*: Please note that as of 11 July 2021 and in accordance with the provisions of*

the tenth additional provision of Law 36/2006, of 29 November, on measures for the prevention of tax fraud, all references made in personal income tax legislation to tax havens, countries or territories with which there is no effective exchange of information, or where there is no or low taxation, will be understood to be made to the definition of non-cooperative jurisdiction established in the first additional provision of the aforementioned Law 36/2006, of 29 November, in its wording in force as of 11 July 2021.

However, until the countries or territories that are considered to be non-cooperative jurisdictions are approved by Ministerial Order, the countries or territories provided for in Royal Decree 1080/1991 of 5 July 1991, determining the countries or territories that are considered to be tax havens, will be considered to be non-cooperative jurisdictions.

See for a list of countries and territories that qualify as tax havens by regulation and the notes on the list of countries and territories in Chapter 10 of this handbook.

Habitual residence in Spanish territory

Regulations:Art. 9 Law IRPF

In accordance with article 9 of the Law of IRPF, the taxpayer will be understood to have his/her habitual residence in Spanish territory when any of the following circumstances apply:

1.Who stays more than 183 days during the calendar year in Spanish territory.

Sporadic absences shall be taken into account in determining this period of residence, unless the taxpayer proves his tax residence in another country.In the case of countries or territories classified by regulations as tax havens, the tax authorities may require proof of residence in the country or territory for 183 days during the calendar year.

Notwithstanding the above, in order to determine the period of stay in Spanish territory, temporary stays in Spain that are the result of obligations contracted in cultural or humanitarian collaboration agreements, free of charge, with the Spanish Public Administrations shall not be taken into account.

Note: to delimit "sporadic absences", take into account the interpretative criteria established by the Supreme Court on articles 8.1.a) and 9.1.a) of the Law of IRPF in its judgments of 28 November 2017 (numbers 1,829/2017, 1,850/2017, 1,860/2017 and 1,834/2017, resolving, respectively, contentious-administrative appeals numbers 815/2017, 812/2017, 807/2017 and 809/2017) and 1 March 2018 (number 334/2018, in the contentious-administrative appeal numbers 934/2017), in relation to taxation of the beneficiaries of grants from the Spanish Institute of Foreign Trade (ICEX) with stay in a foreign country to develop the activities inherent to the same.

2.The main core or base of its activities or economic interests, directly or indirectly, is located in Spain.

It will be presumed, in the absence of proof to the contrary, that the taxpayer has his/her habitual residence in Spanish territory when, in accordance with the above criteria, his/her spouse who is not legally separated and his/her dependent minor children are habitually resident in Spain.

Foreign nationals who have their habitual residence in Spain due to their status as members of foreign diplomatic missions or consular offices, or because they hold an

official post or employment of foreign States, or because they are active civil servants who hold an official post or employment in Spain that is not diplomatic or consular in nature, will not be considered as taxpayerss, by way of reciprocity, provided that, in addition, the specific rules derived from international treaties to which Spain is a party do not apply.

> ***Remember:*** *the tax residence of a natural person is not only determined on the basis of the first residence criterion (more than 183 days), but the taxpayer may also be considered tax resident in Spain if he has in Spain, directly or indirectly, the main core or base of his activities or economic interests.*

Habitual residence in the territory of an Autonomous Community or City with Statute of autonomy for the purposes of the IRPF

Regulations:Item 72 Law IRPF

Criteria for determining habitual residence

In general, taxpayers with their habitual residence in Spain are residents in the territory of an Autonomous Community or City with Statute of autonomy.To determine in which of the Autonomous Communities or Cities with Statute of Autonomy the resident taxpayer has their habitual residence, the following criteria shall apply:

1.Permanence criteria

Pursuant to this criterion, the taxpayer resides in the Autonomous Community or City with Statute of autonomy in whose territory they have spent the greatest number of days of the tax period (usually the calendar year), for which purpose temporary absences are computed and presumed, unless otherwise proven, that the person remains in the territory of the Autonomous Community or City with Statute of Autonomy where their normal home is.

2.Main centre of interest criterion

Where it is not possible to determine residence in accordance with the above criteria, the taxpayer shall be deemed to reside in the Autonomous Community or City with Statute of Autonomy where they have their main centre of interest;i.e. in the territory in whose territory he/she has obtained the major part of the personal income tax base, determined by the following income components:

a. Income from work, which shall be deemed to be earned where the respective place of business, if any, is located.

b. Earnings from real estate and net gains derived from real estate, which are understood to be obtained in the place where they are located.

c. Earnings from economic activities, whether business or professional, that are understood to be obtained where the management centre of each of them is located.

3.Last declared residence criterion for personal income tax purposes

Failing the above criteria, the person is considered to be resident in the territory in which their last declared residence for Personal Income Tax purposes was located.

> ***Note:****in accordance with the provisions of article 72.3 of the Personal Income Tax Act, changes of residence whose main purpose is to achieve a lower effective taxation in this tax will not produce any effect, unless the new residence is continuous for at least three years.In these cases, the corresponding supplementary self-assessments should be submitted to .See Chapter 18.*

Private individuals residing in Spain, who remain in that territory for less than 183 days during the calendar year, shall be considered residents of the territory of the Autonomous Community or City with Statute of Autonomy in which the main nucleus or basis of their activities or economic interests lies.

Finally, when the person is resident in Spanish territory by presumption, i.e., because they are not legally separated from their spouse and their dependant children habitually reside in Spain, they shall be considered resident in the Autonomous Community or City with Statute of Autonomy in which they habitually reside.

Joint tax returns of family units whose members reside in different Autonomous Communities or Cities with Statute of Autonomy

When the taxpayers forming part of a family unit have their habitual residence in different Autonomous Communities or Cities with Statute of Autonomy and opt to pay tax jointly, in the section "Autonomous Community/Autonomous City of residence in 2022, the one in which the member of the family unit with the highest taxable income, determined in accordance with the rules for individualisation of personal income tax, has had their habitual residence shall be indicated.

When one of the different Autonomous Communities is outside the provincial scheme (Navarre or the Basque Country), this criterion will also be used in determining the provincial or state for Personal Income Tax.

Habitual residence abroad

Regulations:Art. 10 Law IRPF

Persons of Spanish nationality, their spouse who is not legally separated and minor children, who have their habitual residence abroad due to their status as Spanish nationals, are considered as taxpayers for the IRPF :

a. Members of Spanish diplomatic missions, including both the head of the mission and the members of the diplomatic, administrative, technical or service staff of the mission.

b. Members of Spanish consular offices, including both the head of these offices and the civil servant or service personnel assigned to them, with the exception of honorary vice-consuls or honorary consular agents and the personnel dependent on them.

c. Holders of official positions or employment of the Spanish State as members of delegations and permanent representations accredited to international organisations or who form part of missions or observer delegations abroad.

d. Active civil servants holding official posts or employment abroad which is not diplomatic or consular.

However, they shall not be considered as taxpayers:

- The aforementioned persons when, not being active civil servants or holders of an official position or employment, they already had their habitual residence abroad prior to the acquisition of any of the conditions listed above.
- Spouses not legally separated or minor children, when they already had their habitual residence abroad prior to the acquisition by the spouse, father or mother of any of the conditions listed above.

Note: *as a result of the system of transfer of taxes from the State to the Autonomous Communities, the code of the Autonomous Community or City with Statute of Autonomy in which the taxpayer has had their usual residence in that tax year must be completed in the corresponding section of page 1 of the tax return form.However, Spanish civil servants and public employees resident abroad in the financial year 2022, shall enter the specific code "20" in this section.*

The following are not considered to be taxpayers of personal income tax

Regulations:Art. 8.3 Law IRPF

Civil companies not subject to Corporation Tax, inheritances, communities of property and other entities referred to in article 35.4 of the LGTare not considered taxpayers for the IRPF .

For LGT see Ley 58/2003, de 17 de diciembre, General Tributaria.

The income corresponding thereto shall be attributed to the partners, heirs, co-owners or unit-holders, respectively, in accordance with the provisions of Articles 86 to 90 of the Personal Income Tax Act .

The income attribution regime is discussed in more detail in Chapter 10.

The family unit in personal income tax

Modalities

For the purposes of Personal Income Tax, there are two types of family units to know about:

- In case of marriage (1st modality)

That formed of two spouses who are not legally separated, whereby:

a. Children under legal age, except for those who live independently with their parents' consent.

b. Children of full legal age who are legally incapacitated and subject to extended or rehabilitated parental authority, as long as a new judicial decision has not been issued to replace it or, where applicable, children of full legal age with disabilities for whom representative guardianship is established when this is exercised by the person or persons to whom parental authority would correspond if the child were a minor.

Important:

Law 8/2021, of 2 June, reforming civil and procedural legislation to support persons with disabilities in the exercise of their legal capacity (BOE of 3 June) has replaced the extension or rehabilitation of parental authority granted by court order in the case of minors with disabilities who reach the age of majority, or unmarried adult children living with their parents who suffer from a specific disability, with the support measures for the exercise of their legal capacity needed by the child with disabilities when they reach the age of majority (or the adult child with disabilities living with their parents), in the same way and by the same means as any adult who requires them.

However, for those whose parental authority was extended or reinstated on the date of entry into force of the aforementioned Law 8/2021, the second transitional provision establishes a transitional regime that allows them to continue exercising parental authority until a review of this situation by the judicial authority, ex officio or at the request of the Public Prosecutor's Office, takes place within a maximum period of three years.

In view of the above, and taking into account the amendments introduced by Law 8/2021 regarding persons with disabilities, the references made in Article 82 of the Personal Income Tax Law to extended or rehabilitated parental authority should be understood as being made to the following judicial measures:

a. *Judicial decisions issued under the regime prior to Law 8/2021 providing for the extension or reinstatement of parental authority, until a new judicial decision has been issued to replace them with new measures adapted to Law 8/2021.*

b. *Court decisions issued after the entry into force of Law 8/2021 establishing representative guardianship for the same cases for which, according to the regime prior to Law 8/2021, extended or rehabilitated parental authority was established (former Article 171 of the Civil Code), which are the following:*

   - *Decisions establishing representative guardianship over children with disabilities on reaching the age of majority, exercised by the person or persons to whom parental authority would correspond if the child were a minor.*

   - *Decisions establishing representative guardianship for a disabled child of full age who is unmarried and living with his or her parents or either of them, also exercised by the person or persons who would have parental authority if the child were a minor.*

Remember:*Legal age is reached when the child turns 18 years old.*

In the absence of marriage or in cases of legal separation (modality 2ª)

That formed of the father or the mother and all the children that live with them, when the requirements of type 1 above are met.

Common standards to the two types of family unit

The following conclusions can be drawn from the legal regulations on the types of family unit:

- No other type of family group constitutes a family unit for Personal Income Tax purposes.
- No-one can form part of two family units at the same time.
- The determination of members of the family unit is carried out in accordance with the situation on 31 December each year.

  Therefore, a child turns 18 during the year he/she will no longer form part of the family unit in that tax period.

Individual taxation and option for joint taxation

The Tax Agency's E-Office includes a "Renta Informador", where you can consult the taxation options, individual or joint, depending on your personal and family circumstances.

Regulations:Art. 83 of the Personal Income Tax Act

Approach

- **As a general rule**, the declaration of the IRPF is presented individually.However, people forming part of a family unit, as outlined above, may choose to file the return jointly, provided all its members are payers of the tax concerned.
- **In the case of unmarried couples** only one of the partners (father or mother) can form a family unit with the children who meet the above-mentioned requirements and, consequently, opt for joint taxation.The other member of the couple must declare individually.

  However, it must be borne in mind that Article 84.2.4 of the Personal Income Tax Act (which sets out the "Rules applicable in joint taxation") indicates the inappropriateness of the reduction of €2,150 per year in the second of the family unit types referred to in Article 82 of the Personal Income Tax Act, in cases where the taxpayer lives with the father or mother of any of the children who are part of their family unit.
- **In cases of separation or divorce or absence of marital relationship**, the option for joint taxation will correspond to the parent who has custody of the children on the date of accrual of the IRPF, as the parent who lives with the children.In cases of shared custody, the option of joint taxation may be exercised by either parent, with the other parent choosing to file individually.
- Once the option to pay individually or jointly has been exercised, it is not possible to amend this option by filing new tax returns, unless these are also filed within the regulatory period for filing tax returns;after this, the option to change the tax option for this tax period cannot be changed.

The option to file on a joint basis:

- **Is stated when the Personal Income Tax for the year** is filed.Once the option has been exercised, it can only be modified within the statutory deadline for filing returns.

  In the event that no tax return had been filed, the Tax Administration, in carrying out the appropriate settlements, shall apply the rules of individual taxation, unless the members of the family unit expressly state otherwise within ten days of the request from the Administration.

- **The family unit is not bound to file jointly in subsequent years.**

  Thus, the joint tax return in 2021, does not mean you have to file a joint declaration in 2022;in the same regard, a joint tax return in 2022 is not related to 2023.

- **Joint filing must include all members of the family unit.**

  If any of the members of the family unit files an individual tax return, the remaining members must use this same taxation system.

Note: *Please note that in the case of family units referred to in article 82.1 of the Law of IRPF formed by taxpayers of this tax and by residents of another Member State of the European Union or of the European Economic Area, a deduction on the tax liability has been established as of 1 January 2018, which is discussed in Chapter 16 of the manual.The above deduction is intended, since such family units are not eligible to file joint tax returns, to equate the tax amount to be paid which the taxpayer would have borne in the event that all members of the family unit had been fiscal residents in Spain.However, this deduction is not applicable when any of the members of the family unit have opted to pay tax in accordance with the special tax regime applicable to workers posted to Spanish territory provided for in Article 93 of the Law of IRPF to which reference is made in this Chapter.*

General features of joint taxation

Regulations:Art. 84 of the Personal Income Tax Act

Apart from other particularities which will be described in the relevant chapters of this handbook, the joint taxation regime has the following general features:

- **In order to determine the requirement to file a tax return or not**, the amount of income, the gross tax base, net base and tax liability; **the rules of individual taxation are generally applied**, without raising or multiplying the amounts or limits based on the number of members in the family unit, except in cases expressly established in the rules outlined below.

- **Income of any kind** obtained by all or each of the family unit members is taxed on an **accumulated** basis.
- All members of the family unit are **jointly and severally** liable for taxation and, hence, the tax liability resulting from the tax return or tax inspection by the Tax Authorities, may be demanded in full from any of the members.

  However, the right of members of the family unit to apportion tax debt internally among themselves is recognised, according to the share of the joint income that each of them is entitled to, without any tax effects on the apportioning.

- The **same scales and taxes are applied as for individual taxation**.
- Except where expressly required by tax regulations, the joint tax return **shall not give rise to the extension of any limits** affecting certain deductible items.
- **Tax loss carryforwards from prior years not offset by the taxpayers in the family unit can be offset** in accordance with general Personal Income Tax regulations, regardless of whether they come from a previous individual or joint return.

  Certain joint tax loss carryforwards can only be offset, in the event of previous individual tax return, exclusively by the taxpayers to which they correspond, in accordance with the rules on income individualisation contained in the Personal Income Tax Act.

- **The reductions in the tax base due to contributions to social security systems, including those made for people with disabilities, to protected assets of people with disabilities and to the mutual social security society of professional athletes have the following treatment.**

  The maximum reduction limits for contributions to the aforementioned social welfare systems, to the protected estates of people with disabilities and to the Mutualidad de previsión social de deportistas profesionales will be applied individually for each participant, contributor, mutual fund member or insured person in the family unit who is entitled to any of these reductions.

  The maximum reduction limits for contributions to the aforementioned social welfare systems are discussed in Chapter 13.

- **Taxpayer's personal minimum.**

  In any type of family unit, the **minimum personal amount applicable in the joint tax return is 5,550 euros per year**, irrespective of the number of members in the family unit.

  The computation for increase of the minimum personal amount by age of the taxpayer will be carried out in accordance with the personal circumstances of each spouse.

- **Tax-free threshold when the taxpayer has disabilities.**

  The tax-free threshold when the taxpayer has a disability shall be calculated taking into account the disability circumstances which, if any, are present in each of the spouses in the family unit.

  > ***Note:*** *the personal minimum and the minimum for taxpayer disability shall not be applied in the joint tax return by the children, without prejudice to the amount to be applied as a minimum for descendants and for disability.*

- **Reduction for joint taxation.**

  a. In joint declarations of family units made up of both spouses, not legally separated, **and their children**, if any (1st type of family unit), **a reduction in the taxable base of 3,400 euros per year will be applied**, prior to the reductions for contributions to social welfare systems, including those constituted in favour of disabled persons, as well as to protected

estates of disabled persons and to the Mutualidad de previsión social de deportistas profesionales foreseen in the Law of IRPF.

The reduction applied will firstly be applied to the general tax base, which cannot end up as a negative figure due to this reduction.The remainder, if any, shall reduce the savings tax base, which may not be negative.

b. In joint declarations of family units formed by the father or mother and all the children who live with one or the other (2nd type of family unit, in cases of legal separation or when there is no marital relationship), a reduction of 2,150 euros per year will be applied to the taxable base , prior to the reductions for contributions to social welfare systems, including those constituted in favour of disabled persons, as well as to protected estates of disabled persons and to the Mutual Social Welfare Fund for professional sportsmen and women provided for in the Law of IRPF.

The reduction applied will firstly be applied to the general tax base, which cannot end up as a negative figure due to this reduction.The remainder, if any, shall reduce the savings tax base, which may not be negative.

Note:*this reduction for joint taxation will not be applied when the taxpayer lives with the father or mother of any of the children forming part of their family unit.*

Special scheme applicable to employees posted to Spanish territory

Regulations:Art. 93 Law IRPF

Natural persons who acquire their tax residence in Spain as a result of moving to Spanish territory for labour reasons may choose to pay the non-resident income tax (with certain specialties), maintaining, however, the status of taxpayers for Personal Income Tax.

Note:*If any of the members of the family unit had chosen to pay under this special tax regime for workers who have moved to Spanish territory, the deduction established from 1 January 2018 by additional provision 48 of Personal Income Tax Act, for family units consisting of tax residents in Member States of the European Union or the European Economic Area, discussed in Chapter 16.*

Scope, content and requirements of the special scheme

Attention: *in accordance with sixth additional provision of Royal Decree-Law 3/2022, of 1 March of Law 10/2021, of 9 July (BOE of 2 March) individuals who become taxpayers for the IRPF as a result of their travel to Spanish territory on the occasion of the final of the "UEFA Europa League 2022" may opt to pay non-resident income tax, under the terms and conditions set out in article 93 of the Law of IRPF.*

Scope

Regulations:Art. 113 Personal Income Tax Regulations

For the application of this special regime, taxpayers must fulfil the following conditions:

a. Who have not been resident in Spain during the ten tax periods prior to that in which they move to Spanish territory.

b. That the transfer to Spain took place as a result of any of the following circumstances:

- As a result of a work contract, with the exception of special employment agreements with professional sportspeople regulated by Royal Decree 1006/1985 of 26 June.

  This condition shall be deemed to be fulfilled when an ordinary or special employment relationship, other than that indicated above, or a statutory relationship with an employer in Spain is entered into, or when the posting is ordered by the employer and there is a letter of posting from the employer.

- As a consequence of acquiring the status of director of an entity in the capital of which it does not have a shareholding or, otherwise, when the shareholding in the same does not determine the consideration of a related entity in the terms set out in article 18 of the Corporate Income Tax Act.

c. That he does not obtain income that would be classified as being obtained through a permanent establishment located in Spanish territory.

Content of the special scheme

Regulations:Art. 114 Personal Income Tax Regulations

The application of this special regime will imply the determination of the tax liability of IRPF in accordance with the rules established in the revised text of the Law on Non-Resident Income Tax, approved by Royal Legislative Decree 5/2004, of 5 March (hereinafter TRLIRNR), for income obtained without the intermediation of a permanent establishment, with the following special features:

a. Articles 5, 6, 8, 9, 10, 11 and 14 of the aforementioned TRLIRNR shall not apply.

b. All the earned income obtained by the taxpayer during the application of the special scheme shall be deemed to have been obtained in Spanish territory.
However, income derived from an activity carried out prior to the date of the move to Spanish territory or after the end of the move, which must be reported on form 149, is not considered to have been obtained during the application of the special regime, without prejudice to taxation for non-resident income tax when the aforementioned income is deemed to have been obtained in Spanish territory.

c. For the purposes of the settlement of the IRPF, the income obtained by the taxpayer in Spanish territory during the calendar year will be taxed cumulatively, without any compensation being possible between them.

d. For the determination of the gross tax liability there are two different taxable bases to which different scales are applied:

- Base "A":Amount of the tax base corresponding to the following income referred to in Article 25.1.f) of TRLIRNR:
  - Dividends and other income derived from an entity's equity participation.
  - Interest and other revenues obtained by the assignment of equity capitals to third parties.
  - Capital gains declared on property asset transfers.

  The rates indicated in the following scale shall be applied to this base in 2022:

Savings tax base Up to euros	Full contribution euros	Remainder tax base of savings Up to euros	Applicable rate Percentage
0	0	6,000	19
6,000	1,140	44,000	21
50,000	10,380	150,000	23
200,000	44,880	From there on	26

- Base "B":Amount of the tax base corresponding to the rest of the income to which the rates indicated in the following scale will be applied in 2022.

Part of the tax base Euros	Applicable state rate Percentage
Up to 600.0000 euros	24
From €600,000.01 upwards	47

e. The differential quota will be the result of reducing the total quota of the IRPF by:

- Deductions for donations and withholdings and payments on account made on the taxpayer's income (including payments made on account of non-resident income tax).

  Withholdings and payments on account as payments on account of the tax shall be made, under the terms established by regulations, in accordance with the regulations on non-resident income tax.

  However, the percentage of withholding or payment on account on earned income shall be 24 per cent.When the remuneration paid by the same payer of earned income during the calendar year exceeds 600,000 euros, the withholding tax rate applicable in 2022 to the excess will be 47%.

- The deduction for international double taxation referred to in article 80 of the Law of IRPF is applicable to income from work obtained abroad, up to a limit of 30% of the part of the gross tax liability corresponding to the total income from work obtained in that tax period.

  For these purposes, in order to calculate the average effective tax rate, the gross tax liability and the taxable income, excluding, in both cases, the part of the same corresponding to the income referred to in Article 25.1 f) of TRLIRNR.

Duration

Regulations:Art. 115 Personal Income Tax Regulations

The special regime will apply during the tax period in which the taxpayer acquires his habitual residence in Spain and during the following five tax periods.

> For these purposes, the tax period in which residence is acquired shall be considered to be the first calendar year in which, once the move has taken place, the stay in Spanish territory exceeds 183 days.

Exercising the option to opt for the special scheme

Regulations:Arts.116 and 119 Regulation IRPF

The exercise of the option to pay non-resident income tax must be made by using communication form 149, approved by Order HAP /2783/2015, of 21 December (BOE of 23 December), which must be submitted within a maximum period of six months from the date of commencement of the activity stated in the registration with the Social Security in Spain or in the documentation that allows, where appropriate, the worker to maintain the Social Security legislation of origin.

In order to present this communication, they must be included in the Census of Taxpayers.Otherwise, they shall previously request registration in said Census by submitting the corresponding census declaration.

In addition, the following documentation should be attached to the option communication :

a. When an ordinary or special employment or statutory employment relationship is entered into with an employer in Spain, a supporting document issued by the employer stating the recognition of the employment or statutory relationship with the taxpayer, the date of commencement of the activity as stated in the registration with the Social Security in Spain, the place of work and its address, as well as the duration of the employment contract.

b. In the case of a posting ordered by the employer, a copy of the employer's letter of posting, as well as a supporting document issued by the employer stating the start date of the activity as stated in the social security registration in Spain or in the documentation that allows, where applicable, the maintenance of the Social Security legislation of origin, the place of work and its address, as well as the duration of the posting order.

c. In the case of transfers as a result of the acquisition of the status of director of an entity, a supporting document issued by the entity stating the date of acquisition of the status of director and that the taxpayer's shareholding in the entity does not determine the status of related entity under the terms of article 18 of the Corporate Income Tax Act.

The taxpayer must also report on form 149 the end of their trip to Spanish territory within one month of this circumstance occurring.

Note: *a taxpayer who opts for taxation under non-resident income tax will be subject by real obligation to wealth tax.*

Waiver and exclusion from the special scheme

Regulations:Arts.117 and 118 Regulation IRPF

Taxpayers who have opted for the special scheme may renounce its application during the months of November and December prior to the beginning of the calendar year in which the renunciation is to take effect.Taxpayers who renounce this special scheme will not be able to opt for its application again.

Exclusion from the special regime occurs due to non-compliance with any of the aforementioned conditions determining its application, with the exclusion taking effect in the tax period in which the non-compliance occurs.Excluded taxpayers must notify the tax authorities of this circumstance within one month of non-compliance with the conditions that determined their application.

Both the waiver and the exclusion must be communicated to the Tax Administration on form 149, approved by Order HAP/2783/2015, of 21 December (BOE of 23 December).

Special personal income tax return form

Taxpayers who opt for this special regime must file and sign their return for the IRPF on the special form 151, approved in the aforementioned Order HAP/2783/2015, of 21 December (BOE of 23 December), in the place and within the period established, in general, for the filing of the returns of the IRPF.

Taxpayers of the IRPF who opt for the application of this special regime may apply for the certificate of tax residence in Spain regulated in the second additional provision of the Order HAC/3316/2010, of 17 December (BOE of 23 December), the models of which appear in Annexes IV and V of the said Order.

Summary table

SPECIAL TAX REGIME APPLICABLE TO WORKERS POSTED TO SPANISH TERRITORY AS FROM 1 JANUARY 2015

(Article 93 of the Law of the IRPF, wording given by Law 26/2014)

Scope	a. Who have not been resident in Spain during the ten tax periods prior to that in which they move to Spanish territory. b. Who are not professional sportsmen and women. c. That the transfer to Spain took place as a result of any of the following circumstances: • Of an employment contract. • On the acquisition of the status of director of an entity in whose capital it does not hold a stake or, otherwise, when the stake in the same does not determine the consideration of a related entity in the terms provided for in article 18 of the Corporate Income Tax Act. d. That he does not obtain income that would be classified as being obtained through a permanent establishment located in Spanish territory.
Content:rules for determining debt	The debt is determined according to the rules of IRNR with the following specialities: • All of the earned income obtained by the taxpayer during the application of the special regime is deemed to have been obtained in Spanish territory. • The income obtained by the taxpayer in Spanish territory during the calendar year is taxed cumulatively, without any compensation being possible between them. • The two specific scales established in article 93 of the Law of IRPF are applied to determine the total tax payable: ◦ A scale for the part of the base corresponding to the income referred to in Article 25(1).f) of TRLIRNR (dividends, interest and capital gains). ◦ A scale for the part of the base corresponding to the rest of the income. • The differential tax liability will be the result of reducing the full tax liability by: ◦ The deduction for donations, in accordance with the terms of the Law of IRPF and the withholdings made on account (including the instalments paid on account of IRNR). ◦ The deduction for international double taxation referred to in Article 80 of the Personal Income Tax Act .

Optional personal income tax (IRPF) taxation of taxpayers residing in other EU Member States

Conditions of application

Regulations:Art. 46 of the Consolidated Text of the Non-resident Income Tax Act (TRLIRNR) and 21 of the Non-resident Income Tax Act (IRNR)

Taxpayers who are individuals and who meet the following conditions may apply for the application of this optional taxation regime for the IRPF:

a. They certify that they are resident in a European Union member state or a member state of the European Economic Area with which there is effective tax information exchange.

b. The taxpayer can prove any of these circumstances:

- They have obtained at least 75% of all their income during the tax period in Spain as earnings from work and income from economic activities, or
- That the income obtained during the tax year in Spain has been lower than 90% of the personal and family allowance that would have corresponded to them in accordance with their personal and family circumstances if they had been resident in Spain, and that the income obtained outside Spain has also been lower than that allowance threshold.

c. That the income obtained in Spain during the tax year has actually been subject to non-resident income tax.

Exercising the option

The exercise of the option to pay tax under IRPF must be made using the application form approved by Order HAP /2474/2015, of 19 November (BOE of 24 November), which must be submitted within four years from 2 May or the immediately following working day of the calendar year corresponding to the tax period for which the application of this regime is requested.

Note:*if any of the members of the family unit opt to be taxed under this regime, the deduction established, as of 1 January 2018, by the forty-eighth additional provision of the Law of IRPF, for family units formed by tax residents in Member States of the European Union or the European Economic Area, which is commented on in Chapter 16 of this manual, will not apply.*

Content of the regime

In accordance with the provisions of article 46 of TRLIRNR, approved by Royal Legislative Decree 5/2004, of 5 March, and 21 to 24 of the Regulations of IRNR, approved in the sole article of Royal Decree 1776/2004, of 30 July, the content of the optional regime is as follows:

- The taxable income must comprise all income obtained in Spain by the taxpayer in the tax period.
- The applicable levy rate will be the average rate, expressed with two decimal places, resulting from applying the personal income tax rules to all the income obtained by the taxpayer during the tax period, regardless of the place where it occurred and whatever the residence of the payer, taking into account the personal and family circumstances of the taxpayer that have been duly certified.
- The tax rate will be the result of applying the average net tax rate to the net tax base part corresponding to the income obtained by the taxpayer in Spanish territory.
- If the result of the above calculations is an amount lower than the total amount paid during the tax period by the non-resident taxpayer for non-resident income tax on income obtained in Spanish territory, the excess will be refunded.

Note: *the taxpayer to whom this optional scheme applies shall not lose their status as a non-resident income taxpayer.*

Subject to personal income tax:Temporary aspects

Accrual and tax period

Regulations:Arts.12 and 13 of the Personal Income Tax Act

In general, the tax period **is the calendar year**, and the IRPF accrues on 31 December of each year.

The personal income tax return for the 2022 financial year will therefore include all the events and circumstances with fiscal significance for the purpose of such tax which are attributable to that calendar year.

The tax period is shorter than the calendar year only when the taxpayer dies on a day other than 31 December, thus ending the tax period and accruing tax.

No event other than the taxpayer's death (marriage, divorce, marital separation, etc.)**will result in a tax period shorter than the calendar year.**Therefore, for the same taxpayer there cannot be more than one tax period within the same calendar year.

Only in tax returns corresponding to tax periods shorter than the calendar year, the "Accrual" section of the tax return form must be completed.

Important*:in the event of death of a taxpayer within a family unit, the remaining members can opt to file taxes jointly without including the income of the deceased party in that tax return.*

Example:

Marriage formed of spouses "A" and "B" with whom their child "C", under the age of 18, lives.In June, the death of spouse "A" occurs.

Determine the tax period and forms of taxation of members of the family unit.

Solution:

Family unit members may choose to tax as follows:

Individual taxation.

- Individual tax return of spouse "A" with tax period less than the calendar year.
- Individual tax return of spouse "B" with tax period equal to the calendar year.
- Individual tax return of child "C" with tax period equal to the calendar year.

Individual or joint taxation.

- Individual tax return of spouse "A" with tax period less than the calendar year.
- Joint tax return of the remaining members of the family unit ("B" and "C") for the whole year.

General rules for taxation in tax periods shorter than one calendar year

Obligation to report

The amounts that determine the existence of the obligation to declare shall be applied in their full amounts, irrespective of the number of days that the deceased person's tax period covers, and shall not be increased by the year.

Income to be included in the declaration

Regulations:Art. 14.4 Law IRPF

The income to be included in the declaration will be that accrued in the period between 1 January and the date of death, including that pending imputation, in accordance with the rules on the temporary imputation of income contained in the regulations governing IRPF.

Imputed real estate income (non-rented property, excluding the main residence and undeveloped land) must be quantified according to the number of days in the tax period being reported.

Note:*any unallocated income of the deceased must be included in the tax base of the tax return for the last tax period.In this case, the deceased's successors may request, within the statutory tax return period, the division of the part of the tax debt corresponding to said income, depending on the tax periods to which the income should have been attributed, with a maximum limit of 4 years, in accordance with the provisions of Article 63 of the Regulations of IRPF.*

Reduction for earning income from work

The reduction to be applied to the net income from personal work shall be applied in the full amount corresponding to the amount of the aforementioned net income, without prorating this amount according to the number of days in the tax period.

See Chapter 3 for the amounts and requirements of this reduction.

Personal, family and disability threshold

Irrespective of the length of the tax period, the amounts of the personal, family and disability minimum shall be applied in the corresponding amounts, without prorating according to the number of days of the tax period.

See Chapter 14 for the amounts and requirements of these minimums.

Reductions in the tax base for contributions to social welfare systems

The reductions for contributions to social welfare systems include those constituted in favour of people with disabilities, as well as to protected estates for people with disabilities and to the Mutualidad de previsión social de deportistas profesionales.

The maximum reduction limits for contributions to the aforementioned social welfare systems, as well as to the protected estates of people with disabilities and to the mutual benefit fund for professional sportsmen and women, shall be applied in their full amounts, regardless of the length of the tax period.

Deductions from the quota

The ceilings established for certain deductions from the tax liability shall be applied in their full amount, irrespective of the number of days in the tax period.

Note:*in the case of marriages in which one of the spouses dies, the minimum for descendants shall be apportioned equally between both spouses if, on the date of accrual of the IRPF, both were entitled to its application, regardless of whether the surviving spouse files a joint return with the children.*

Chapter 3.Earned income

Subject

General concept and characteristic notes

Regulations:Art. 17 Law IRPF

All payments or benefits, whatever their denomination or nature, in cash or in kind, deriving, directly or indirectly, from personal work or from the employment or statutory relationship and which are not in the nature of income from economic activities" are considered to be full income from work.

According to the transcribed legal definition, earned income is characterised by the following notes :

a. They comprise all consideration or profits, whatever their denomination or nature, whether in cash or in kind.

b. Deriving, directly or indirectly, from the personal work or employment or statutory relationship of the taxpayer.

c. Which are not in the nature of income from economic activities.Income from activities in which, irrespective of the contribution of personal labour, the taxpayer organises for his own account the means of production and human resources, or only one of these two factors, for the purpose of participating in the production or distribution of goods or services, is therefore excluded.

The tax concept of income from economic activities and its delimitation compared to income from employment is discussed in Chapter 6.

Income from work by nature

Regulations:Art. 17.1 Law IRPF

In particular, they are included among the total income from work:

a. Wages and salaries.

b. Unemployment benefits.

These unemployment benefits received in the single payment modality are declared exempt in article 7 of the Law of IRPF.

c. remuneration in respect of entertainment expenses.

d. The daily subsistence allowance and travel allowances, except for travel expenses and those considered normal for meals and accommodation in hotels and restaurants, subject to the limits laid down in the regulations, as described below.

See in this respect the per diems and allowances for travel expenses and normal living and subsistence expenses as referred to in Article 9 of the Personal Income Tax Regulation.

e. The contributions or contributions paid by the promoters of pension plans provided for in the revised text of the Law regulating pension plans and funds, approved by Royal Legislative Decree 1/2002, of 29 November (BOE of 13 December), 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.

Accuracy: although Article 17.1.e) of the Law of IRPF refers to Directive 2003/41/EC of the European Parliament and of the Council of 3 June 2003, this has been repealed with effect from 13 January 2019, by Directive (EU) 2016/2341, which further provides that references to Directive 2003/41/EC shall be construed as references to it.

f. The contributions paid by employers to meet pension commitments under the terms of the first additional provision of the revised text of the Law regulating pension plans and funds, approved by the aforementioned Royal Legislative Decree 1/2002, and its implementing regulations, **when they are imputed to the persons to whom the benefits are linked.**

This tax imputation will be voluntary in collective insurance contracts other than company social welfare plans, and the decision taken with regard to the rest of the premiums paid until the termination of the insurance contract must be maintained.

However, tax imputation becomes **mandatory** in the following cases:

- In the contracts of **risk insurance** (such as, for example, insurance covering the contingency of death or disability).

- When insurance contracts cover **jointly** the contingencies of retirement and death or disability, in the part of the premiums paid that corresponds to the capital at risk due to death or disability, provided that the amount of this part exceeds 50 euros per year.

  For these purposes, capital at risk is considered to be the difference between the capital insured for death or disability and the mathematical provision.

- In insurance contracts where the tax imputation of premiums is voluntary, the imputation will be compulsory **for the amount exceeding 100,000 euros per year** per taxpayer and in respect of the same employer, except in the case of group insurance contracted as a result of collective redundancies carried out in accordance with the provisions of Article 51 of the Workers' Statute.

  However, in the case of group insurance policies taken out before 1 December 2012, which include premiums of an expressly determined amount, and the annual amount of these premiums exceeds this limit of 100,000 euros, a transitional regime is established which determines that in these cases it will not be obligatory to charge this excess (See the twenty-sixth transitional provision of the Law of IRPF).

***Covid-19:* Temporary Redundancy Proceedings (ERTE) and unemployment benefits for self-employed workers.**

Both the measures adopted in the area of temporary suspension of contracts and temporary reduction of working hours (ERTE) and the ordinary and extraordinary benefits for termination of activity for the self-employed corresponding to the protective action of the Social Security are considered as income from work fully subject to the IRPF.

a. ***Employment regulation files.***

The Temporary Redundancy Proceedings (ERTE) are regulated in article 47 of the Workers' Statute and may be used, when there are economic, technical, organisational or production reasons or due to force majeure, by those companies that, on a temporary basis, intend to reduce the working day or suspend the employment contracts of all or part of their workforce in order to safeguard the viability of the company.

Therefore, there are two types of ERTE (Expedientes de Regulación Temporal de Empleo).

- ***ERTE for reduction of working hours (art. 47.2 Workers' Statute).***

  In this case, the ERTE entails a reduction in working hours for the workers concerned for a certain period of time, either by reducing the number of hours of the working day or by reducing the number of working days per week.

  During this period, the workers concerned may receive unemployment benefit for the corresponding part of the reduced working hours.

- ***ERTE of suspension of employment contracts (art. 47.3 Estatuto de los Trabajadores)***

  In this case, the ERTE determines the suspension of the employment contracts of the affected workers for a certain period of time.

  It is not in any case a dismissal, since once the circumstance that gave rise to the ERTE has ended, the employer has the obligation to reincorporate the affected workers in the same conditions as they were in prior to its application.

  During the time that the workers concerned have their contracts suspended, they will receive unemployment benefits.

In 2022, the ERTEs linked to the Covid-19 health crisis come to an end.

However, in order to facilitate the transition to the new temporary redundancy plans of Articles 47 and 47 bis of the Workers' Statute, the first additional provision of Royal Decree-Law 2/2022, of 22 February (BOE of 23 February), established ***as an automatic extension until 31 March 2022*** *of the plans referred to in Article 1 of Royal Decree-Law 18/2021, of 28 September or which had been authorised on the basis of the provisions of Articles 2 and 5.1 of Royal Decree-Law 18/2021, of 28 September, including those*

authorised in accordance with the sole transitory provision of the same, provided that they were in force on 24 February 2022.

b. ***Extraordinary benefits for termination of activity.***

These are extraordinary financial benefits due to the cessation or reduction of the self-employed person's economic activity as a result of the Covid-19 epidemic that fall under the protective action of the Social Security.

These are, therefore, extraordinary Social Security benefits for self-employed workers, whose nature is analogous to the economic benefit for termination of activity regulated in articles 327 and following of the revised text of the General Law on Social Security, approved by Royal Legislative Decree 8/2015, of 30 October (BOE of 31 October).

Consequently, the classification of these extraordinary benefits by Covid-19 (like that of the aforementioned general unemployment benefit) would be that of income from work, in accordance with article 17.1 b) of the Personal Income Tax Act, which includes unemployment benefits among the full income from work, understood in a broad sense and not only including the situation of cessation of activity corresponding to salaried workers.

These extraordinary benefits linked to Covid, as in the case of the ERTEs, were due to expire on 1 March 2022.However, articles 1 and 2 of Royal Decree-Law 2/2022, of 22 February (BOE of 23 February) establish, at its end, the following aid measures for this group:

- *Exemptions from contributions in favour of self-employed workers who were receiving on 28 February 2022 any of the benefits for cessation of activity provided for in articles 10 and 11 of Royal Decree-Law 18/2021, of 28 September, in terms similar to those set out in article 8 of the aforementioned law, although its scope is specified for the months of March, April, May and June 2022, and the exemption percentages are set at between 90 and 25 per cent, depending on the month of its application (article 1 of Royal Decree-Law 2/2022).*

  The exemption from the obligation to pay contributions on these amounts determines their lack of impact on personal income tax, as they do not correspond to any of the cases of obtaining income established in Article 6 of the Law of IRPF, nor do they therefore have the nature of full income or, correlatively, that of deductible expenses for the determination of income.

- *As of 1 March 2022, the extraordinary benefit for cessation of activity for self-employed workers affected by the suspension of activity will be maintained for a maximum duration of four months, with entitlement to this benefit ending on the last day of the month in which it is agreed to lift the measures or on 30 June 2022, whichever is earlier (article 2 of Royal Decree-Law 2/2022).*

Earned income by express legal provision

Regulations:Art. 17.2 of the Personal Income Tax Act

By express legal provision, in any case, the following have the consideration of earned income:

(a) Benefits derived from social welfare systems

The following are among the benefits derived from social security systems that are considered to be earned income:

- Social Security and Passive Classes

Pensions and passive assets received from the public social security and passive class schemes are income from work, regardless of the person who has generated the right to receive them.Other public benefits for disability, retirement, accident, accident, illness, widowhood or similar situations also constitute income from work.

However, benefits received in the event of absolute permanent incapacity or severe disability, pensions for disability or permanent incapacity under the passive class system are exempt from IRPF, provided that the injury or illness completely disqualifies the recipient from any profession or trade, as are the family benefits referred to in Article 7(h) of the Law on IRPF.

Note: Please note that the Minimum Vital Income is a non-contributory Social Security benefit in accordance with the provisions of article 2.2 of Law 19/2021, of 20 December, *which regulates it.Therefore, it will be considered as earned income in the part that exceeds the exemption foreseen in article 7.y) of the Law of IRPF.*

Law 19/2021 of 20 December establishing the minimum living income replaces, with effect from 1 January 2022, Royal Decree-Law 20/2020 of 29 May.

- General compulsory mutual funds for civil servants (MUFACE, MUGEJU, ISFAS), orphanages and other similar entities.

The benefits received by the beneficiaries of the aforementioned mutual societies, orphanages and other similar entities constitute income from work.

- Pension plans

The benefits received by the beneficiaries of pension plans and those received from the 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, whatever the contingency covered by them, are income from work.

In the case of pension plans, the contingencies for which benefits are paid are those provided for in article 8.6 of the revised text of the Pension Plans and Funds Regulation Act, approved by Royal Legislative Decree 1/2002, of 29 November.

These contingencies are:

a. **Retirement:**

For the determination of the retirement contingency, the provisions of the corresponding Social Security Scheme shall

apply.

When it is not possible for a member to retire, the contingency shall be deemed to have arisen when he reaches the age of 65 years, at the time when the member does not work or has ceased working or professional activity, and is not contributing for the contingency of retirement for any Social Security Scheme.However, the corresponding benefit may be paid in advance from the age of 60, under the terms established by regulation.

In addition, pension schemes may provide for the payment of the retirement benefit in the event that the participant, irrespective of age, terminates his employment relationship and becomes legally unemployed in the following cases:

- Due to the death, retirement or incapacity of the employer or due to the termination of the legal personality of the contracting party (article 49.1.g) of the Consolidated Text of the Workers' Statute Law).
- Collective dismissal (Article 51 of the Consolidated Text of the Workers' Statute Law).
- Termination of the contract for objective reasons (Article 52 of the Consolidated Text of the Workers' Statute Law).
- In the event of competition (Article 57 of the Texto Refundido de la Ley del Estatuto de los Trabajadores).

b. **Total and permanent incapacity for work for the usual profession or absolute and permanent incapacity for all work, and severe disability**, determined in accordance with the corresponding Social Security Scheme.

c. **Death of the participant or beneficiary, which may give rise to entitlement to widow's, widower's or orphan's benefits or benefits in favour of other heirs or designated persons**.

d. **Severe dependency or major dependency of the participant**, regulated in the Law for the Promotion of Personal Autonomy and Care for Dependent Persons.

Their consideration as earned income is maintained, regardless of the form in which the benefit is received:income, capital or in mixed form, income and capital.

The amounts received for the disposal of vested pension plan rights in the exceptional cases referred to in article 8.8 of the revised text of the Pension Plans and Funds Regulation Act (in the event of serious illness or long-term unemployment) are also considered to be earned income.These amounts will be treated for tax purposes in the same way as pension plan benefits.

It should be noted that those affected by the volcanic eruption on the island of La Palma have been allowed, on an exceptional basis and exclusively during the period from 6 October 2021 to 5 July 2022, to make early drawdown of their economic rights under certain circumstances and setting a maximum amount of drawdown.See in this respect in Chapter 13 of this handbook "Early drawdown of vested rights" under "Reductions for contributions to social security systems".

- Mutual benefit societies

The benefits received by the beneficiaries of insurance contracts taken out with mutual benefit societies, whatever the contingency covered by them (retirement, disability, death, severe dependency or major dependency and unemployment for worker-members), whose contributions may have been, at least in part, a deductible expense for the determination of net income from economic activities (the mutual benefit society acting, in this case, as an alternative system to the special Social Security system for self-employed workers) or subject to reduction in the taxable base of IRPF (the mutual benefit society acting, in this case, as a complement to the compulsory Social Security system), are income from work.

Mutual benefit societies are insurance entities that provide voluntary insurance as a complement to the compulsory Social Security system, the legal regulation of which is found in articles 43 and following of Law 20/2015, of 14 July, on the regulation, supervision and solvency of insurance and reinsurance entities (BOE of 15 July).The name of these institutions must necessarily include the words "Mutualidad de previsión social".Due to their special tax

relevance, we can highlight, among others, the mutual societies for professionals established by the professional associations and the mutual societies that act as an instrument of corporate social welfare for the benefit of workers.See also the ninth additional provision of the Law of IRPF.

The requirements that contributions must meet in order to be considered as a deductible expense or as a reduction in the tax base are discussed in Chapters 7 and 13 respectively.

The integration into the taxable base of the benefits received from the Mutual Social Welfare Funds must be carried out, depending on the nature of the contingency covered, in accordance with the following criteria:

1. *Retirement or disability benefits*

   These benefits are included in the recipient's taxable income, as earned income, only to the extent that their amount exceeds the contributions which could not be reduced or deducted from the taxable income because they do not meet any of the subjective requirements laid down by law for this purpose.

   Therefore, the contributions redeemed by the beneficiaries of insurance contracts concluded with mutual benefit societies when, on the occasion of the regularisation carried out by the tax authorities, such contributions could not at any time be subject to reduction or reduction of the tax base, cannot be considered as full income from work and, therefore, are not subject to taxation in the IRPF as income from work.

   In the case of **contributions made before 1 January 1999**, if the amount of the contributions which could not be reduced or reduced in the taxable amount cannot be proved, 75% of the retirement or invalidity benefits received shall be taken into account.

   See in this respect the second transitional provision of the Law of IRPF.

   Notwithstanding the above, benefits for permanent incapacity or severe disability received by professionals not included in the special Social Security scheme for the self-employed or self-employed, deriving from insurance contracts taken out with mutual benefit societies acting as alternatives to the said Social Security scheme, are exempt from IRPF, provided that they are benefits in situations identical to those provided for permanent total incapacity or severe disability under the Social Security scheme.

   See in this respect the exemption for "Benefits for absolute permanent incapacity or severe disability received from the Social Security or entities replacing it" in Chapter 2.

2. *Remaining benefits*

   All other benefits, including death benefits, are taxed as earned income in their entirety.

3. *Disposal of bound duties*

   The early disposal of the economic rights of mutual members is possible in the same cases as for pension plans.Amounts received for the early, total or partial, disposal of vested rights are taxed as earned income.

- Company pension schemes and other collective insurance contracts which implement pension commitments assumed by companies

A distinction must be made:

a. **Company welfare plans:**

The benefits received by the beneficiaries of the company social security schemes are in any case considered as income from work.

It should be noted that the early withdrawal of financial entitlements of insured persons in these cases is possible in the same cases as for pension plans (long-term unemployment or serious illness).

For more information on the concept and the requirements to be met by company welfare plans are discussed in Chapter 13.

b. **Group insurance contracts, other than social security plans, which implement the pension commitments assumed by companies.**
The 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 set out in the first additional provision of the revised text of the Pension Plans and Funds Regulation Act, and in its implementing regulations, will be included as employment income in the taxable base to the extent that the amount exceeds the contributions imputed for tax purposes and the contributions directly made by the worker.

It should also be borne in mind that, in accordance with the first additional provision of the revised text of the Pension Plans and Funds Regulation Act, as amended by Act 27/2011 of 1 August (BOE of 2 August), group dependency insurance policies have been accepted as insurance contracts suitable for implementing pension commitments assumed by companies since 1 January 2013.See the section on long-term care insurance in this section.

As regards the right of redemption in collective insurance contracts implementing the pension commitments assumed by companies, see additional provision one of the Personal Income Tax Law.

The benefits received by the heirs as a result of the death of the insured **worker do not constitute** personal work income as their collection is subject to Inheritance and Gift Tax.

- Insured pension plans

The benefits received by the beneficiaries of insured pension plans are in any case considered as earned income.

The concept and requirements of the insured pension plans are discussed in Chapter 13.

- Dependency insurance

The benefits received by the beneficiaries of dependency insurance in accordance with the provisions of Law 39/2006, of 14 December, on the Promotion of Personal Autonomy and Care for Dependent Persons (BOE of 15 December) are considered to be earned income.

(b) Amounts paid on account of office

Amounts paid, by virtue of their position, to **to Spanish members of the European Parliament, to deputies and senators of the Spanish Parliament, to members of regional legislative**

assemblies, town councillors and members of provincial councils, island councils or other local bodies, excluding, in any case, the part of those amounts that these institutions allocate for travel and travel expenses, are considered to be income from work.

c) Income from courses, conferences, symposia, seminars and similar events

Income derived from giving courses, conferences, colloquiums, seminars and similar activities are classified as income from work, provided that these activities do not involve the organisation on their own account of means of production and human resources or one of both, with the aim of intervening in the production or distribution of goods or services, in which case they will be classified as income from economic activities.

The consideration of this income as income from economic activities will depend on the existence of such own-account management of productive factors, which will have to be determined in each specific case, in view of the circumstances involved.However, in general, the taxpayer may be considered to be self-employed when the taxpayer is involved as the organiser of the courses, conferences or seminars, offering them to the public and arranging, where appropriate, with the teachers or lecturers their participation in such events, or when he participates in the successful or unsuccessful outcomes of such events.

Likewise, it can be understood that income from economic activities is obtained when the taxpayer has already been carrying out economic activities and participates in the teaching of classes or courses on subjects directly related to the object of his activity, in such a way that it can be understood that it is one more service among those provided through the self-employed management of the economic activity that he has already been carrying out.

(d) income from the production of literary, artistic or scientific works

Income derived from the production of literary, artistic or scientific works**,** is considered to be earned income provided that **assigns the right** to exploit them and that such income does not derive from the exercise of an economic activity.

In accordance with articles 17 and following of the Royal Legislative Decree 1/1996, of 12 April, approving the revised text of the Law on Intellectual Property, the right to exploit the work includes its reproduction, distribution, public communication and transformation.

However, where royalties are received by a **third party other than the author**, they shall constitute income from movable capital for the recipient.

On the other hand, it should be noted that Article 95.2.b).1 of the Regulations of IRPF considers income obtained by authors or translators of works from intellectual or industrial property to be professional income.It also adds that when authors or translators directly publish their works, their income will be included among those corresponding to business activities.

(e) Remuneration of directors and members of representative bodies of companies

The remuneration of directors and members of Boards of Directors, of the Boards acting in their stead and other members of other representative bodies shall be deemed to be employment income.

In these cases, their classification as employment income is determined by their membership of a body entrusted with the function or functions of administration and management of the assets of an entity, whatever the nature of the

entity and without limiting it to the cases of commercial entities.

f) Compensatory pensions received from the spouse and maintenance annuities

Compensatory pensions received from the spouse and maintenance payments are considered as income from work, except for those received from parents by virtue of a court decision, which are declared exempt.

Both reduce the taxable income of the person who pays them.

The tax base reductions for alimony and maintenance payments are discussed in chapter 13 of this handbook.

(g) special economic rights reserved by the founders or promoters of a company

Regulations:see also art. 47 Reglamento IRPF

Special economic rights reserved by the founders or promoters of a company as remuneration for personal services are considered to be income from employment.

For these purposes, special economic rights reserved by the founders or promoters of a company as remuneration for personal services, when they consist of a percentage of the profits of the entity, **shall be valued, as a minimum**, at 35 per cent of the equivalent value of the share capital allowing the same participation in the profits as that recognised for the aforementioned rights.

H) Non-exempt scholarships

Grants to which the exemption mentioned in in Chapter 2 does not apply are earned income.

Remember: *Article 7.j) of the Personal Income Tax Act exempts public grants, grants awarded by non-profit organisations to which the special regime regulated in Title II of Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage, 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 to pursue regulated studies, both in Spain and abroad, at all levels and grades of the education system, under the terms established in the regulations.*

Likewise, is also considered exempt, under the terms established in Article 2 of the Regulations of IRPF, public grants and those granted by the aforementioned non-profit organisations and banking foundations for research in the field described in Royal Decree 63/2006, of 27 January, which approves the Statute of research personnel in training, as well as those granted by them for research purposes to civil servants and other personnel in the service of the Public Administrations and to teaching and research staff at universities.

(i) contributions to collaborators in humanitarian or social assistance activities

Remuneration received by those who collaborate in humanitarian or social assistance activities promoted by non-profit organisations is considered to be income from work.

> Social assistance should be understood as "the set of actions and activities carried out by the Public Sector or by private entities or persons outside the framework of Social Security, allocating economic, personal or organisational means to attend, fundamentally, to states of need and other deficiencies of certain groups (the elderly, minors and young people, ethnic minorities, drug addicts, refugees and asylum seekers, etc.)".or other persons in a state of need, marginalisation or social risk".

(j) Remuneration arising from special employment relationships

Remuneration derived from special employment relationships is considered to be income from work.

For these purposes, the following are considered special employment relationships, in accordance with Article 2 of the revised text of the Workers' Statute Law, approved by Royal Legislative Decree 2/2015, of 23 October (BOE of 24 October):

- Senior management staff (Royal Decree 1382/1985 of 1 August 1985).
- Staff working in the family home (Royal Decree 1620/2011 of 14 November).
- Prisoners in Penitentiary Institutions (Royal Decree 782/2001, of 6 July).
- Professional sportsmen and women (Royal Decree 1006/1985 of 26 June 1985).
- Artists who carry out their activity in the performing, audiovisual and musical arts, as well as persons who carry out technical or auxiliary activities necessary for the development of such activity (Royal Decree 1435/1985, of 1 August).

  > It should be noted that in 2022 Royal Decree 1435/1985 has been amended by Royal Decree-Law 5/2022, of 22 March, which adapts the regime of the special employment relationship of persons dedicated to artistic activities, as well as to the technical and auxiliary activities necessary for their development, and improves the working conditions of the sector (BOE of 23 March).

- Persons who intervene in commercial transactions on behalf of one or more entrepreneurs without assuming the risk and risk of those transactions (Royal Decree 1438/1985 of 1 August 1985).
- Workers with disabilities who provide their services in special employment centres (Royal Decree 1368/1985 of 17 July 1985).
- Minors subject to the execution of internment measures for the fulfilment of their criminal responsibility (Royal Decree 1774/2004, of 30 July).
- Residency activity for the training of specialists in Health Sciences (Royal Decree 1146/2006, of 6 October).

- Professional activity of lawyers who provide services in individual or collective law firms (first additional provision of Law 22/2005, of 18 November, and Royal Decree 1331/2006, of 17 November).
- Any other work that is expressly declared by law to be a special employment relationship.

Note: *when the income derived from the special employment relationships of artists and commercial agents and commission agents involves the organisation on their own account of means of production and human resources or one of both, with the aim of intervening in the production or distribution of goods or services, it will be classified as income from economic activities (Art. 17.3 Law IRPF).*

k) Contributions made to the protected assets of persons with disabilities

By express legal provision, contributions made to the protected assets of people with disabilities regulated in Law 41/2003, of 18 November, on the protection of the assets of people with disabilities and modification of the Civil Code, the Law on Civil Proceedings and Tax Regulations for this purpose (BOE of 19 November), in the terms indicated below, are in any case considered to be income from work.

Contributions to protected assets that constitute earned income for the holder of the protected assets.

Regulations:Disposición adicional decimoctava Ley IRPF.

Contributions made to the protected assets are considered as earned income for the person with a disability who is the owner of said assets, with the following limits and conditions:

1. When the contributors are taxpayers of IRPF, up to the amount of 10,000 euros per year for each contributor and 24,250 euros per year for all contributors together.
2. When the contributors are corporate taxpayers, provided that the contributions have been a deductible expense for corporate tax purposes, up to a limit of 10,000 euros per year.This limit is independent of those indicated in number 1 above.
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 18 of Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage (BOE of 24 December).

In these cases, the person with a disability who is the owner of the protected assets will be subrogated to the position of the contributor with respect to the date and value of acquisition of the assets and rights contributed, without, for the purposes of subsequent transfers, the reduction coefficients provided for in the ninth transitory provision of the Law of IRPF being applicable, if applicable.

The amount of the contributions which, because they exceed the aforementioned limits and conditions, are not considered as earned income, will be subject to Inheritance and Gift Tax.

Finally, the amounts which, in the aforementioned terms, are considered to be earned income are not subject to withholding or payment on account.

Integration of earned income in the tax base of the person with disabilities

The integration of earned income in the taxable base of the IRPF of the disabled taxpayer, owner of the protected assets, will only be carried out for the amount by which this income exceeds three times the public indicator of multiple effects income (IPREM), which in the 2022 financial year amounts to 24,318.84 euros (8,106.28 euros x 3).

> See in this respect exemption foreseen in Article 7.w of the Law of IRPF for income from work derived from benefits obtained in the form of income by disabled persons corresponding to contributions to social welfare systems discussed in Chapter 2.

Disposal of the contributions by the owner of the protected assets

Regulations:Art. 54.5 Law IRPF

The disposal in the tax period in which the contribution is made or in the following four tax periods of any property or right contributed to the protected estate of the person with a disability will determine the following tax obligations for the holder:

1. **If the contributor was a taxpayer of IRPF**, the owner of the protected assets who received the contribution must integrate in the taxable base the part of the contribution received that he had not integrated in the tax period in which he received the contribution as a consequence of the integration rule mentioned in the previous point.

   For this purpose, the corresponding complementary self-assessment must be submitted, including the appropriate interest for late payment, within the period between the date on which the disposal takes place and the end of the regulatory period for the tax return corresponding to the tax period in which the said disposal is made.

2. **If the contributor was a corporate taxpayer**, two cases must be distinguished:

   - In the event that the holder of the protected assets is the employee of the company making the contribution, it will be the latter (the employee), as the holder of the protected assets, who must include in his taxable base the part of the contribution received that he had not included in the tax period in which he received the contribution as a result of the application of the exemption provided for in Article 7.w) of the Personal Income Tax Act and submit the corresponding supplementary self-assessment in the terms indicated above.

     For this purpose, the worker who is the owner of the protected assets must inform the employer who made the contributions of any withdrawals made during the tax period.

   - In the event that the contribution has been made to the protected assets of relatives, spouses or dependants of employees under guardianship or foster care, the obligation described in the previous case must be fulfilled by the employee of the contributing company, who must inform his employer of the provisions made during the tax period.

In the disposal of homogeneous assets or rights, it shall be understood that those contributed first were disposed of.The aforementioned regularisation shall not take place in the event of the death

of the owner of the protected assets, of the contributor or of the employees of the company.

Attention: *as regards the tax implications for* ***contributors of the advance disposal of the contributions made by the owner of the protected assets*** *see Chapter 13.*

Estimated earned income and related transactions

Estimated earned income

Regulations:(Arts.6.5 and 40 Personal Income Tax Act

The provisions of services capable of generating income from work are presumed to be paid, unless proven otherwise.

In the absence of evidence to the contrary, the valuation of such income shall be carried out by normal market value, with this understood as the compensation to be agreed between independent subjects, unless otherwise proven.However, the valuation of certain estimated remuneration paid in kind will be carried out by applying the special valuation rules discussed in the next section (Rendimientos del trabajo en especie).

Earned income and related transactions

Regulations:Article 41 Personal Income Tax Act

In cases where the personal work is provided to a company with which there is a relationship, as provided for in Article 18 of the LIS, transactions between related persons or entities shall be valued at their market value.Market value shall mean the value that would have been agreed by independent persons or entities at arm's length.

Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

In accordance with Article 18 of the LIS the linking relationships occur in transactions between:

- An entity and its members or participants,
- An entity and its de jure and de facto directors or managers,
- A company and spouses or others linked to partners or shareholders, advisers or managers by kinship, in a direct or collateral line, by consanguinity or affinity, up to the third degree.
- A company and the advisers or managers of another company, when both companies belong to a group.

When the link is defined according to the partner-company relationship, the partner's share must be equal to or greater than 25 percent.

In the event of remuneration for the exercise of their duties as directors or administrators of entities, the rules of the linked relationships are not followed, because this is expressly provided for in Article 18.2 of the LIS, so this remuneration is excluded from the scope of the linked transactions regulated by Article 41 of the Personal Income Tax Act.

The tax authorities may verify that transactions carried out between related persons or entities have been valued at their normal market value and, where appropriate, make the necessary valuation adjustments in respect of transactions subject to corporation tax, IRPF or non-resident income tax that have not been valued at their normal market value.For this purpose, the taxpayer of IRPF must comply with the documentation obligations of related-party transactions under the terms and conditions established in Chapter V (articles 13 to 16) of the Corporate Income Tax Regulations, approved by Royal Decree 634/2015, of 10 July (BOE of 11 July).

Earned incomes in kind

Subject

Regulations:Art. 42.1 of the Personal Income Tax Act

The use, consumption or obtaining, for particular purposes, of goods, rights or services free of charge or at a price lower than the market normal constitute earned incomes in kind, even if they do not represent a real expense for those who grant them, provided that they derive, directly or indirectly, from personal work or from a labour or statutory relationship.

Simple payment mediation

Income from work in kind must be distinguished from other cases in which there is a simple mediation of payment by the company in respect of expenses incurred by the employee.In other words, cases where the company merely pays an amount on behalf of the employee.In these cases, the consideration demanded by the employee from the company does not consist of the use, consumption or obtaining of goods, rights or services, but rather it is a consideration that the company is obliged to pay in cash, although by virtue of the mandate given by the employee, the payment is made to a third party designated by the employee.In other words, the employee spends part of his or her monetary remuneration on the acquisition of certain goods, rights or services, but the payment of these is made directly by the employer.In these cases, it will be an application of cash income from work.

However, it should be pointed out that it is not always the case that the employer pays or pays amounts to third parties so that they provide the worker with the good, right or service in question that we are in the presence of monetary remuneration, as it is considered that there is mediation of payment, since sometimes the remuneration in kind is instrumented through a direct payment by the employer to the third party in compliance with the commitments assumed with its workers, either in the collective agreement or in the employment contract itself and, in such a case, the amounts paid by the company to the suppliers would not be considered as a case of mediation of payment, in the terms indicated above, but as remuneration in kind agreed in the employment contract, so that all the provisions regarding remuneration in kind set out in Article 42 of the Law of IRPFwould be applicable.

Flexible Remuneration Plans

The implementation by a company of a 'flexible compensation plan' or 'flexible remuneration plan', whereby the entity and its employees agree either by collective agreement or by amendment or novation of the existing employment contract, to change the composition of the remuneration system, so that monetary remuneration is replaced by remuneration in kind or remuneration in kind is replaced by other remuneration.In these cases, we would not be dealing with a case of mediation in payment, but rather with remuneration in kind agreed in the employment contract

or by collective agreement.

Workers subject to this type of scheme can, according to their needs and preferences, choose a series of products from a previously established list that can include such different rights or products as:medical insurance, childcare, meal vouchers, transport, access to sports clubs, special discounts for the use of products and services (airline tickets, hotels, health services, etc.), training benefits, vehicles, transfer of the use of housing, mobile phones, tablets or other computer media, stock options, etc...

In this case, the taxation of the products or services offered by the company to its employees in application of a Flexible Remuneration Plan will be governed by the provisions of articles 42 and 43 of the Law of IRPF.The maximum limit of remuneration in kind may not exceed 30 per cent of the employee's full annual remuneration (article 26.1 of the revised text of the Workers' Statute Law, approved by Royal Legislative Decree 2/2015, of 23 October).

However, in order to have the status of remuneration in kind and not be a simple mediation of payments made by the company in respect of expenses incurred by the employee, it is necessary that the remuneration in kind is so agreed with the workers either in the collective agreement or in the employment contract, i.e. that the company is obliged (according to the agreement or contract) to provide them with the good, right or service.

Note: *when the payer of the income from work provides the taxpayer with sums in cash in order for the latter to acquire the goods, rights or services, the income shall be considered to be monetary, and therefore the special rules on remuneration in kind discussed in this section do not apply to it.*

Cases that do not constitute income earned in kind

Regulations:Art. 42.2 of the Personal Income Tax Act

They are not considered to be income from work in kind:

- **Study costs for staff updating, training or re-training**

  Regulations:Article 44 Personal Income Tax Regulation

  This concept includes studies arranged by institutions, companies or employers and financed directly or indirectly by them, even if their actual provision is carried out by other persons or specialised entities, provided that, in addition, the following requirements are met:

  - The purpose is for updating, training or retraining staff.
  - The courses are required for the development of staff activities or characteristics of jobs.

    In these cases, travel, subsistence and subsistence expenses which are exempt from taxation shall be governed by the general rules set out in the following section ( ).

  Since 1 January 2017 it is understood that the studies have been provided and **indirectly** financed by the employer when funded by other companies or entities that sell products requiring suitable staff training, provided the employer authorises this participation.

- **Expenses for insurance premiums or fees for workplace accident or employee civil liability**

The premiums or fees paid by the company under an insurance contract, which only cover the risk of an accident at work or the civil liability of employees when performing their jobs are not considered remuneration in kind.

Precisions:

Any insurance policy taken out by the company in favour of its employees covering risks or contingencies outside the work activity and covering, on the other hand, not only the employee himself but also, where appropriate, the spouse and children, constitutes remuneration in kind.

The insurance is required to cover only and exclusively the risk of accidents at work or civil liability occurring to its employees in the course of their work activities.The coverage of the contract must extend to the worker, this term or expression - "worker" - being understood as a person who provides paid services for hire or reward and within the scope of organisation and management of another person, whether natural or legal, called employer or entrepreneur".

Likewise, for the purposes of insurance cover taken out to cover the contingencies of incapacity or death arising from accidents at work, it should be pointed out that occupational illness is considered an accident at work or a variety thereof, and as long as no express exclusion is made in the conventional legal relationship, the concept of accident at work includes occupational illness, the only variation being that occupational illness is based on a legal presumption arising from a double list of activities and illnesses (Judgments of the TS of 25-11-92;19-7-91.25-9-91.

- **Loans arranged prior to 1 January 1992**

Regulations:Additional provision two of the Personal Income Tax Law

Loans with a lower than legal interest rate on money arranged before 1 January 1992 are not considered remuneration in kind, provided that the principal had been made available to the borrower prior to that date.

Exempt earned income in kind

Regulations:Art. 42.3 of the Personal Income Tax Act

The following income from work in kind is exempt from IRPF:

a) Deliveries to employees of products at discounted prices in company canteens, canteens or social groceries

Regulations:(Arts.42.3.a) Law IRPF and 45 Regulation IRPF

Exempt from IRPF are deliveries to employees of products at reduced prices carried out in company canteens, including indirect formulas for the provision of this service permitted by labour legislation (such as, for example, the delivery of meal vouchers or similar documents, cards or any other electronic means of payment), provided that the requirements detailed below are met.

General requirements:

1. That the provision of the service takes place during working days for the employee or worker.
2. The service does not take place on days on which the employee or worker earns tax-exempt

amounts as subsistence allowances for travelling to a municipality other than the usual place of work.

Additional requirements for indirect formulas (meal vouchers or similar documents, cards or other electronic means of payment)

In addition to the above requirements, meal vouchers or similar documents, cards or any other electronic means of payment must meet the following requirements:

1. The amount does not exceed the sum of 11 euros per day.If the daily were longer than, there remuneration in kind by the excess.
2. They must be numbered, issued in the name of the issuing company and, where they are issued in paper form, must state the nominal amount.
3. They must be non-transferable and the amount not consumed on one day may not be carried over to another day.
4. It is not possible to obtain reimbursement either from the company or from a third party.
5. They may only be used in catering establishments, regardless of whether the service is provided on the premises of the catering establishment or outside it, on collection by the employee or by delivery to the employee's place of work or to the place chosen by the employee to carry out his or her work on days when the work is carried out remotely or by teleworking.
6. That the company that delivers them, keeps and maintains a record of those delivered to each of its employees or workers, with an expression of:
   - In the case of meal vouchers or similar documents, document number, day of delivery and nominal amount.
   - In the case of cards or any other electronic means of payment, the document number and the amount paid on each day with an indication of the latter.

(b) Use of property intended for the social and cultural services of employed personnel

These include, among others, the spaces and premises, duly approved by the competent Public Administration, used by companies or employers to provide the first cycle of nursery education to their employees' children, as well as the **direct or indirect contracting of this service with duly authorised third parties** .

> Please note that, with effect from 1 January 2018, the deduction for maternity under Article 81 of the Law of IRPF is increased by up to an additional 1,000 euros, when the taxpayer entitled to this deduction has paid in the tax period for the care of the child under three years of age in nurseries or authorised child education centres.However, the amounts paid under this heading exclude those considered as exempt income from work in kind by application of the provisions of Article 42.3 (b) or (d) of the Law of IRPF.

(c) Health insurance costs

Regulations:Art. 46 Regulation IRPF

Income from work in kind corresponding to premiums or contributions paid by the company to insurance companies for sickness cover are exempt, when the following requirements and limits are met:

1. That the sickness cover should extend to the worker himself, and may also extend to his spouse and descendants.
2. That the premiums or contributions paid do not exceed **500 euros per year** for each of the aforementioned persons or **1,500 euros** for each of them when they are persons with disabilities.

Any excess over the above-mentioned amounts shall constitute remuneration in kind for work performed.

(d) Provision of certain education services to children of employees of approved educational establishments

The provision of pre-school, infant, primary, compulsory secondary, baccalaureate and vocational training education by authorised educational centres to the children of their employees, free of charge or at below-market prices, is exempt.

> Please note that, with effect from 1 January 2018, the deduction for maternity under Article 81 of the Law of IRPF is increased by up to an additional 1,000 euros, when the taxpayer entitled to this deduction has paid in the tax period for the care of the child under three years of age in nurseries or authorised child education centres.However, the amounts paid under this heading exclude those considered as exempt income from work in kind by application of the provisions of Article 42.3 (b) or (d) of the Law of IRPF.

(e) Amounts paid by the undertaking for the collective transport of its employees between their place of residence and the place of work.

Regulations:Art. 46 bis Regulation IRPF

The amounts paid to the entities in charge of providing the public collective passenger transport service to help employees travel **between their place of residence and the workplace** are exempt, up to the limit of **1,500 euros per year** for each worker.

> The issue by the company to employees of a "transport pass" (a personal and non-transferable transport pass, which allows an unlimited number of journeys to be made within its spatial scope of validity - transport zones - and temporal scope - annual or monthly - on the public transport services provided by the corresponding Transport Consortium), provided that the spatial scope of validity of the pass takes into consideration the locations corresponding to the employee's residence and work centre and with the limit of 1,500 euros per year established in article 46 bis of the Regulations of IRPF, will be covered by this exemption.On the other hand, when the company gives the worker cash to purchase (or reimburse him for the cost of purchasing) the transport tickets, this is considered to be a monetary payment, fully subject to the tax and its withholding system.

Indirect formulas

The delivery to workers of **cards or any other electronic means of payment that meets the**

following requirements (Art. 46 bis Regulation IRPF) will also be considered as **indirect formulas** for the payment of amounts to the entities responsible for providing the aforementioned public service:

1. They may be used exclusively as consideration for the purchase of tickets enabling the use of the public collective passenger transport service.

2. The monthly amount that can be paid with them may not exceed 136.36 euros per month per worker, with a limit of 1,500 euros per year.

3. They must be numbered, issued in the name of the issuer and bear the name of the issuing company.

4. They must be non-transferable.

5. It is not possible to obtain reimbursement either from the company or from a third party.

6. The company that issues the cards or the electronic means of payment must keep and maintain a record of the cards issued to each of its employees, indicating the number of the document and the annual amount made available to the employee.

In the case of the provision of cards or electronic means of payment that do not meet the aforementioned requirements, there shall be remuneration in kind for the full amount made available to the employee.However, in the event of non-compliance with the limit referred to in number 2 above, there shall only be remuneration in kind for the excess.

(f) Delivery to employees of shares or holdings in the undertaking itself or in other undertakings of a group of companies

Regulations:Art. 43 Regulation IRPF

- Exempt from IRPF is the delivery to active workers, free of charge or for less than the normal market price, of shares or holdings **of the company itself or of other companies in the group of companies**, in the part that does not exceed, for the total of those delivered to each worker, 12,000 euros per year, provided that the offer is made under the same conditions for all the workers in the company, group or sub-groups of companies.

- In the event that the company in which the employee works **is part of a group of companies** in which the circumstances set out in Article 42 of the Commercial Code are met, **the beneficiaries may be the employees of the companies that form part of the same group under the following conditions**:

    1. Where shares or units of a group company are delivered, the beneficiaries may be the employees of the companies forming part of the same subgroup.

    2. Where shares or units of the parent company of the group are delivered, the beneficiaries may be the employees of any group company.

- In both cases, the delivery may be made either by the company in which the employee provides his or her services, or by another company belonging to the group or by the public

body, state company or public administration that owns the shares.

- In order for the supply of such shares or units to be exempt in kind, the following conditions must also be met :
  - That the offer is made on the same conditions for all employees of the company and **contributes to their participation in the company**.In the case of groups or sub-groups of companies, this requirement must be fulfilled in the company to which the employee to whom the shares are delivered provides services.

    However, this requirement shall not be deemed not to have been met if, in order to receive the shares or units, the employees are required to have a minimum length of service, which must be the same for all of them, or if they are taxpayers of IRPF.
  - That each of the employees, together with their spouses or relatives up to the second degree, **do not have a direct or indirect** shareholding in the company in which they provide their services or in any other company in the group of more than 5%.
  - Titles must be maintained for at least three years .

    Failure to comply with this deadline will give rise to the obligation on the part of the worker to submit a supplementary self-assessment, with the corresponding interest for late payment, within the period between the date on which the requirement is not met and the end of the statutory deadline for the tax return corresponding to the tax period in which the non-compliance occurs.

***Please note**: the acquisition value of the shares delivered to the worker that were exempt employment income in kind, for the purposes of calculating the capital gain obtained on their subsequent sale, will be the same as if said delivery had been taxed as employment income in kind, being in both cases the normal market value of said shares at the time of their delivery which, in the case of shares in a listed company, is their listed value.*

Calculation of earned income in kind

General valuation and deposit rule

General valuation rule

Regulations:Article 43.1 of the Personal Income Tax Law

As a general rule, remuneration in kind should be valued at its normal market value.However, the special valuation rules discussed below should be applied to the valuation of certain payments for work in kind.

Payment on account

Regulations:(Arts.43.2 Law IRPF and 102 Regulation IRPF

The valuation amount of remuneration for work in kind shall be increased by the on-account

payment to be made to the payer of such remuneration, irrespective of whether such payment has actually been made.The amount of the payment on account shall be the amount resulting from applying the corresponding withholding percentage to the valuation of the remuneration in kind.

Notwithstanding the above, no additional payment on account shall be made in the following cases:

a. When there is no obligation to make payments on account on remuneration in kind for work, as in the case of contributions paid by the promoters of pension plans, company welfare plans and mutual welfare funds that reduce the taxable base.

b. When the payment on account has been charged to the employee.

In short, in the case of remuneration in kind, the full income from work is obtained by adding the valuation of the remuneration in kind plus the amount of the payment on account not passed on to the employee.Thus:

Full income = Valuation + Payment on account charged to the employee

Special valuation rules

Regulations:Art. 43.1.1º Law IRPF

1.Use of housing

The valuation rule for remuneration in kind derived from the use of a dwelling is determined by whether or not the dwelling is owned by the payer:

a. If the dwelling used is owned by the payor

The following cases should be distinguished:

- In general, the valuation will be carried out for the amount resulting from applying the percentage of **10 per 100** on the cadastral value of the property.
- In the case of properties located in municipalities where the cadastral values have been revised or modified, or determined by a general collective valuation procedure, and have entered into force in the tax period or within the previous ten tax periods, the percentage applicable to the cadastral value will be **5 per 100 %**.
- In the event that on the date of accrual of the IRPF the property does not have a cadastral value or this has not been notified to the owner, the percentage will be **5 per 100** and will be applied to **50 per** 100 of the highest of the following values:the one verified by the administration for the purposes of other taxes or the price, consideration or value of the acquisition.

Limit: The valuation resulting from the remuneration in kind corresponding to the use of accommodation owned by the payer, **may not exceed 10 per cent of the other consideration**

for the work.

b. If the dwelling used is not owned by the payer

In this case, the remuneration in kind is determined by the **cost to the payer** of the dwelling, including the taxes levied on the operation, without this valuation being less than that which would have applied had the previous rule for dwellings owned by the payer been applied (10% or 5% of the cadastral value of the dwelling with a limit of 10% of the remaining consideration for the work).

Use of housing by the employee

Housing situation	Rules of assessment			
	Casuistry	Calculation basis	Percentage to be applied	Limit
If owned by the company	**Unrevised cadastral value** in the tax period or in the previous 10 tax periods	Rateable value	10%	The tax assessment may not exceed 10% of the remaining consideration for the work.
	Revised cadastral value in the tax period or in the previous 10 tax periods	Rateable value	5%	
	No cadastral value or has not been notified	50% of the higher value between: • Cost price • Value ascertained by the Administration	5%	
If leased by the company	The eldest of: • Cost to the payer + inherent taxes • Value resulting from the application of the rules for owner-occupied dwellings (see previous rule)			

Note to table:

In any case, the tax assessment must be increased by the taxable income not charged on account in order to determine the full income from work.

Example 1:dwelling owned by the payer

In the financial year 2022, Mr A.P.G., a single man, received a full salary of 45,000 euros, living in a new house owned by the company, whose cadastral value, which was revised in 2013, amounts to 80,000 euros.

How should this remuneration be valued, if the interim payments made by the company in 2022 for such remuneration in kind, which have not been passed on to the employee, amounted to 928 euros?

Solution:

Full salary = 45,000.00

Remuneration in kind:(Result of adding to the tax assessment of the remuneration in kind for the use of the dwelling the payments on account made by the company):4,928.00

- Tax valuation for home use (5% x 80.000) = 4.000,00
- Tax assessment ceiling (10% x 45.000) = 4.500,00
- Prevailing tax assessment = 4,000.00
- Revenue on account = 928,00

  Note: As the income on account has not been passed on to the employee, it should be added to the tax assessment in order to determine the full income from work**.**

- Full amount (4.000+ 928) = 4.928,00

Total earned income:45.000 + 4.928,00 = 49.928,00

Example 2:housing not owned by the payer

Mr R.J. receives a full annual salary of 33,000 euros.In addition, he receives remuneration in kind for the use of a house rented by his employer for which he works and for which he pays rent amounting to 600 euros per month.

The rented property has a cadastral value of 120,000 euros, which was revised in 2013.

How should this remuneration be valued, if the interim payments made by the company in 2022 for such remuneration in kind, which have not been passed on to the employee, amounted to 1,385 euros?

Solution:

Full salary = 33.000,00

Remuneration in kind:(Result of adding to the tax valuation of the remuneration in kind for the use of housing the payments on account made by the company) = 8,585.00

- Cost to the payer (600 x 12) = 7,200.00
- Tax valuation in case of company-owned housing (5% x 120,000), with a maximum tax valuation limit (10% x 33,000 = 3,300) = 3,300.00
- Prevailing tax valuation = 7.200,00

  Note: The cost to the payer prevails as this valuation is higher than the valuation that would have been applied if the valuation rule for the use of dwellings owned by the payer had been applied.

- Revenue on account = 1.385,00

  Note: As the income on account has not been passed on to the employee, it must be added to the tax assessment in order to determine the full income from work.

- Full amount (7,200+1,385) = 8,585.00

Total earned income:33.000+8.585 = 41.585,00

2.Delivery or use of motor vehicles

- In the event of delivery of the vehicle

In this case the remuneration shall be valued at the cost of acquiring the vehicle for the employer, including the expenses and taxes levied on the operation, such as:The VAT, registration tax, customs duties, etc. Consequently, the entire VAT paid must be included, regardless of whether or not it is deductible for the payer.

- In the event of use of the vehicle

In the case of use, a distinction must be made:

a. *Vehicle owned by the payer*:the value shall be **20 per 100** per annum of the cost of purchasing the vehicle for the employer, including the costs and taxes levied on the operation.

b. *Vehicle not owned by the payer*:the value shall be **20 per 100** per annum on the market value, including the costs and taxes inherent to the acquisition, which would correspond to the vehicle if it were new.

c. *Vehicle belonging to companies whose usual activity is the transfer of the use of motor vehicles:*the valuation may not be lower than the price offered to the public for the service in question.

Reductions applicable in the valuation of energy-efficient motor vehicles

Regulations:Art. 48 bis Reglamento IRPF

In cases a, b and c above of transfer of use of a vehicle, the resulting valuation may be reduced **by up to 30 per cent** in the case of vehicles considered to be energy efficient, under the terms and conditions indicated below:

In the case of vehicles considered energy efficient because they comply with the Euro 6 emission limits laid down in Annex I to Regulation (EC) No 715/2007 of the European Parliament and of the Council of 20 June 2007 on type-approval of motor vehicles with respect to emissions from light passenger and commercial vehicles (Euro 5 and Euro 6) and on access to vehicle repair and maintenance information, the valuation of income in kind for the use of **may be reduced by the following percentages**:

- Reduction of 15 per cent of the resulting amount, when the vehicle meets the following conditions:

  1. Its official CO emissions[2] do not exceed 120 g/km and
  2. The market value that would correspond to the vehicle if it were new, before tax, does not exceed 25,000 euros.

- Reduction of 20 per cent of the resulting amount, when the vehicle meets the following conditions:

  1. Their official CO emissions[2] do not exceed 120 g/km.
  2. They are hybrid vehicles or vehicles powered by internal combustion engines that can use alternative fossil fuels (autogas - LPG - and Natural Gas) and
  3. The market value that would correspond to the vehicle if it were new, before tax, does

not exceed 35,000 euros.

- Reduction of 30 per cent of the resulting amount for any of the following categories of vehicles:

  1. Battery electric vehicle (BEV).
  2. Extended Range Electric Vehicle (E-REV).
  3. Plug-in hybrid vehicle (PHEV) with a minimum range of 15 kilometres provided that, in this case, the market value that would correspond to the vehicle if it were new, before tax, does not exceed 40,000 euros.

- In the case of mixed use of the vehicle (company purposes and private use of the employee)

In the case of mixed use of the vehicle for the purposes of the undertaking and for the private purposes of the employee, the taxpayer shall only be entitled to charge remuneration in kind to the extent that he has the right to use the vehicle for private purposes, whether or not the vehicle is actually used for such purposes.In short, in these cases, the determining parameter for the valuation of the remuneration in kind must be the availability of the vehicle for private purposes.

Covid-19: *the transfer of the use of the vehicle by the employer to the employee during the state of emergency due to the health crisis caused by the coronavirus constitutes employment income in kind for the employee, since, firstly, the state of emergency does not entail the immobilisation of the vehicle but the limitation of journeys to those permitted in that state and, secondly, the imputation to the taxpayer of the remuneration in kind deriving from obtaining the right to use the vehicle is only in so far as the latter has the right to use the vehicle for private purposes, regardless of whether or not it is actually used for those purposes.*

- In the event of use and subsequent delivery

In this case the valuation of the latter (the delivery) will be made taking into account the valuation resulting from the previous use.For these purposes, the valuation of use should be estimated at 20 per cent per year, regardless of whether the car has been fully or partially available for private purposes.

Motor vehicles

Assumptions		Rules of assessment
Handing over ownership to the employee		Acquisition cost + inherent costs and taxes
Use by the employee	**Company-owned vehicle**	20% p.a. x (acquisition cost + inherent expenses and taxes)

Assumptions		Rules of assessment
	Vehicle NOT owned by the company	20% p.a. x market value (new vehicle)
Use and subsequent handover to the employee	**During the period of use**	Rule for case of use: • Company-owned vehicle:20% p.a. x (acquisition cost + inherent expenses and taxes) • Vehicle NOT owned by the company:20% p.a. x market value (new vehicle)
	Subsequent delivery	Market value (time of delivery) - valuation use (*)

(*) The valuation of use should be estimated at 20 per cent per year irrespective of availability for particular uses. (back)

Clarifications:

- In any case, the tax assessment must be increased by the taxable income not charged on account in order to determine the full income from work.
- As a general rule, a taxpayer may only charge a payment in kind **to the extent that he has the right to dispose of the vehicle for private purposes**, whether or not it is actually used for such purposes.

Example 1:mixed use of the vehicle

Mr. A.P.L. has a car on loan from his company which he uses for work and private purposes.Taking into account the nature and characteristics of the functions carried out by the employee in his company, the percentage of use of the vehicle for company work purposes is estimated at 30 per cent.The acquisition cost for the company of this vehicle amounted to 30,000 euros.The car is a hybrid (non-electric) vehicle that complies with the Euro 5 and Euro 6 emission limits foreseen in Regulation (EC) No 715/2007.

Determine the amount of the remuneration in kind corresponding to the use of the car in the financial year 2022 if the payments on account made by the company in that financial year for this remuneration in kind, which have not been passed on to the employee, have amounted to 1,300 euros.

Solution:

Use of the car for work purposes (30 per cent):It does not constitute remuneration in kind.

Availability of the car for private purposes:It constitutes remuneration in kind, irrespective of whether or not it is actually used for private purposes (100 per cent) - (30 per cent) = 70 per cent.

Value of remuneration in kind:

- Total annual valuation before reduction:(20% s/30.000) = 6.000,00
- Reduction for energy efficient motor vehicles (20% s/6,000) = 1,200.00
- Total annual valuation (6,000 - 1,200) = 4,800.00

Availability for private purposes:(4.800 x 70%) = 3.360,00

Non-referred payment on account = 1.300,00

Total remuneration in kind (3.360 + 1.300**) = 4.660,00**

Example 2:use and subsequent delivery

Mr A.A.P. has had at his disposal for private use since 1 January 2019 a vehicle owned by the company, which he acquired on that date for the sum of 23,000 euros.On 1 January 2022, the company gives the vehicle to the employee free of charge.

Determine the amount of the remuneration in kind deriving from the delivery of the car in the financial year 2022, assuming that the payment on account made by the company in relation to this remuneration in kind, which has not been passed on to the employee, amounts to 4,300 euros.

Solution:

- Assessment of the delivery of the vehicle:(23,000 - 13,800) **(1)** = 9,200
- Non-referred payment on account = 4.300

Total remuneration in kind:(9.200 + 4.300) = **13.500**

Note to example: The valuation of the delivery on 01-01-2022 is to be made by discounting the valuation of the utilisation for the financial years 2019, 2020 and 2021.This valuation is estimated at 20 per cent per year of the purchase value of the car (23,000 x 60%) = 13,800 euros.

3.Other special rules

a. Loans bearing interest at rates below the legal tender rate, concluded after 1 January 1992

The valuation shall be based on the difference between the amount of interest actually paid and the amount that would result from applying the legal interest rate in force for each financial year.For the year 2022, the legal interest rate has been set at 3 per cent.

> See the forty-sixth additional provision of Law 22/2021, of 28 December, on the General State Budget for 2022 (BOE of 29 December).

However, loans bearing interest at a rate of less than the statutory rate of interest entered into before 1 January 1992 and the principal of which was made available to the borrower before that date are not considered to be remuneration in kind.See in this respect the second additional provision of the Law of IRPF.

b. Other remuneration in kind which is valued at the cost to the employer, including any taxes levied on the transaction.

- Benefits for **, meals, accommodation, travel and similar**.
- Premiums or contributions paid under **insurance or similar contracts.**

- The sums intended to meet **study and living expenses of the taxpayer or of other persons linked to the same** by a family relationship, including those related, up to and including the fourth degree.

c. Contributions paid by pension scheme sponsors, contributions paid by sponsoring undertakings covered by Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016, amounts paid by employers in respect of pension liabilities and amounts paid by employers to long-term care insurance schemes

The valuation shall coincide with the amount of contributions or quantities satisfied that have been charged to the recipient.

> **Accuracy**:Please note that, with effect from 13 January 2019, Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 repealed Directive 2003/41/EC referred to in Article 43.1.1.1.e) of the Personal Income Tax Act .

d. special economic rights reserved by the founders or promoters of a company as remuneration for personal services

Regulations:(Arts.47 Regulation IRPF

Where the rights consist of a percentage of the entity valorarán profits, at least 35 per 100 of the equivalent value of the share capital that permits the same benefit-sharing as that recognized for the above-mentioned rights.However, subsequent remuneration for the holding of these rights will constitute returns on the holding of the capital.

> The combined value of these special rights may not exceed 10 per cent of the net profits obtained according to the balance sheet, after deduction of the legal reserve quota and for a maximum period of 10 years, in accordance with the provisions of article 27 of the revised text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of 2 July.

e. Prudential valuation rule:price offered to the public

Regulations:Art. 43.1.1º f) Law IRPF and 48 Regulation IRPF

Where the performance of the work in kind is satisfied by companies that have as their usual activity the carrying out of the activities that give rise to it, 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 60 of the revised text of the General Law for the Defence of Consumers and Users and other complementary laws, approved by Royal Legislative Decree 1/2007, of 16 November (BOE of 30 November), deducting ordinary or common discounts.The following are considered:

a. Discounts that are offered to other groups of similar characteristics to the trabajadores of the company.

b. Promotional discounts that are general in nature and are in effect at the time of the in-kind payment.

c. Any other than the above, provided that they do not exceed 15 per cent or 1,000 euros per year.

See in this respect the second additional provision of the Regulations of the IRPF which regulates the prior agreements on the valuation of remuneration in kind of personal work for the purposes of determining the payment on account of the IRPF.

In the case of transfer of the use of **vehicles considered energy efficient**, the resulting valuation may be **reduced by up to 30 percent**, under the terms and conditions discussed in this Chapter.

Tax consideration of travel allowances and allocations

Regulations:(Arts.17.1 d) Law IRPF and 9 Regulation IRPF

Attention: *with regard to to exempt travel, subsistence and subsistence expenses, it should be borne in mind that* ***it is not for the employee*** *to prove the reality of travel, subsistence and subsistence expenses,* ***but for the employer****.Therefore, it is the latter who is obliged to prove, where appropriate, to the Administration that the amounts paid for those items correspond to journeys made on a specific day and place, for the purpose of or in connection with the performance of his work activity (Supreme Court Judgments no. 429/2020, of 18 May -ROJ:STS 954/2020- and 1080/2021, of 22 July -ROJ:STS 3185/2021-).*

Tax-exempt travel expenses

Exempt from taxation and, therefore, not to be included among the total income from work, are the amounts which, under the conditions and in the amounts indicated below, are received by the employee or worker for the purpose of compensating the travel expenses caused by travelling outside the factory, workshop, office or work centre, in order to carry out work in a different place, regardless of whether the latter is located in the same or in a different municipality from the usual place of work.

On the other hand, the amounts received for the employee's or worker's commuting from his or her home to the place of work, even if both are located in different municipalities, are fully subject to tax, and must be included in the tax return as full income from work.

Notwithstanding the above, the amounts paid to the entities in charge of providing the public passenger transport service for the travel of employees between their place of residence and the workplace are exempt up to a limit of 1,500 euros per year for each worker, including indirect payment formulas that meet the conditions established in Article 46 bis of the Regulation of the IRPF.See this exemption in the section ". Income from work in kind exempt" of this chapter.

Amounts allocated by the company for this purpose are exempt from taxation and therefore are not to be counted as income from personal labour under the following conditions and amounts:

- If the employee or worker uses public transport, **the amount of the expense justified** by an invoice or equivalent document.
- Otherwise, provided that the reality of the journey is justified, the amount resulting from the

calculation **of 0.19 euros per kilometre travelled, plus the justified toll and parking** costs.

Note: *any excess received over the amounts indicated is fully taxable as income from work.*

Living expenses exempt from tax

a) Concept

Amounts received by the employee or worker as subsistence and travel allowances to compensate for the normal costs of meals and lodging in restaurants, hotels and other catering establishments, incurred for expenses in a municipality other than the recipient's usual place of work and residence, are exempt from taxation and, therefore, do not have to be included among the total income from work.

In the case of travel and residence for a continuous period of more than nine months in the same municipality, these allowances shall not be exempt from taxation.For these purposes, time spent on holiday, sickness or other circumstances that do not involve a change of assignment in the same municipality shall not be deducted.

In order to consider that travel allowances are no longer exempt from taxation, Article 9.A.3) of the Personal Income Tax Regulations requires that the trip be made continuously, without interruption, and that the trip be maintained for a period of more than nine months, regardless of the activity carried out and its characteristics.Criterion established by the Supreme Court in Judgment number 229/2022, of 23 February (ROJ:STS 668/2022).

b) General rules

Officials and employees posted to Spain

Only the amounts shown in the table are considered as allowances for normal subsistence and hotel expenses in hotels, restaurants and other catering establishments:*Exempt living and subsistence allowances*.

Note*: for the purposes of applying the exemption, the payer must provide evidence of the day and place of the journey and the reason or motive for it.The excess over the above amounts is taxable as earned income.*

Exempt living and subsistence allowances

1.Overnight stay in a municipality other than the place of work and residence of the recipient	Spain	Foreign
Accommodation costs, in general	The amount of the expenses to be justified	
Subsistence expenses (drivers of road haulage vehicles without proof of	15,00 euros/day	25,00 euros/day

1.Overnight stay in a municipality other than the place of work and residence of the recipient	Spain	Foreign
expenses)		
Living expenses	53.34 euros/day	91.35 euros/day

2.Without an overnight stay in a municipality other than the place of work and residence of the beneficiary	Spain	Foreign
Maintenance, in general	26.67 euros/day	48.08 euros/day
Maintenance (flight crew)	36,06 EUR/day (*)	66,11 EUR/day (*)

Note to tables:

(*) If on the same day there are trips in Spain and abroad, the applicable amount will be the one that corresponds to the greater number of flights made.**(Back)**

Example:

For three days in April 2022, Mr. L.G.R. was sent by his company from the municipality where he lives and works to another, 500 km away, to carry out certain business transactions, with the payer providing proof of these circumstances.760 for subsistence and travel expenses, having stayed overnight on two days of the trip.

As proof of expenses, he kept the return airline ticket amounting to 210 euro and the hotel bill amounting to 195 euro.

How much of the amount received in per diems and travel expenses should Mr. L.G.R. declare as full income for the purposes of IRPF?

Solution

Amount received = 760,00

Exempt expenditure:

- Transport:justified (air ticket) = 210,00
- Stay:justified (hotel bill) = 195.00
- Maintenance [(53,34 x 2) + 26,67] = 133,35
- Total = 538.35

Full taxable income:(760,00 - 538,35) = 221,65

Officials and employees posted abroad

Excess regime

Under the terms established in Article 9.A.3.b) of the Regulations of IRPF, the following persons posted abroad, provided that they are taxpayers of IRPF, are considered to be exempt from taxation on the excess of the total remuneration they would receive if they were posted in Spain.

- Spanish civil servants.
- Staff in the service of the State Administration.
- Civil servants and staff in the service of other public administrations.
- Employees of companies posted abroad.

***Note**: in these cases, there is no requirement that the beneficiary must travel and stay for a continuous period of less than nine months.Likewise, the application of this tax-exempt per diem regime is incompatible with the exemption for income received for work carried out abroad [art.7.p) Ley IRPF].*

Calculation of the exempt amount

- In the case of Spanish civil servants posted abroad, the exempt amount shall be the "excess" they receive over the total remuneration they would obtain if they were posted in Spain, as a result of the application of the modules and the receipt of the allowances provided for in Articles 4, 5 and 6 of Royal Decree 6/1995, of 13 January, which regulates the remuneration system for civil servants posted abroad, and calculating this excess in the manner provided for in that Royal Decree, and the allowance provided for in Article 25.1 and 2 of Royal Decree 462/2002, of 24 May, on allowances for reasons of service.
- In the case of personnel in the service of the State Administration posted abroad, the exempt amount will be the "excess" that they receive over the total remuneration that they would obtain for salaries, three-year bonuses, allowances or incentives if they were posted in Spain.For these purposes, the competent body in matters retributive rule in favor of the matches remuneration that may correspond to said staff if it were allocated in Spain.
- In the case of company employees posted abroad, the exempt amount will be the "excess" they receive over the total remuneration they would receive for salaries, wages, seniority, special payments, including benefits, family allowance or any other concept, by reason of their position, employment, category or profession in the event of being posted in Spain.

Incompatibility

The taxpayer **may opt for the application of this excess regime instead of the exemption** for income received for work actually carried out abroad discussed in Chapter 2.

Work centers devices or itinerant

The general system of allowances and travel expenses exempt from taxation is also applicable to

allowances for travel, subsistence and subsistence expenses received by workers hired specifically to provide their services in undertakings with mobile or itinerant workplaces, provided that such allowances correspond to journeys to a municipality other than the one in which the worker is normally resident.

A mobile or itinerant company is considered to be one which, due to the characteristics of the activity it carries out, requires the necessary movement of its workers to the places where their services are required.The definition of mobile or itinerant work centre is associated with the movement of workers to the different places where the company must provide its services, in such a way that in this type of employment contract the acceptance by the worker of the indeterminacy of the Centre where the services are to be provided is consubstantial.In short, the worker, carrying out his activity in the same workplace, travels with him.This applies, for example, to circuses and certain electrical and telephone installation companies.

c) Special rules

Dependent special working relationships

In these cases, it is necessary to distinguish between:

- Living expenses, which follow the general rule set out above (deductible in full only to the extent that they are specifically reimbursed by your company), and

- Travel and subsistence expenses, to which a special rule applies according to which, when travel and subsistence expenses are not specifically reimbursed by the companies to which they provide their services, taxpayers who obtain income from work deriving from this type of employment relationship may reduce their full income, for the purpose of determining their net income, by the following amounts, provided that they can justify the reality of their journeys:

a. **For travel expenses**.

When they are used means of transport public, the amount of the expense it can be justified through invoice or equivalent document.

Otherwise:The amount resulting from the calculation of 0.19 euros per kilometre travelled, plus the toll and parking costs that are justified.

b. **For living expenses**.

Travel within Spanish territory:26.67 euros per day.

Travel abroad:48,08 euros per day.

Example:

Mr. D.M.M. was hired by a company in Zaragoza as a sales representative, establishing a special employment relationship of a dependent nature in accordance with Royal Decree 1438/1985 of 1 August 1985.Travel, subsistence and living expenses are at your own expense and are not specifically reimbursed by the company.The area assigned for their work is located in the north of the province of Teruel, travelling in their own vehicle.

In 2022, he received a total of 27,400 euros for his services, having travelled a total of 110 days, covering a total of 20,000 kilometres.The duly justified expenses incurred for these journeys are

as follows:

- Parking costs = 96
- Hotel expenses = 1,500
- Meal expenses in restaurants = 3,300

Determine the amount of the full income taxable by Mr D.M.M. in his personal income tax return for the financial year 2022.

Solution:

Gross remuneration = 27,400

Ineligible income:

Travel expenses (20.000 Kms x 0,19 euros) = 3.800
Parking costs = 96
Living expenses ('26.67 x 110 days) = 2,933.70
Living expenses:(*)--
Total = 6,829.70

Full taxable income (27.400,00 - 6.829,70) = 20.570,30

Note the example:

(*) As the company did not specifically reimburse him for his subsistence expenses, no amount is deductible for this item.**(Return)**

Relocation to a different municipality

Travel allowances are exempt from taxation if they are received in connection with the transfer of a post to another municipality, provided that, in addition:

- Such a transfer requires a change of residence.
- The amounts received correspond exclusively to:
  a. Travel and living expenses of the employee or worker and his/her family members during the transfer.
  b. Furniture and equipment removal costs.

Example:

In March 2022, Mr. P.L.L. was transferred by his employer from Madrid to Barcelona and received compensation of 3,000 euros for this transfer.As proof of relocation expenses, you keep:

- Invoice from the removal company in the amount of 1,293 euros.
- Km travelled:600 (he and his spouse travelled with their own car, without staying overnight).

Solution:

Amount received:3,000.00

Amount exempted from taxation.

- Travel expenses:(600 Km x 0,19) = 114,00
- Living expenses without overnight stay (26.67 x 2) = 53.34
- Moving Invoice:1,293.00
- Total:1,460.34

Full taxable income (3.000,00 - 1.460,34) = 1.539,66 **(*)**

Note for the example:

(*) A reduction of 30 per cent shall be applied to this amount, as this income is considered to be obtained in a notoriously irregular manner over time.See in this same Chapter the special reduction applicable to certain full income from work.**(Back)**

Jury Candidates, Jurors and Polling Station Members

The amounts received for travel, accommodation and meals by the candidates for juries and by the jurors and substitutes as a consequence of the fulfilment of their functions, according to the provisions of Royal Decree 385/1996, of 1 March, which establishes the remuneration and compensation system for the performance of the functions of the jury (BOE of 14 March), are exempt from taxation.The amounts fixed therein have been updated by the Resolution of the Ministry of the Presidency of 21 July 2006 (BOE of 26 July).

Also exempt from taxation are the amounts received by members of polling stations, in accordance with the provisions of Order INT/282/2019, of 7 March, regulating the allowance for members of polling stations (BOE of 14 March).

Net earnings from work to be included in the taxable base

General outline

Phase 1:

(+) Full amount accrued (monetary remuneration).

(+) Tax valuation plus non-receipt revenue (payment in kind).

(+) Business contributions to social welfare systems (amounts charged).

(+) Contributions to the protected assets of people with disabilities.

(-) Reductions applicable to the following income:

- Generated in a period of more than two years.
- Obtained in a notoriously irregular manner over time.
- Benefits received from public social security systems.
- Benefits received from private social security systems (transitional system).

(=) Full work performance.

Phase 2:

(-) Deductible expenses:

- Contributions to social security or compulsory mutual insurance for civil servants.
- Deductions for passive rights.
- Contributions to orphans' schools or similar institutions.
- Union dues paid.
- Fees paid to professional associations, if membership is compulsory.
- Legal defence costs in litigation with the employer.

(=) Previous net income from work.

Other expenses:

a. Fixed amount generally applicable2,000 euros.
b. Increase for geographical mobility.
c. Increase for active workers with disabilities.

(=) Net income from work.

Phase 3:

(-) Reduction for obtaining earned income (only for taxpayers with net earned income of less than 16,825 euros and income other than earned income not exceeding 6,500 euros).

(=) Reduced net earnings from work.

Phase 1:Determination of the full earned income

The monetary income from work must be computed by the full or gross amount accrued, that is, without discounting the amounts that have been deducted by the payer as deductible expenses nor the withholdings on account of Personal Income Tax made on said income.

> For the purposes of completing the self-assessment tax return, if the income is received in a currency other than the euro, it must be converted into the euro at the official exchange rate.For these purposes, and in accordance with the provisions of Article 36 of Law 46/1998 of 17 December 1998 on the introduction of the euro, the official exchange rate of the national currency against other currencies shall be considered to be that published for the euro by the European Central Bank, either by itself or through the Banco de España.

Income from work in kind must be computed by the amount that results from adding the payment on account that would have been due to the payer, provided that its amount has not been passed on to the worker for the value of the remuneration received, determined in accordance with the rules indicated in the corresponding section of this Chapter.

As a general rule, full income is computed in full in accordance with the above, unless any of the reductions discussed below apply:

Deductions applicable to certain full incomes

The reductions applicable to the full income listed below are intended to mitigate the negative effects that the progressive nature of the scales of the IRPF may have on income whose generation period does not correspond to the period in which it is obtained.Specifically, these reductions are as follows:

A) Reduction for income generated over a period of more than two years or obtained in a notoriously irregular manner

Regulations:Art. 18.2 Law IRPF

> ***Attention:*** *these reductions do not apply where the benefit is received in the form of an annuity.*

1.Income with a generation period of more than two years, other than that derived from social security systems:30 per cent reduction

In general

A reduction of **30 percent to** the amount of the full income shall be applied when each and every one of the following requirements is met:

- That the income has a generation period of **more than two years.**

  The period of generation of the yield should be understood as the time elapsed from the

beginning of the existence of the right to receive the yield until it materialises, producing the accrual of the yield.The generation period thus understood must be longer than two years, calculated from date to date.

- That the income is allocated in a **single** tax period.
- That in the period of the five tax periods prior to to the one in which they become payable, the taxpayer has not obtained other income with a generation period of more than two years, to which the reduction would have been applied.

In particular:income deriving from the termination of a common or special employment relationship

In the case of compensation arising from the termination of a common or special employment relationship, the following particularities shall be taken into account in order to apply the reduction of **30 percent**, :

- The **number of years of service** of the worker will be considered as the generation period.
- These incomes can also be collected in **instalments.**

  However, in the event that they are collected in instalments, the 30 per cent reduction will only be applicable when the quotient resulting from dividing the number of years of generation, calculated from date to date, by the number of tax periods of instalments, is greater than two.

  For these purposes, all tax periods in which the compensation is received shall be taken into account as tax periods in which the compensation is paid, including tax years in which the compensation is exempt.

  The taxpayer **may apply the reduction,** even if within the five previous tax periods they had obtained other income with a generation period of more than two years, to which they would have applied the reduction provided for in this section.

Temporary arrangement:

Regulations:Transitional provision 25 of the Personal Income Tax Act

- **For income that was received in instalments prior to 1 January 2015 and does NOT derive from compensation for termination of the employment relationship, whether ordinary or special, or of the commercial relationship.**

  1. This must be **income other than that arising from compensation for termination of the employment relationship, whether common or special, or from the business relationship referred to in Article 17.2 e) of the Law** (directors and members of the Boards of Directors, of the Meetings that take their place and other members of other representative bodies).
  2. These must be **income received in instalments before 1 January 2015**.
  3. It must be income that qualifies for the application of the **reduction of article 18.2 of the**

Law of IRPF, in its wording in force on 31 December 2014.

When these conditions are met, the taxpayer **may apply the current reduction of 30 per 100 per cent**, to each of the fractions that are imputed from 1 January 2015, provided that the quotient resulting from dividing the number of years of generation, computed from date to date, by the number of tax periods of fractionation, is greater than two.

However, **in the case of income from commitments made prior to 1 January 2015 which was expected to be received in instalments in tax periods beginning on that date**, the replacement of initially agreed form of collection in a single tax period will not alter the start of the income generation period.

- **For income received from in instalments and deriving from the termination prior to 1 August 2014 of the business relationship with directors and members of the Boards of Directors and other members of other representative bodies.**

  In the case of earned income from compensation for termination of the business relationship with directors and members of Boards of Directors and other members of other representative bodies with a generation period of more than two years, the **reduction of 30 percent** may be applied when the quotient resulting from dividing the number of years of generation, calculated from date to date, by the number of tax periods of fractionation, is greater than two, **provided that the date of termination of the relationship is prior to 1 August 2014**.

- **For income deriving from the exercise of stock options on shares or units by employees granted before 1 January 2015.**

  In the case of earned income deriving from the exercise of share options by employees **that were granted prior to 1 January 2015 and are exercised more than two years** after they were granted, if, in addition, they were not granted annually, this reduction of **30 per 100 per cent**may be applied, even if, during the five tax periods prior to that in which they are exercised, the taxpayer had obtained other income with a generation period of more than two years to which the reduction would have been applied.

2.Income classified by regulations as having been obtained in a manner that is notoriously irregular over time:30 per cent reduction

Regulations:Art. 12.1 Personal Income Tax Regulations

A reduction of **30 per 100 per cent** may be applied to income that is classified by regulations as being obtained in a notoriously irregular manner over time, provided that it is taxed in a single tax period.

For these purposes, Article 12.1 of the Regulations of IRPF considers only the following to be income from work obtained in a notoriously irregular manner over time:

a) Amounts paid by the company to employees on the occasion of the transfer to another workplace , which exceed the amounts provided for in Article 9 of the Regulation of IRPF.

Regarding the amounts exempt from taxation, see this case in the section Special rules, of the "Maintenance and subsistence expenses" of this Chapter.

b) Compensation under the public social security or passive class schemes, as well as benefits paid by orphanages and similar institutions, in the event of **non-disabling injuries**.

c) Benefits paid for **non-disabling injuries or permanent incapacity,** in any degree, by companies and public bodies.

d) The **death benefits;And funeral or burial** expenses exceeding the limit declared exempt for workers or civil servants, both those of a public nature and those paid by orphanages and similar institutions, companies and public bodies.

See Chapter 2 for exemption concerning funeral or burial benefits.

e) Amounts paid in **compensation or reparation of salary supplements, pensions or annuities of indefinite duration or for the modification of working conditions**.

f) The sums paid by the company to the workers for the termination, by mutual agreement, of the employment relationship .

g) The **literary, artistic or scientific prizes that are not exempt** from this tax.For these purposes, prizes are not considered to be financial considerations deriving from the transfer of intellectual or industrial property rights or substituting these rights.

3.Overall limit:maximum amount of income to which the reduction applies

Joint annual limit

The amount of the full income on which the 30 percent reduction is to be applied may not exceed the amount of **300,000 euros per year**.

This limit applies to the sum of full income generated over a period of more than two years, as well as to income that is classified by regulations as having been obtained in a notoriously irregular manner over time.

In the event that several irregular forms of income of the same nature are obtained, and that their amount exceeds the limit of €300,000 of the maximum amount on which to apply the reduction of 30 percent, the maximum reduction shall be distributed proportionately between all such income.

4.Specific limits

4.1.For income deriving from the termination of a common or special employment or business relationship with directors and members of boards of directors and other members of other representative bodies

Without prejudice to the general annual limit of 300,000 euros, in cases of termination of the employment relationship, ordinary or special, or of the commercial relationship with directors and members of the Boards of Directors, and other members of other representative bodies, or both, occurring on or after 1 January 2013 in which the amount of earned income derived from the termination exceeds 700,000 euros, the following limits are established for the application of the 30% reduction **additional** specific limits.

Amount of irregular income from work	Ceiling above which to apply the 30 per cent reduction
Up to 700,000 euros	Overall joint annual limit = 300.000 euros
Between 700.000,01 and 1.000.000 euros	300.000 - (RT - 700.000) (*)
More than 1,000,000 euros	0 euros

Note to the table:

(*) **RT** = arithmetic sum of such income from work from the same company, or from other companies in the group regardless of the number of tax periods to which it is attributed.(Return)

For the application of these limits, the total amount of earned income to be calculated will be determined by the arithmetic sum of the above-mentioned earned income from the company itself or from other companies in the group of companies in which the circumstances set out in Article 42 of the Commercial Code are met, **regardless of the number of tax periods to which it is attributed**.

***Remember**: these additional limits specific are not applicable to income from work deriving from the termination of employment or business relationships, which occurred before 1 January 2013 (25th transitional provision of the Law of IRPF).*

It should also be borne in mind that, in the case of income derived from the termination of a common or special employment relationship, for the purposes of applying the additional specific limits, the amount of income to be taken into account will be the excess over the exempt limit.

Example:

Mr R.T.L. was dismissed on 3 January 2022.As a result of the above, he has received from the company a compensation of 550,000 euros, of which 200,000 euros correspond to the amount established as mandatory in the Workers' Statute for unfair dismissal.Calculate the applicable reduction.

Solution:

Amount received:550,000

Amount exempted from taxation:180,000

The youngest of:

a. Amount established as compulsory by the Workers' Statute:200,000
b. Maximum amount of exempt compensation:180,000

Full taxable income (550.000 - 180.000) = 370.000

Note: the excess compensation over the exempt limit (i.e. 370,000 euros) is taxed as earned income.

Applicable reduction (30% s/ 300.000) = 90.000

Note: as the amount of taxable income is less than 700,000 euros, the reduction is applied with the overall annual limit of 300,000 euros.

Income to be included in the tax base (370.000 - 90.000) = 280.000

4.2.For income deriving from the exercise of stock options on shares or units by employees granted before 1 January 2015

In this case (earned income derived from all the purchase options granted prior to 1 January 2015), without prejudice to the application of the joint annual limit (300,000 euros), the limit provided for in article 18.2.b) 1st of the Law of IRPF **in its wording in force on 31 December 2014** shall apply.

This limit consisted in the fact that the amount of the income on which the reduction was applied could not exceed the amount resulting from multiplying the average annual salary of all taxpayers in the IRPF, which will be 22,100 euros, by the number of years in which the income was generated.

Regarding the average annual salary of all the declarants of the IRPF, see the sixteenth transitional provision of the Regulation of the IRPF.

This limit was doubled when such income met the following requirements:

a. The shares or units acquired were held for at least three years from the exercise of the purchase option.

b. The offer of call options is made on the same terms to all employees of the company, group or subgroups of companies.

In general stock option plans, failure to comply with the requirement to hold the shares or holdings acquired for at least three years will give rise to the obligation to file a supplementary self-assessment tax return, including interest for late payment, within the period between the date on which the requirement is not complied with and the end of the statutory tax return period corresponding to the tax period in which the non-compliance occurs (seventeenth transitional provision of the Regulations of IRPF).

B) Benefits in the form of capital derived from public social welfare schemes

Regulations:Art. 18.3 Ley IRPF and 12.3 Reglamento IRPF

Taxpayers may apply a reduction of 30 per cent on the following benefits, provided that they are received in the form of capital, consist of a lump sum payment and more than two years have elapsed since the first contribution.The two-year period is not required in the case of disability benefits:

a. The **pensions and passive assets** received from the public schemes of the Social Security and Passive Classes and other public benefits **not exempted for situations of disability, retirement, accident, illness, widowhood or similar**.

Accuracy: however, when pensions or similar benefits are received from previous periods, or supplements or

surcharges for such periods, because a court ruling has so recognised, the amounts received from previous periods, when the periods concerned exceed two years, are not subject to the reduction of Article 18.3 of Law 35/2006, but are subject to that of Article 18.2 of the Law of IRPF.See the Resolution of the Economic-Administrative Tribunal (TEAC) of 1 June 2020, Claim number 00/03228/2019, appeal for the unification of criteria.

b. The benefits received by the **beneficiaries of general compulsory mutual benefit societies for civil servants, orphanages and other similar entities**.

In the case of mixed benefits, combining income of any kind with a single payment in the form of a lump sum, the reduction referred to above shall apply only to the payment made in the form of a lump sum.

C) Transitional system of reductions applicable to benefits received in the form of a capital sum from private social security schemes

***Note**: as from 1 January 2007, benefits in the form of capital derived from private occupational pension schemes are not subject to the general system of reductions, except for those resulting from the transitional scheme set out below, subject to the time limits indicated therein.*

C 1.Benefits received in the form of a capital sum deriving from group insurance contracts which provide for occupational pension commitments of undertakings

Regulations:eleventh transitional provision Law IRPF

Beneficiaries of benefits received in the form of capital derived from contingencies occurring after 1 January 2014, from insurance policies taken out before 20 January 2006, may apply the financial and tax regime in force on 31 December 2006, but only to the part of the benefit corresponding to contributions made up to that date (31 December 2006), as well as for the ordinary premiums foreseen in the original policy of the contract paid after that date.

The above shall also apply to benefits arising from contingencies occurring on or after 1 January 2014 that correspond to group insurance policies taken out prior to 20 January 2006, where the automatic annual renewal of the insurance policy entails a purely modifying novation that neither terminates the insurance relationship nor restarts it on the occasion of each renewal, extension or alteration.Criterion established by the Supreme Court in Judgment number 545/2020, of 25 May (ROJ:STS 1665/2020)

This regime is as follows:

a. Employer contributions not attributed to employees.

The reduction applicable to the amount of the benefit received is **40 per 100 per cent** in the following cases:

- When they correspond to premiums paid more than two years before the date on which they are received.
- In the case of invalidity benefits, irrespective of the period of time which has elapsed since the

first contribution.

b. Employer contributions charged to employees

The percentages of reduction indicated below must be applied to the amount resulting from reducing the benefit received by the amount of the employer's contributions imputed to the worker, as well as the amount of the contributions, if any, made by the worker himself.

75 per cent reduction	40 per cent reduction
Income corresponding to premiums more than five years in advance	Income corresponding to premiums more than two years in advance
Benefits for absolute permanent invalidity or severe invalidity	Remaining invalidity benefits

However, **may apply a one-off reduction of 75 per cent of the total yield** if the following conditions are met:

- Insurance contracts concluded on or after 31 December 1994.
- More than eight years have elapsed since the first premium was paid.
- The average premium tenure has been more than four years.This average period is the result of calculating the sum of the premiums multiplied by their number of years of permanence and dividing it by the total sum of premiums paid.In other words:

  ∑ (Premiums x no. of years of tenure) / ∑ (premiums paid)

In the event that there were **periodic or extraordinary premiums**, for the purpose of determining the part of the total yield obtained that corresponds to each premium, this total yield 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 until receipt of the benefit and in the denominator, the sum of the products resulting from multiplying each premium by the number of years elapsed since it was paid until receipt of the benefit.In other words:

Premium x no. of years elapsed from payment to collection / ∑ (each premium x no. of years elapsed from payment to collection)

Finally, it should be noted that this tax regime is also applicable to collective insurance contracts that externalise pension commitments agreed in collective agreements at the supra-company level under the name "retirement premiums" or other, consisting of a benefit payable in one lump sum at the time of retirement, entered into before 31 December 2006.

Note: from 1 January 2015, the application of the reductions of the transitional scheme is limited to benefits in the form of capital received within the time limits indicated in the section "Time limits for the application of the reductions of the transitional scheme".

C 2.Benefits received in the form of capital derived from other private social security systems (pension plans, mutual benefit societies and insured pension plans).

Regulations:Twelfth Transitional Provision Law IRPF

Note: from 1 January 2015, the application of the reductions of the transitional scheme is limited to benefits in the form of capital received within the time limits indicated in the section "Time limits for the application of the reductions of the transitional scheme".

Beneficiaries of benefits deriving from contingencies occurring after 1 January 2014 may apply the system of reductions in force on 31 December 2006, but only to the part of the benefit corresponding to contributions made up to that date (31 December 2006).

This scheme consists of the possibility of applying the following reductions:

a. 40 per cent reduction in the following cases:

- When more than two years have passed since the first contribution.
- Where they relate to disability benefits, whatever the period of time elapsed since the first contribution.

b. 50 per cent reduction for benefits received in the form of capital by disabled persons from social welfare systems set up in their favour, provided that more than two years have elapsed since the first contribution.

Precisions

- The reduction applicable to benefits in the form of capital derived from pension schemes or insured benefit plans **refers to benefits received in respect of the same contingency**.

  Where benefits are received from several pension schemes, the above reductions of 40% or 50% may be applied to all amounts received in the form of a lump sum in the financial year in which the relevant contingency occurs and in the following two financial years, and not only in one financial year, for the part corresponding to the contributions made up to 31 December 2006.See the Resolution of the Central Economic-Administrative Tribunal (TEAC) of 24 October 2022, Claim number 00-08719-2021, in an extraordinary appeal for the unification of criteria.

- In the event of receiving in the form of capital **benefits derived from a pension plan and from a mutual provident society for the same contingency,** the application of the reduction will refer to the benefit of the pension plan and to that of the mutual provident society independently.

- In the case of **retirement or disability benefits received from mutual benefit societies**, the reduction percentage is applied to the part of the full amount received corresponding to contributions made up to 31 December 2006 (for benefits deriving from contingencies occurring after 1 January 2013), except in those cases in which the full income from work is determined by the difference between the amount received and the contributions that could not be

reduced or reduced in the taxable base of IRPF.

- If the **benefits of the pension plans are received in mixed form (income and capital),** the beneficiary can freely identify or decide which part of the benefit received in the form of capital corresponds to contributions made before 31 December 2006, including their return, and which part corresponds to contributions made after this date.

C 3.Time limits for the implementation of reductions in the transitional regime

Regulations:Eleventh Transitional Provision.3 and Twelfth Transitional Provision.4 Law IRPF

New: *from 1 January 2022 the transitional scheme shall not apply to benefits received as a result of contingencies occurring in 2013 and earlier.*

As of 1 January 2015 the possibility of applying the reductions of the transitional regimes mentioned in sections 1 and 2 above (both those derived from collective insurance contracts that instrument pension commitments and those derived from pension plans, mutual benefit societies and insured pension plans), is conditional upon the benefits being received in the form of capital within a certain period, the end of which depends on the financial year in which the contingency occurs.

For these purposes, it should be understood that, in general, the retirement contingency occurs at the time of access to retirement in the corresponding social security scheme.

However, in the case of benefits received by the beneficiaries of the pension plan in the event of the death of the participant, the year in which the death occurs shall determine the time limit for the application of the reduction, provided that the requirements are met.

- **Benefits arising from contingencies occurring on or after 1 January 2015**

  The transitional arrangements shall apply, where appropriate, to the benefits received in the exercise in which the corresponding contingency occurs, or in the following two years.

- **Benefits arising from contingencies occurring in the 2014 financial year**

  In the case of contingencies occurring in the financial years 2011 to 2014, the transitional regime may only apply, where applicable, to benefits received up to the end of the eighth financial year following that in which the corresponding contingency occurred, so that in 2022 it can only be applied to benefits derived from contingencies occurring in the financial year 2014.

Note: *if the benefit in the form of a capital sum is received after the end of these periods, the taxpayer may not apply any reduction for this item.*

Summary tables:Deductions applicable to certain full incomes

Reduction for earned income generated over a period of more than two years or obtained in a notoriously irregular manner

Income with a generation period of more than two years, other than that derived from social security systems:30% reduction	Income classified by regulations as having been obtained in a manner that is notoriously irregular over time:30% reduction
In general • That the yields have a generation period of more than 2 years. • The income must be taxed in a single tax period. • That in the 5 tax periods prior to that in which they become payable, the taxpayer has not obtained other income with a generation period of more than two years to which the reduction would have been applied.	• Amounts paid by the company to employees on transfer to another workplace, which exceed the amounts provided for in Article 9 of the Personal Income Tax Regulation. • Compensation derived from public social security or passive class schemes, as well as benefits paid by orphan's colleges and similar institutions, in cases of non-disabling injuries. • Benefits paid for non-disabling injuries or permanent incapacity, in any degree, by companies and public bodies. • Death benefits, and funeral or burial expenses exceeding the declared exempt limit, of employees or civil servants, both those of a public nature and those paid by orphanages and similar institutions, companies and public bodies. • The amounts paid in compensation or repair accessories Wages, Pensions or annuities for an indefinite duration or by the modification of the terms and conditions of work. • The amounts paid by the company to the workers for the termination, by mutual agreement, of the employment relationship. • Literary, artistic or scientific prizes which are not exempt from this tax.
For income derived from the termination of a common or special employment relationship: • The number of years of service of the worker shall be considered as the generation period. • This income can also be collected in instalments. In this case, the 30% reduction will only be applicable when the quotient resulting from dividing the number of years of generation, computed from date to date, by the number of tax periods of fractionation, is greater than two. • The taxpayer may apply the reduction, even if within the previous 5 tax periods he had obtained other income with a generation period of more than 2 years, to which he would have applied the reduction provided for in this section.	
Transitional arrangements • For income received in instalments before 1 January 2015 that does not derive from compensation for termination of the employment relationship, whether ordinary or special, or of the commercial relationship. • For income received in instalments derived from the termination prior to 1 August 2014 of the business	

Income with a generation period of more than two years, other than that derived from social security systems:30% reduction	Income classified by regulations as having been obtained in a manner that is notoriously irregular over time:30% reduction
relationship with directors and members of the Boards of Directors, and other members of other representative bodies. • For income deriving from the exercise of stock options on shares or units by employees granted before 1 January 2015.	

Quantitative limits

A) Joint annual limit:

300,000 euros per year.

This limit applies to the sum of full income generated over a period of more than two years, as well as to income that is classified by regulations as having been obtained in a notoriously irregular manner over time.

B) Additional specific limits for certain income with a generation period of more than two years, other than that derived from social security systems, without prejudice to the general limit set out in point A):

- For income deriving from the termination of a common or special employment or business relationship with directors and members of boards of directors and other members of other representative bodies:

  The limit on which to apply the reduction depending on the amount of irregular earned income obtained will be:

  - Up to EUR 700,000, the joint annual limit of EUR 300,000 applies.
  - Between 700,000.01 and 1,000,000 euros:300.000 - (Employment Income - 700.000).
  - More than 1,000,000 euros:0 euros.

- For income deriving from the exercise of stock options on shares or units by employees granted before 1 January 2015:

  The amount of the income may not exceed 300,000 euros, or, if lower, the amount resulting from multiplying the average annual salary of all those filing Personal Income Tax returns (22,100 euros) by the number of years in which the income is generated, and this limit may be doubled in the cases reflected in the corresponding section of the limits.

Temporary arrangement:reductions applicable to benefits received in the form of capital from private social security schemes

	Services		Reductions	Time limits
Of group insurance contracts covering pension commitments of undertakings	**Benefits received in the form of capital derived from contingencies occurring after 1 January 2014** from insurance policies taken out before 20 January 2006. This tax relief scheme applies to benefits received in the form of a lump sum in the same tax period and **will only apply to that part of the benefit corresponding to premiums paid up to 31 December 2006**, as well as ordinary premiums provided for in the original policy paid after this date.	**Employer contributions not attributed to employees** The reduction is applied to the perceived benefit.	**40 per 100 per cent reduction** in the following cases: Disability benefits. Benefits corresponding to premiums paid more than two years before the date on which they are received.	• **Benefits derived from contingencies occurring on or after 1 January 2015.** The transitional scheme shall apply, where appropriate, to benefits received **in the financial year in which the relevant contingency occurs, or in the following two financial years.** • **Benefits arising from contingencies occurring in 2014.** The transitional scheme may only apply, where appropriate, to benefits received **until the end of the eighth financial year following the financial year 2014.** *If the benefit in the form of a capital sum is received after the end of these periods, the taxpayer may not apply any reduction for this item.*
		Employer contributions charged to employees The reduction is applied on: (+) perceived benefit (–) Business contributions charged to the worker (–) contributions, if any, made by the worker himself	**75 per 100 per cent reduction** in the following cases: • Premium yields more than five years in advance. • Benefits absolute permanent invalidity or high invalidity.	
			40 per 100 per cent reduction in the following cases: • Premium yields more than two years in advance. • Remaining invalidity benefits.	
Pension schemes, mutual benefit	**Benefits received in the form of a lump sum arising from contingencies occurring after 1 January 2014.**		**Reduction 40 by 100** when the following	• **Benefits derived from contingencies**

	Services	Reductions	Time limits
societies and insured pension schemes	The reduction may only be granted to the amounts collected in the form of capital in the same tax period **for the share of contributions made up to 31 december 2006.** The reduction relates to benefits received in respect of the same contingency. In the event of receiving benefits in the form of capital derived from a pension plan and a social welfare mutuality due to the same contingency, the implementation of the reduction shall relate to the provision of the pension plan and to the provision of social security benefits independantly.	circumstances occur: • When more than two years have passed since the first contribution. • Where they relate to disability benefits, whatever the period of time elapsed since the first contribution. **Reduction 50 by 100 for:** Benefits received in the form of capital by persons with disabilities from the social welfare systems constituted in their favor, provided that more than two years had elapsed since the first contribution.	**occurring on or after 1 January 2015.** The transitional scheme shall apply, where appropriate, to benefits received **in the financial year in which the relevant contingency occurs, or in the following two financial years.** • **Benefits derived from contingencies occurring at in 2014.** The transitional scheme may only apply, where appropriate, to benefits received **until the end of the eighth financial year followinghe financial year 2014.** *If the benefit in the form of a capital sum is received after the end of these periods, the taxpayer may not apply any reduction for this item.*

Phase 2:Determination of the net yield

Regulations:Article 19 Law IRPF

Deductible expenses under Article 19 of the Personal Income Tax Act

Once the full income from work has been determined, the expenses that the Law of IRPF classifies as deductible in order to determine the net income must be deducted.For these purposes, only the following are considered to be tax-deductible expenses:

a. Social security contributions or contributions to general compulsory mutual funds for civil servants.

> ***Attention:*** *contributions to schemes which, according to the legislation of the country of origin, are similar to social security or mutual insurance schemes in other countries and which are made in the course of work as an employee in that country, provided that the contributions are directly linked to the total income from work declared on the IRPF.*

b. Drawdowns for passive rights.

c. Contributions to orphan schools or similar institutions.

d. Dues paid to trade unions and dues paid to professional associations.

   Fees paid to professional associations will be deductible as an expense when membership is compulsory for the performance of the work, in the part corresponding to the essential purposes of these institutions, and up to a limit of 500 euros per year (See art. 10 Regulation IRPF).

e. Legal defence costs arising directly from litigation arising from the relationship between the taxpayer and the person from whom the income is received, up to a limit of 300 euros per year.

f. Other than the above.

In particular, analysis of the expenses under Article 19.2.f) of the Personal Income Tax Act.

Regulations:Article 19.2.f) Law IRPF

> ***Attention:*** *the deductible expenses of article 19.2.f) of the Law of IRPF are applied per family unit in the case of joint taxation.*

The following amounts are included under this heading as deductible expenses:

a. For obtaining yields

2,000 euros per year, in general, for all taxpayers who earn income from work.

b. Increase for geographical mobility

- The above amount **will be increased by an additional 2,000 euros per year** in the case of taxpayers who meet the requirements listed below:

  1. They must be unemployed persons registered at the employment office.
  2. They accept a job in a municipality other than their usual place of residence.
  3. The new job requires the transfer of your usual place of residence to a new municipality.

It should be borne in mind that article 19.2.f) of the Personal Income Tax Act does not contain, for the application of the increase for geographical mobility, any requirement of a temporary nature, either in terms of remaining in the job that is accepted or in terms of remaining in the municipality to which he moves his residence on the occasion of accepting the job.

In the case of the increase in the deductible expense for geographical mobility, when this is applied in the year in which the change of residence takes place and in the following year, the limit must be calculated individually in each of the two years and will be determined by the full income from work that has generated these expenses in each of them, after applying, where applicable, the 30% reduction on full income generated in more than two years or which is notoriously irregular corresponding to this income and reducing its amount, in each tax period, both by the remaining deductible expenses linked exclusively to this income, and by the proportional part of the remaining deductible expenses corresponding to the duration of the accepted employment contract.If no income from work is obtained in the second year of the work which gave rise to the change of residence, the amount to be taken into account as deductible expenditure in that year shall be zero.

- 2,000 per year **shall apply in the tax period in which the change of residence takes place and in the following tax period**.

  If in joint taxation there is more than one taxpayer entitled to apply the deductible expense for this concept, the total amount that may be deducted will be 2,000 euros, with the limit of the net income from work derived from the jobs accepted by all the taxpayers entitled to the application of this expense.

c. Increase for active workers with disabilities

In the case of persons with disabilities who earn income from work as active workers, the general amount shall be increased by the amounts indicated in the following table:

The status of person with a disability and its accreditation is discussed in Chapter 14.

Degree of disability	Amount (EUR)
Greater than 33% and less than 65%	3,500

Degree of disability	Amount (EUR)
Equal to or greater than 65% or who can prove that they need the assistance of a third person or reduced mobility, even if they do not reach 65% of disability.	7,750

For the application of these deductible expenses as an active worker with a disability, the following circumstances must be met simultaneously on any day of the tax period:

1.Be an active worker.

The expression "worker in active employment" in Article 19.2.f) of the Law of IRPF should be understood to mean a person who receives income from work as a consequence of the effective provision of paid services, for an employer and within the scope of organisation and management of another person, whether natural or legal, known as an employer or businessman.

Precisions:

A taxpayer who is legally unemployed, economically active, early retired, etc. cannot be considered to be an active worker.

Persons receiving a temporary incapacity for work benefit are placed on the same footing as active workers.Ruling of the Supreme Court no. 1381/2020, 22 October (ROJ STS 3518/2020).

Similarly, it is not necessary to be a regular employee in order to qualify as an "active worker", it being sufficient for the person with the recognised degree of disability to be, during a single day of the tax period, a recipient of income from work for the effective provision of paid services (which may be part-time), as an employee (permanent or temporary), within the scope of the organisation and management of another person (natural or legal).Judgment of the Supreme Court no. 1356/2020, of 20 October (Roj:STS 3265/2020).

2.Have the required degree of disability, which must be accredited in accordance with the provisions of Article 72 of the Regulations of IRPF.

For these purposes, at IRPF , taxpayers with a degree of disability equal to or greater than 33 percent are considered to be disabled.

The degree of disability must be accredited by means of a certificate or resolution issued by the Institute of Migration and Social Services or the competent body of the Autonomous Communities.

However, a degree of disability equal to or greater than 33 per cent shall be deemed to be accredited in the case of Social Security pensioners who are recognised as having a permanent total, absolute or severe disability pension and in the case of passive class pensioners who are recognised as having a retirement pension due to permanent incapacity for service or uselessness.

Likewise, a degree of disability equal to or greater than 65 percent shall be considered accredited in the case of persons whose incapacity is judicially declared, even if it does not reach this degree.

Note: *Please note that as of 3 September 2021, the date of entry into force 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, the references made to judicial incapacitation are extended to judicial decisions establishing representative guardianship of persons with disabilities.

In the case of joint taxation of family units in which there are several active workers who are considered to be disabled, the total amount of the deductible expense for this concept will be the **amount corresponding to the taxpayer with the highest degree of disability**, with the limit of the sum of the net income from work corresponding to the periods in which the taxpayers entitled to apply this expense concept are active workers and disabled.

d. Limit on deductible expenses for other than other expenses

Deductible expenses for other expenses will be limited to the full income from work that has generated said expenses, after applying, where applicable, the reductions of article 18 of the Law of IRPF corresponding to said income, and minus the rest of the deductible expenses established in article 19 of the Law of IRPF that correspond, exclusively or proportionally, to said income.

For the purposes of applying this limit, when the taxpayer obtains in the same tax period income derived from work that allows a greater deductible expense to be computed in the concept of geographical mobility and in that of active worker with a disability, and other income from work, the increase in deductible expense shall be attributed exclusively to the total income from work indicated first.

> Consequently, the limit of the increased expenses regulated in the second and third paragraphs of letter f) of article 19.2) of the Law of IRPF is the full income linked to them, once the reductions of article 18 of the Law of IRPF have been applied where applicable, minus the deductible expenses linked exclusively to the income obtained and the proportional part of the remaining expenses corresponding to the duration of the accepted employment contract or the number of days in which the circumstances of an active worker and disabled worker concur.
>
> In the event that, in individual or joint taxation, the increase in deductible expenses for geographic mobility and for an active worker with a disability coincide, the income that limits the amount to be deducted for both concepts is the result of the sum of the income that generates the right to deduct for one or both concepts.

Example:

Mr. J.F.T., with a recognised disability of 34 per cent, worked in January 2022 in a company obtaining a net income of 1,000 euros.Subsequently, he was unemployed until December, when he accepted a job that required him to change his residence to another municipality and for which he earned a net income of 800 euros.During the time he was unemployed, he was registered with the employment office and received 6,000 euros.

Determine the deductible expenses for the increase for geographical mobility and for active workers with disabilities.

Solution

Total amount of deductible expenses for both items (2.000 + 3.500) = 5.500

Geographical mobility:2,000

Per active worker with a disability:3,500

Increased expenditure ceiling (1,000 + 800) (1) = 1,800

Amount to be deducted (2) = 1,800

Notes for the example:

(1) The total net income corresponding to geographic mobility and active disabled worker:1,000 euros for the month of January and 800 euros for the job that has required him to move his usual place of residence.(Go back)

(2) The taxpayer may deduct 1,800 euros by choosing either to deduct 1,800 euros per active worker with a disability and no deduction for geographical mobility, or to deduct 800 euros for geographical mobility and 1,000 euros per active worker with a disability.(Go back)

Phase 3:Determination of reduced net income

General reduction for earned income

Regulation Article 20 of the Personal Income Tax Act

This reduction, which applies to taxpayers who obtain net income from work of less than **16,825 euros**, provided that they do not have income, excluding exempt income, other than from work of more than **6,500 euros**, will reduce the net income from work by the following amounts:

Positive net earnings	Amount of reduction
13,115 euros or less	€5,565
Between 13,115.1 and 16,825 euros	5,565 - [1,5 x (RNT - 13,115)] (*)

(*) RNT = earned income that will result from subtracting the expenses provided for in Article 19.2(a), (b), (c), (d) and (e) of the Personal Income Tax Act from the full income(Return)

The concept of income, excluding exempt income, other than earned income includes the algebraic sum of the net income (from investment capital and liquid capital, and economic activities) allocations of income and of capital gains and losses calculated in the year, without applying the rules of integration and compensation.However, income should be calculated by its net amount, i.e. after deducting expenditure, but without applying the corresponding reductions.

In the case of **joint taxation** of family units in which several of its members obtain income from work, the amount of the reduction shall be determined based on the joint amount of net earned income of all members of the family unit and, where appropriate, of income non-earned income, without multiplying the amount of the resulting reduction according to the number of members of the family unit receiving earned income.

***Important**: as a result of the application of this reduction, the resulting balance **may not be negative**.*

Individualisation of income from work

In accordance with the provisions of article 11.2 of the Law of IRPF, the income from work corresponds exclusively to the **person who, through his or her work, has generated the right to receive it**.

However, pensions, passive assets and other benefits received from social security systems shall be paid in full to **by the person in whose favour they are recognised**.

> Therefore, benefits derived from pension plans are taxed at IRPF exclusively at the beneficiary's place of residence, as earned income, and for the total amount received.

Temporary imputation of earnings from work

General rule

Regulations:Article 14.1 (a) Personal Income Tax Act

Earnings from work, both income and expenses, are allocated to the tax period in which they are due by the recipient.

Special rules

A. Income pending judicial decision

Regulations:Art. 14.2 a) Personal Income Tax Act

When all or part of a rent has not been paid because the right to receive it or the amount thereof is pending a court ruling, the unpaid amounts shall be charged to the tax period in which the ruling becomes final.

> Notwithstanding the above, if the earned income is not received in the year in which the court decision has become final, it will not be included in the tax return for that year but, in accordance with the rules on arrears discussed below, it must be declared in the supplementary self-assessment corresponding to the year in which the court decision became final.This tax return must be made within the period between the date on which the earnings are received and the end of the immediate following period for presentation of income tax returns.

In any case, by application of this special rule of temporary imputation, if yields corresponding to a generation period of more than two years are included in the tax return of a fiscal year, the reduction percentage of 30 percent will be applicable to them.

B. Arrears

Regulations:Art. 14.2 b) Personal Income Tax Act

When, due to justified circumstances not attributable to the taxpayer, income derived from work is received in tax periods other than those in which it was due, it must be declared when it is

received, but attributed to the period in which it was due, by means of the corresponding supplementary self-assessment, without any penalty or interest for delay or surcharge.

The self-assessment shall be submitted within the period between the date on which the arrears are received and the end of the immediately following period for submission of self-assessments for Personal Income Tax.

> Thus, if the arrears are collected between 1 January 2023 and the start of the period for filing the Personal Income Tax returns for the 2022 fiscal year, the supplementary self-assessment must be filed in that year before the end of the said filing period (until 30 June 2023), unless the arrears are from the 2022 fiscal year, in which case they will be included in the self-assessment for that fiscal year.
>
> For arrears received after the end of the filing deadline for the 2022 tax year (30 June 2023), the supplementary self-assessment must be submitted in the period between the receipt of the arrears and the end of the filing deadline for the 2023 tax year.
>
> See in this respect the adjustment by submitting a supplementary self-assessment in the case of "Receipt of arrears of earned income" in Chapter 18.
>
> In this respect, it is worth bearing in mind Article 67 LGT, which provides that the limitation period in case a) of Article 66 (the Administration's right to determine the tax debt by means of the appropriate assessment) will start to run "from the day following the day on which the regulatory period for filing the corresponding tax return or self-assessment ends". Therefore, the limitation period does not start to run until the end of that period for filing the supplementary return.

***Important**:the supplementary self-assessment must be adjusted to the individual or joint taxation chosen in the original return.*

C. Income from the assignment of the exploitation of copyrights

Regulations:Art. 7.3 Personal Income Tax Regulations

In the case of income deriving from the transfer of the exploitation of the copyright that accrues over several years, the taxpayer may choose to charge the advance against it as the rights accrue.

***Please note**: if the taxpayer chooses to credit the advance on account as the royalties accrue, the taxpayer must tick box [0002] on the tax return.*

D. Estimated earned income

Regulations:Art. 14.2 f) Personal Income Tax Act

The estimated earnings from work must be attributed to the tax period in which the work or service generating such income was performed.

E. Benefits derived from pension schemes

Income from work derived from these benefits must be attributed to the tax period in which they

are received, even if this does not correspond to the period in which the contingency occurred.

Case Study

Mr LMH with a 33 percent disability and hired indefinitely by the company “XXX” on 1 January 2000, was fired on 12 March 2022.This dismissal was judged to be unjustified.The data provided by the company in the corresponding Personal Income Tax deduction and payment certificate is as follows:

Ordinary remuneration (full monetary income):8,100.00

Severance pay:75,000.00

Personal Income Tax withholdings:0.00

Discounts:Social Security contributions:610.00

Mr LMH is entitled to two years of unemployment benefit as of 1 April 2022;However, in order to become a member of a worker cooperative, he decided to take advantage of the single payment method for the collection of this benefit, amounting to 16,800 euros.

The remaining come not exempt from Personal Income Tax obtained by the taxpayer in 2022 amounted to 5,500 euros.

Determine the reduced net earnings from work, taking into account that, for the calculation of the compensation for dismissal or cessation of the worker up to the amount established as obligatory in the Workers’ Statute, the daily regulatory salary to be taken into consideration is 90 euros.

Solution:

1.Treatment of severance pay received.

As this is an unfair dismissal occurring on 12 March 2022, in order to determine the exempt compensation, it must be taken into account that the eleventh transitional provision.2 of Royal Legislative Decree 2/2015, of 23 October, which approves the revised text of the Workers' Statute Law (BOE of 24 October).

This transitional provision 11.2 of the consolidated text of the Workers’ Statute Law establishes that the compensation for unfair dismissal of contracts entered into prior to 12 February 2012 will be calculated at the rate of 45 days’ salary per year of service for the time of service prior to that date, with periods of less than one year being prorated by month, and at the rate of 33 days’ salary per year of service for the time of service thereafter, with periods of less than one year also being prorated by month.

The resulting amount of compensation may not exceed 720 days' salary, unless the calculation of the compensation for the period prior to 12 February 2012 results in a higher number of days, in which case this shall be applied as the maximum amount of compensation, which may not exceed 42 monthly payments in any case.

Determination of the amount exempted under the transitional provision 11.2 of the consolidated text of the Workers ' Statute:

- **Period 11-01-2000 to 11-02-2012** (12 years and 1 month of seniority):

  Days worked in the company:

  45 days x 12 years = 540 days

  (45 days x 1 month) / 12 months = 3.75 days

  Total (540 + 3.75) = 543.75 days

- **Period 12-02-2012 to 12-03-2022** (10 years and 1 month)

  Days worked in the company:

  33 days x 10 years = 330 days

  (33 days x 1 month) ÷ 12 months = 2.75 days

  Total (330+ 2.75):332.75 days

Amount of exempted compensation

Insofar as the days taken into account for the calculation of the compensation for the two periods is 876.5 days (543.75 days + 332.75 days) and the amount of compensation cannot exceed 720 days of salary, the amount established as compulsory by the Workers' Statute will be 64,800 euros (90 euros x 720 days).

The amount of compensation for unfair dismissal established as mandatory by the Workers' Statute (€64,800) does not exceed the limit of 180,000 set out in Article 7(e) of the Personal Income Tax Act and is therefore fully exempt.

Amount of non-exempt compensation:

The excess of the amount received over the exempted amount (75,000 - 64,800) = 10,200 euros is subject to taxation as income from work.However, the percentage of reduction of 30 percent should be applied to that amount, since it is deemed to have been generated over a period of more than two years.

See Phase 1 in this Chapter:Determination of the total income from work, the section to examine the reduction for "Rendimientos con período de generación superior a dos años".

2.Unemployment benefit in its single instalment mode.

Unemployment benefit in the form of a single payment, whatever the amount, is exempt from Personal Income Tax.

3.Declaration of the income obtained.

Full earnings:(8.100 + 10.200) = 18.300,00

Reduction of Article 18.2 of the Personal Income Tax Act :(30% s/ 10.200) = 3.060,00

Total eligible income (18,300 -3,060) = 15,240.00

Deductible expenses:(Social Security) Article 19(2)(a) Personal Income Tax Act :610.00

Net yield previous (15.240,00 - 610,00) (1) = 14.630,00

Other deductible expenses Article 19.2.f) Personal Income Tax Act:

- For obtaining earnings from work:2,000.00
- Active workers with disabilities (2):3,500.00

Net earnings:(14.630 - 2.000 - 3.500) = 9.130,00

Reduction for obtaining earned income (3) 5,565 - [1.5 x (14,630 - 13,115)] = 3,292.50

Reduced net earnings:(9,130.00 -3,292.50) = 5,837.50

Notes for the example:

(1) Deductible expenses under the concept of "other different expenses" of Article 19.2.f) of the Law of IRPF are limited to the full income from work after deduction of other deductible expenses.Therefore, the previous net earnings should be calculated, which sets the limit that cannot be exceeded by such expenses.**(Return)**

(2) In the present case, all the total earnings from work is linked to his condition as a disabled worker, and therefore the limit of the increased expense for active disabled workers will be the previous net earnings calculated (14,630 euros).**(Back)**

(3) As the previous net income from work is between 13,115 and 16,825 euros and there is no income, excluding exempt income, other than that from work of more than 6,500 euros (specifically 5,500 euros), the amount of the reduction for obtaining income from work, applying article 20 of the Law of IRPF, would be:5,565 - [1.5 x (RNT 14,630 - 13,115)] = 3,292.5.**(Return)**

Chapter 4.Returns on capital assets

The Tax Agency's E-Office incorporates a "Virtual Income Tax Assistant", where you can consult how to calculate the income derived from renting a property in its different forms (main residence, tourist use, business premises...).) and deductible rental expenses.

Earnings from real estate capital

Introduction:return on investments

Regulations:Item 21 Law IRPF

Subject

All profits or considerations, whatever their denomination or nature, in cash or in kind, which come, directly or indirectly, from assets, goods or rights, the ownership of which corresponds to the taxpayer and which are not assigned to economic activities carried out by the taxpayer, are considered as full income from capital "".".

However, income derived from the transfer of ownership of assets, even when there is a reservation of title agreement, will be taxed as capital gains or losses, unless the Law of IRPF classifies them as capital gains or losses.

According to the transcribed legal definition, capital income is characterised by the following notes :

a. They comprise all consideration or profits, whatever their denomination or nature, whether in cash or in kind.

b. They must derive, directly or indirectly, from assets, whether an asset, a right in rem or a personal right or an entitlement.

c. The assets, goods or rights from which the capital income is derived must be owned by the taxpayer.

d. They cannot derive from the transfer of ownership of assets, unless they are classified as capital gains by the Law of IRPF itself, as in the case of the transfer, redemption, amortisation, exchange or conversion of any kind of financial assets (see Article 25.2 Law IRPF).

See the section on "Income from the transfer of own capital to third parties" in Chapter 5 of this handbook.

e. The assets from which they derive may not be used for economic activities carried out by the taxpayer.

The concept of assets assigned to an economic activity is discussed in Chapter 6 of this handbook.

Classification:

Depending on the nature of the asset-related element from which they derive, the Personal Income Tax Act qualifies return on investments as:

a. **Real estate returns**, which includes those from real estate, both rural and urban, which are not affected by economic activities conducted by the taxpayer.

b. **Income from movable capital**, which includes income from other assets and rights owned by the taxpayer and not assigned to economic activities carried out by the taxpayer.

This chapter is devoted to real estate returns, with the following discussion on the liquid capital returns.

The concept of Earnings from Real Estate

Regulations:Art. 22.1 Law IRPF

Income derived from **leasing or from the constitution or transfer of rights or powers of use or enjoyment over rural and urban real estate or rights in rem over them**, whose **ownership** corresponds to the taxpayer and **are not assigned** to economic activities carried out by the taxpayer, shall be considered as full income from real estate capital.

Real rights of use or enjoyment over the real estate are, among others, the usufruct, the right of use and the right of habitation, the real right of use by rotation of real estate, the surface right, easements, censuses and emphyteutic census.

Full or shared ownership of the right of ownership or rights in rem of enjoyment over real estate that is not leased or assigned to third parties, nor is it used for economic activities, does not generate earnings from real estate, but rather gives rise to the application of the special system for allocating real estate income, with the exception of the main residence, unbuilt plots and rural properties.

See in this respect, in Chapter 10, the heading "Real Estate Earnings Allocation Scheme", and Articles 6.2.e) and 85 of the Personal Income Tax Law

Further clarifications on the concept of income from real estate capital

1.Lease of real estate property as income from real estate capital

Regulations:Art. 27.2 Law IRPF

Income derived from the **rental of real estate** is considered as income from real estate capital, unless the **rental is carried out as an economic activity.**

For these purposes, the leasing of real estate is considered a financial activity when it involves at

least one person employed under a full-time employment contract.

In order for rental income to qualify as income from real estate capital, the rental must be limited to the mere making available of a property for periods of time, without being accompanied by the provision of services typical of the hotel industry such as:periodic cleaning services, change of linen, catering, leisure or other services of a similar nature.If it is accompanied by this type of complementary services, it is a business activity and the income derived from it will be considered as income from economic activities, in accordance with the provisions of article 27.1 of the Law of IRPF.

Consequently, if services are provided by the lessor in the hotel industry, we are dealing with income derived from economic activities, and if no such services are provided, we are dealing with income from real estate capital, unless the circumstances set out in Article 27.2 of the Law of IRPF (i.e. that a person with a full-time employment contract is available for the management of the activity) are met, in which case, the income derived from the lease will also be considered as income from economic activities.

2.Subletting

Regulations:Art. 25.4.c) Law IRPF

In the case of subleases, the amounts received by the **sublessor** are considered to be **income from movable capital**.

However, the participation of the **owner or usufructuary** of the property in the price of the sublease is considered to be **yields from real estate capital**, and the reduction for renting property used as a dwelling, established in article 23.2 of the Law of IRPF, which is discussed below, cannot be applied to the net yield.

3.Leasing of businesses or mines

Regulations:Art. 25.4.c) Law IRPF

Amounts received for business or mining leases are considered for tax purposes as income from movable capital .

However, if the lease is only of a **business premises**, the income obtained must be classified as **real estate capital** and quantified by applying the rules discussed in this Chapter.

> A distinction must be made between leasing business premises and business leasing:if the object of the lease is not only movable and immovable property, but also an economic unit with its own entity capable of being immediately exploited, or pending mere administrative formalities, the income received shall be counted among the income from movable capital;if the object of the lease is only the business premises, the income shall be deemed to derive from real estate.

4.Compensation for early termination of a tenancy agreement

The compensation paid as a consequence of the early termination of the lease contract is considered by **owner-landlord as an improvement** and not as a deductible expense for the determination of the net yield of real estate capital.For the **lessee who receives it, it constitutes a capital gain** whose generation period will be that which corresponds to the length of the lease contract.

Summary table:Treatment of compensation for early termination of the contract

Early termination of contract	Landlord	Tenant
Will of the lessor	Compensation paid:Improve	Perceived compensation:Capital gain
Tenant's will	Perceived compensation:Return on real estate capital	Compensation paid:Equity loss

5.Property with simultaneous use or destination in the same period (leased and at the disposal of its owners)

When a property is used successively or simultaneously for different purposes during the same tax period, i.e. it is rented for part of the year and is at the disposal of its owner for the rest of the year, the income derived from the rental constitutes income from real estate capital and the income corresponding to the period not rented or to the part not rented is considered as imputed income due to the ownership of the property, provided that it does not become the taxpayer's habitual residence.

> The imputation of income for properties that have been totally or partially at the disposal of their owners or usufructuaries during the year is discussed in Chapter 10.

The amount of imputed income and imputed rent shall be determined in proportion to the number of days for which the buildings were rented or unrented, respectively, during the financial year.

> Income from real estate that is neither leased nor subleased but is intended to be leased (real estate in the expectation of being leased) is taxed as imputed income and expenses for this period cannot be deducted, as no income from real estate capital is obtained during this period.Interpretative criterion established by the Supreme Court in its Ruling number 270/2021, of 25 February (ROJ:STS 910/2021).

6.The lease of common elements of a building

Leasing of common elements of a building, such as part of the facade or cover, by the homeowner community results in real estate capital returns to be attributed to the coowners based on their participation in the community.

> The regime of attribution of income obtained by certain entities, including homeowners' associations, is discussed in Chapter 10.

Full income

Leasing of immovable property or creation or transfer of rights or powers of use or enjoyment over immovable property

Regulations:Article 22.2 Personal Income Tax Law

The amounts to be paid by the purchaser or assignee of the rights or powers of use or enjoyment

constituted by the real estate or, where appropriate, those to be paid by the lessee or sublessee of the real estate constitute full income from the real estate capital.

In addition, the **amounts received or to be received for the remaining assets transferred with the property, such as furniture and furnishings, excluding Value Added Tax (VAT) or, where applicable, the Canary Islands General Indirect Tax (IGIC), should be included among the income from real estate capital** .

Covid -19: *as a consequence of the economic and health crisis resulting from the Covid-19 epidemic, for the calculation of the net yield of real estate capital it must be taken into account that the modifications in the amount fixed as the rental price (whatever the amount of the reduction), determine that the full yield of real estate capital corresponding to the periods to which it affects is that corresponding to the new amounts agreed by the parties.*

Furthermore, in cases where deferral of rental payments is agreed, it will not be appropriate to reflect income from real estate capital in the months in which the payment has been deferred, as the rent has been deferred (the income cannot be imputed because it is not due), in application of the provisions of Article 14.1.a) of the Personal Income Tax Act, which states that income from work and from capital shall be imputed to the tax period in which it is due by the recipient.

A different case is the one in which the lessor does not agree to modify or reduce the amount fixed as the rental price (whatever the amount of the reduction) or agree to defer its payment, resulting in the non-payment of the rent when it is due.In this case, the amounts corresponding to the rental of the property, even if they have not been received, must be imputed as full income from real estate capital.

Sublease or transfer

In the event of sublease or transfer, the owner or usufructuary of the property must calculate the amounts received as participation in the price of such operations as full income from the property capital.

Sums earned by the tenant from transferring or assigning lease rights are considered to be capital gains, but sums received for sublets are considered earnings from real estate.

Estimated returns on capital assets and related transactions

Estimated returns on capital assets

Regulations:(Arts.6.5 and 40.1 of the Personal Income Tax Law

Supplies of goods or rights likely to generate earnings from real estate are presumed to be remunerated, unless proven otherwise.

In the absence of evidence to the contrary, the valuation of such income shall be carried out by normal market value, with this understood as the compensation to be agreed between independent subjects, unless otherwise proven.

However, for leases or sublets of real property or the establishment or transfer of rights or powers or use over such leases or sublets in favour of family members within three degrees of relationship, the total net income may not be less than the income attributable to this buildingThis special measurement rule is discussed under "Minimum computable income in case of relationship" in this Chapter.

Returns on earnings from real estate and related transactions

Regulations:Article 41 Personal Income Tax Law

In the event that the lease or sublease of real estate or the constitution or transfer of rights or powers of use or enjoyment over the same is made to a company with which there are relations of connection, in the terms provided for in Article 18 of the LIS the taxpayer of the IRPF must carry out its valuation at market value.Market value shall mean the value that would have been agreed by independent persons or entities at arm's length.

> For this purpose, the taxpayer of IRPF must comply with the documentation obligations of related-party transactions under the terms and conditions established in Chapter V (articles 13 to 16) of the Corporate Income Tax Regulations, approved by Royal Decree 634/2015, of 10 July (BOE of 11 July).
>
> Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

Deductible expenses

In order to determine the net yield of real estate capital, all the necessary expenses to obtain it, as well as the amounts used for the depreciation **of the property and of the other assets transferred with it, provided that they correspond to their effective depreciation, may be deducted from the full yield** .

In the case of rental of property subject to and not exempt from Value Added Tax (VAT) or the Canary Islands Indirect General Tax (IGIC), deductible expenses shall be counted excluding the VAT or, if applicable, the IGIC.

Interest and other charges for financing and for the maintenance and repair of the property

Regulations:Arts.23.1 a) 1º Law IRPF and 13 a) Regulation IRPF

The following are considered to be expenses required to obtain income, among others:

1.Interest and other financing costs

Interest and other financing expenses of the foreign capital invested in the acquisition or improvement of the asset, right or power of use or enjoyment, as well as, where appropriate, of the assets assigned to them, are deductible.

> The financing costs include the premiums for the life insurance taken out with the financial institution that granted the loan for the acquisition of the property, provided that taking out the aforementioned insurance is one of the lender's conditions for granting it.In other words, the consequence of not taking out the aforementioned life insurance must be the impossibility of accessing the loan.

The deductibility of these expenses only operates (due to the necessary correlation of expenses with income) in respect of the part of the tax period in which the property is rented, i.e. they are calculated in proportion to the number of days of the tax period in which the property is rented.

Therefore, interest and other financing costs for the period of time prior to the conclusion of the lease contract are not deductible.

> ***Note:*** *the interest that, due to the application of floor clauses, would have been paid by the taxpayer in 2022 and with respect to those that, before the end of self-assessment Personal Income Tax filing period for that fiscal year (30 June 2023), the agreement to return its amount to the financial institution or as a result of a court or arbitration procedure shall not be deducted as an expense.See Chapter 2.*

2.Conservation and repair

The costs of conservation and repair of income-producing assets are deductible.For these purposes, they have this consideration:

a. Those carried out regularly for the purpose of maintaining the normal use of tangible assets, such as painting, plastering or repairing installations.

b. Replacement of elements, such as heating installations, lifts, security doors or others.

The amounts intended to increase or improve assets are not deductible as they constitute a higher acquisition value, the recovery of which is made through the corresponding depreciation.

The deductibility of pre-letting expenses is conditional on the receipt of income, i.e. full income from real estate capital:those deriving from the lease or from the constitution or transfer of rights or powers of use or enjoyment of immovable property or rights in rem relating thereto.

The existence of a correlation between maintenance and repair costs and the income derived from the subsequent rental of the property means that maintenance and repair costs incurred on a property for the purpose of renting it out (i.e. those incurred in the period of time prior to the formalisation of the rental contract) will be considered deductible for the determination of the net return on real estate capital, provided that they are exclusively aimed at the future obtaining of income from real estate capital (through the rental or the constitution or transfer of rights of use and enjoyment) and not at the enjoyment, even temporary, of the property by the owner.If in the year in which the expenses are incurred the taxpayer does not obtain income from real estate capital derived from the property, the repair and maintenance expenses may be deducted in the following four years, respecting the legally established limit each year.

Maximum deduction limit for the two aforementioned expenses concepts

The following should be noted:

a) The maximum total amount to be deducted for interest and other financing costs and for maintenance and repair costs **may not exceed, for each asset or right, the amount of the full income obtained.**

The excess may be deducted in the following four years, without being able to exceed, together with the expenses for these concepts corresponding to each of these years, the amount of the full income obtained in each of them, for each good or right.

b) The amount pending deduction for the financial years 2018, 2019, 2020 and 2021 shall be applied in the declaration of 2022 with priority to the amounts corresponding to the financial year **2022** for the same concepts.The amount to be deducted shall be entered in box ***[0104]*** of the tax return.

On the other hand, the amount corresponding to the tax year **2022** that is applied in the tax return shall be indicated in the box ***[0107]*** and the amount that, due to the application of the maximum deduction limit, remains to be deducted shall be entered in the box ***[0108]*** for the purposes of its deduction in the following four tax years.

In the event that there are several leases in the year on the same property, the maximum limit of the amount to be deducted for interest and conservation and repair expenses must be computed taking into account the amounts paid in the year and the full income obtained from it, so for some lease contracts, the amount deducted for interest and conservation and repair expenses may exceed the income obtained.

Other expenses required to obtain returns

Regulations:Arts.23.1 a) 2º to 4º Ley IRPF and 13 b) to g) Reglamento IRPF

1.Taxes, surcharges and fees

Non-state taxes and surcharges are deductible, as well as state taxes and surcharges such as, for example, the IBI, taxes for cleaning, rubbish collection, lighting, etc., provided that:

a. They affect the accounted income or the assets or rights producing such income.

b. They are not sanctioning in nature.

2.Amounts earned by third parties as a result of personal services

Amounts accrued by third parties in direct or indirect consideration or as a result of personal services, such as administration, surveillance, concierge, garden care, etc.. are deductible.

In particular, the fees of the community of owners in the case of condominiums.

3.Costs of contract formalization and legal defense

Expenses incurred in finalising the lease or sublease agreement, in the transfer or establishment of the right and those of legal defence related to the assets, rights or income are deductible.

4.Doubtful balances

Doubtful balances are deductible in 2022, provided that this circumstance is sufficiently justified.This circumstance is understood to be sufficiently justified:

a. When the debtor is in insolvency proceedings.

b. When more than six months have elapsed between the time the taxpayer's first recovery is made and the end of the tax period and there has been no renewal of the credit.

The deductibility of doubtful balances is conditional on the prior inclusion of their amount as full income from real estate capital, as this income is attributed to the tax period in which it is payable by the recipient, as stipulated in Article 14.1.a) of the Law of IRPF.

When a balance doubtful debts were collected later to their deduction, are calculated as income in the fiscal year in which is the said collection takes place.

5.Insurance contract premiums

Insurance contract premiums, whether for civil liability, fire, theft, glass breakage or others of a similar nature on the assets or rights producing the income are deductible.

6.Services or supplies

Amounts for services or supplies (water, electricity, gas and internet, etc.) are deductible

Such expenses are only deductible **to the extent that they are actually borne and paid by the lessor**, so that if they are paid and borne by the lessee, the lessor would not be able to deduct any amount.It should, however, be borne in mind that, if the amounts of these expenses are passed on

to the tenant, they will be counted as a full return on the capital of the property, and will in turn be deductible from that return.

7.Other necessary tax-deductible expenses

In addition to the items specifically listed above, any other expenses are considered tax deductible provided that they are necessary to obtain the corresponding income.

> ***Note:****in relation to the annual expenses referred to above, only and exclusively the expenses corresponding to the period of time in which the property is rented and generates income shall be deductible, in the corresponding proportion by virtue of the principle of correlation of income and expenses.Consequently, expenses incurred during the time when the property is not rented, even if it is in a position to be rented (in expectation of being rented), are not considered deductible expenses for the purposes of Article 23.1 of the Law of IRPF.Interpretative criterion established by the Supreme Court in Ruling number 270/2021, of 25 February (ROJ:STS 910/2021).*

Amounts intended for depreciation

Regulations:(Arts.23.1 b) Law IRPF and 13 h) and 14 Regulation IRPF

The amounts intended for the depreciation of the property and the other goods assigned to it are considered deductible, provided that they meet their actual depreciation.

> Depreciation is the method of taking into account the depreciation of income-generating property through use or the passage of time.

With regard to the method of calculation for considering that depreciation corresponds to effective depreciation, a distinction must be made:

- Real estate

In the case of real estate, depreciation shall be deemed to meet the requirement of effectiveness when, in each year, it does not exceed the result of applying the percentage of **3 percent to the largest of the following values.**

a. Satisfied acquisition cost, which shall be:

- In the case of real estate acquired at **for valuable consideration:** the purchase price, including the expenses and taxes inherent to the purchase (notary, registration, VAT non-deductible, Transfer Tax and Stamp Duty, agency fees, etc.).without including in the calculation the value of the land and the cost of investments and improvements made to the assets acquired.

- In the case of property acquired free of charge by inheritance or donation:the value of the property acquired in application of the rules of Inheritance or Gift Tax or its value ascertained in these taxes (excluding the value of the land), plus the expenses and taxes inherent to the acquisition corresponding to the construction and, where applicable, all the investments and

improvements made in the property acquired.

Interpretative criterion established by the Supreme Court (Contentious-Administrative Chamber) in its Judgment number 1130/2021, of 15 September (ROJ:STS 3483/2021).

b. Cadastral value, excluding land value.

When the value of the land is not known, it will be calculated by prorating the acquisition cost paid between the cadastral values of the land and the construction of each year as reflected in the corresponding Property Tax (IBI) bill.

Limit on accumulated depreciation of immovable property

The accumulated depreciation limit shall be the acquisition value of the property generating income.Therefore:

- In the case of assets acquired **for valuable consideration**, the accumulated depreciation may not exceed their acquisition value in accordance with Article 35 of the Personal Income Tax Act (excluding the value of the land).

  According to the aforementioned article 35 of the Law of IRPF the acquisition value is the sum of:

  a. The actual amount for which such acquisition would have been made.

  b. The cost of the investments and improvements made in the assets acquired and the expenses and taxes inherent to the acquisition, excluding interest, which have been paid by the acquirer.

- In the case of properties acquired **for profit**, the limit of accumulated depreciation, in global calculation, may not exceed the acquisition value in the terms of Article 36 of the Personal Income Tax Act (excluding the value of the land).

  According to Article 36 of the Personal Income Tax Act, in these cases, the real amount of the respective values shall be taken to be those resulting from the application of the rules of Inheritance and Gift Tax, without exceeding the market value.

Example:

R.R.R. inherited a property whose value attributed in the payment of the Inheritance and Donations Tax (ISD), and which is included in the public deed of awarding inheritance, was €100,000.

The expenses and taxes inherent in the acquisition (notary, registration, ISD) amount to €2,000.

The assessed value of the inherited property:80,000 euros.

The percentage representing the land value compared to the total value of the property is 20 percent.

Once inherited, the property was intended for leasing to third parties.

Calculate the depreciation corresponding to a property that is rented and the accumulated deductible depreciation limit.

Solution:

1.Calculation of depreciation.

The largest of the following values shall be taken for the calculation of the depreciation

- Acquisition cost paid:80% s/(100.000 + 2.000) = 81.600
- Assessed value, excluding land value:(80% s/ 80.000) = 64.000

The amount of depreciation deductible as an expense in determining the income from real estate capital may not exceed the result of applying the percentage of 3 per cent to the highest of the above values.In this case it will be the acquisition cost paid, which includes the value attributed in the liquidation of the Inheritance and Gift Tax plus the expenses and taxes inherent to the acquisition (excluding the value of the land).

Therefore, in this case the amount of the maximum deductible annual depreciation will be 3% s/81,600 euros = 2,448 euros.

2.Accumulated depreciation limit.

The taxpayer may depreciate the property until the amount of the accumulated depreciation reaches the acquisition value of the property which, in accordance with the provisions of Article 36 of the Personal Income Tax Law, is the value of the property for ISD purposes (excluding the value of the land) plus taxes and expenses inherent to the transfer, i.e. 80% x (100,000 + 2,000) = 81,600 euros.

Remember:*In the event that the property had not been leased throughout the year, the deductible depreciation, interest and other financing expenses, insurance premium expenses, community, Property Tax, supplies etc., they will correspond to the number of days during the year in which the property has been leased.*

In periods in which the property has not been rented, the amount resulting from applying 2 per cent or 1.1 per cent, as appropriate, to the cadastral value of the property, which proportionally corresponds to the number of days included in that period, in accordance with the provisions of Article 85 of the Law of IRPF must be imputed as real estate rent.

- Movable property transferred together with the immovable property

They shall be depreciated provided that they are subject to use for a period of time exceeding one year.

It will be understood that the annual deductible depreciation for each of the assets transferred meets the requirement of effectiveness when its amount does not exceed the result of applying to their respective acquisition costs the depreciation coefficients corresponding to them in accordance with the simplified depreciation table approved by Order of 27 March 1998.

This table includes, among others, the following maximum depreciation coefficient, which for **Instalaciones, mobiliario y enseres** is **10 per 100.**

- Rights or powers of use or enjoyment over immovable property

They will be depreciated whenever their acquisition has a cost to the taxpayer.In these cases it is necessary to distinguish:

a. **If the right or power has a fixed term,** the deductible annual depreciation will result from dividing the acquisition cost paid by the number of years of duration.

b. **If the right or power were for life,** the depreciation to be calculated will be the result of applying the coefficient of 3 percent to the acquisition cost paid.

In both cases, the amount of deductible depreciations for the financial year may not exceed the amount of gross income derived from each right.

Example:

Mr. A.S.T. acquired the right of usufruct over a property for a period of 10 years, paying the sum of 100,000 euros.During 2022 this property has been leased at an annual rent of 20,000 euros.

Calculate the depreciation that corresponds to a rented property.

Solution:

Amortisation

- Acquisition cost/duration of usufruct (100,000 ÷ 10 years) = 10,000
- Limit on full entitlement income:Annual rental income = 20,000

***Full ownership and usufruct over a property**. In cases where a taxpayer owns 50 per cent of the freehold of a rental property and has usufruct over the remaining 50 per cent, the depreciation expense is calculated differently for the part of the property in which he is the freeholder and the part in which he is the usufructuary, according to the rules indicated above for each of them.*

Compensation for lease agreements prior to 9 May 1985

Regulations:Transitional provision Third Act IRPF

In determining returns on real estate investments arising from lease agreements concluded prior to 9 May 1985, which do not enjoy the right to rent review of the agreement, it will be included additionally as deductible expenses, while this situation continues and in the form of compensation, the amount corresponding to depreciation of the property.Thus, in these situations, depreciation expense may be calculated twice:once as a tax deductible expense according to the rules of determining net yield derived from previously mentioned leased properties, and again, as compensation.

Non deductible expenses

Among other expenses, the following shall not be deductible as such:

- Payments made for accidents that have occurred on a property giving rise to reductions in the value of the taxpayer's assets.
- The cost of improvements carried out on buildings, without prejudice to the recovery of this cost through depreciation.

  The concept of improvement is not expressly provided for in personal income tax legislation.However, the Resolution of 1 March 2013 of the Spanish Accounting and Auditing Institute (Instituto de Contabilidad y Auditoría de Cuentas), which lays down rules for the recording and valuation of tangible fixed assets and investment property, in its second rule, defines "improvement" as the set of activities by means of which an alteration is made to an item of fixed assets, increasing its previous productive efficiency.

  Therefore, repairs and maintenance should be understood to be those aimed at maintaining the useful life of the property and its productive capacity or use, while improvements should be considered to be those that result either in an increase in the capacity or habitability of the property or in a lengthening of its useful life.

Net income

Net income is made up of the difference between full income and deductible expenses as described above, as shown in the following diagram:

(+) Full income:

- The amount to be paid by the acquirer, transferee, lessee or sublessee for all items, including, where applicable, the amount corresponding to all assets transferred with the immovable property.
- In the absence of proof or in the case of related transactions, the valuation of such income shall be based on the normal market value of the income.
- When they are received from family members, whether the spouse or relatives, including relatives up to and including the third degree, the total net yield may not be less than the imputed income derived from that property.

(-) Expenses necessary to obtain the income (excluding VAT or IGIC if the lease is subject to and not exempt from VAT):

- Interest and other financial charges
- Maintenance and repair costs

  *** Limit of the above two expenses:** They may not exceed, in respect of each asset or right, the amount of the total income obtained.
  *** Excess over the limit:** The excess may be deducted in the following four years.

- Taxes, surcharges and fees
- Doubtful balances
- Insurance contract premiums
- Supplies
- Contract formalisation costs
- Legal expenses.
- Amounts accrued by third parties as a result of personal services (including administration, porterage).
- Other essential tax-deductible expenses

(-) Amounts earmarked for amortisation:

- Real estate:3 per 100 on the higher of the following values:

  a. Acquisition cost met corresponding to construction
  b. Cadastral value, excluding land value

- Movable property transferred together with the real estate:Order of 27 March 1998

- Rights or powers of use or enjoyment over immovable property

  a. Fixed-term:acquisition cost divided by the number of years of duration.
  b. For life:3 per cent of the acquisition cost paid

  Depreciation expense limit in this case:the full income deriving from each right or entitlement

(=) Net return on real estate capital

Remember: *the total amount to be deducted in respect of interest on borrowed capital invested in the acquisition or improvement of the property, right or enjoyment from which the income derives, and other costs of financing and of repair and upkeep may not exceed, for each property or right, the amount of the total income obtained.*

Reductions of net income

Leasing property used as a residence

Regulations:Art. 23.2 Ley IRPF

60 percent deduction

In the case of **leasing of property used as a dwelling, the positive net yield**, calculated as the difference between the total gross income and the necessary expenses that are considered deductible under the aforementioned terms, will be reduced by 60 per cent , regardless of the age of the lessee.

Delimitation of "renting of immovable property for residential use":

It is considered to be a lease of a property used as a dwelling when, in accordance with the provisions of Article 2 of Law 29/1994 of 24 November 1994 on Urban Leases (LAU), the lease is for "a habitable building whose primary purpose is to satisfy the permanent housing needs of the lessee".

For its part, it should be borne in mind that article 3 of the LAU states that "a lease for a use other than that of a dwelling is considered to be a lease for a building whose primary purpose is other than that established in the previous article". It also adds that "in particular, leases of urban property concluded on a seasonal basis, be it summer or any other, shall be considered as such". Therefore, in no case will the above reduction be applicable when the property is rented on a seasonal basis, be it summer or any other.

The reduction will be applicable to the net income derived from the lease of real estate when the lessee is a legal entity and it is accredited that the property is used as the home of certain individuals (Criteria established by the Central Economic-Administrative Tribunal, in its Resolution of 8 September 2016, in an extraordinary appeal for the unification of criteria).

The wording of Article 23.2 of the Law of IRPF establishes that this reduction will only be applicable **on the positive net income** that has been calculated by the taxpayer in a self-assessment submitted before a data verification, limited verification or inspection procedure has been initiated that includes the verification of such income as part of its purpose.

In no case shall the reduction be applicable in respect of the part of the positive net income derived from **income not included or expenses unduly deducted** in the taxpayer's self-assessment and **which are regularised** in any of the procedures mentioned in the previous

paragraph, even when these circumstances have been declared or accepted by the taxpayer during the processing of the procedure**.**

It should be borne in mind that the ruling of the TS 1312/2020 (appeal 1434/2019), on the basis of the distinction between declaration and self-assessment, established as an interpretative criterion in relation to the wording prior to 11 July 2021, which provided that the 60% reduction "was only applicable in respect of the income declared by the taxpayer", that this reduction was not lost for not having included the income in the self-assessment and, therefore, that taxpayers could, on being regularised, include undeclared income and request the application of the 60% reduction on the resulting net income.

As a consequence of the aforementioned interpretative criterion set by the SC ruling 1312/2020 and, in order to clarify definitively that the reduction for the rental of property used as a dwelling cannot be applied to the positive net yield calculated during the processing of a verification procedure, the wording of article 23.2 of the Law of IRPF has been amended, with effect from 11 July 2021, by article 3.three of Law 11/2021 of 9 July, on measures to prevent and combat tax fraud, transposing Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market, amending various tax rules and on the regulation of gambling.

Tourist rentals:

The 60 per cent reduction provided for in Article 23.2 of the Personal Income Tax Act does not apply to tourist rentals, since their purpose is not to satisfy a permanent housing need but to cover a temporary need.See in this regard the Resolution of the Central Economic-Administrative Tribunal (TEAC), of 8 March 2018, Complaint number 00/05663/2017, handed down in an extraordinary appeal for the unification of criteria.

On the other hand, with effect from 26 June 2021, the second final provision of Royal Decree 366/2021, of 25 May,which develops the procedure for filing and payment of self-assessments of the Financial Transaction Tax and amends other tax regulations, reintroduces the article 54 ter of the General Regulation of the actions and procedures for tax management and inspection and development of the common rules of tax application procedures, approved by Royal Decree 1065/2007, of 27 July, which regulates the obligation to report on the transfer of use of housing for tourist purposes in the same terms of the previous article 54 ter which was annulled and left without effect by the Ruling number 1106/2020, of 23 July.STS 2494/2020).

Article 54b establishes for tax fraud prevention purposes a specific reporting obligation for persons or entities, in particular the so-called "collaborative platforms", which intermediate in the transfer of the use of dwellings for tourism purposes.Transfer of use of dwellings for tourist purposes is understood to be the temporary transfer of use of all or part of a furnished and equipped dwelling in conditions of immediate use, regardless of the channel through which it is marketed or promoted and carried out free of charge or for a fee.Expressly excluded from this concept is the letting or subletting of dwellings as defined in Law 29/1994, of 24 November, on Urban Leases, and tourist accommodation regulated by its specific regulations, such as hotel establishments, rural accommodation, hostels and tourist camps, among others.Also excluded is the timeshare right for real estate.

Order HAC/612/2021, of 16 June, has approved the new form 179, "Quarterly informative declaration of the transfer of use of dwellings for tourist purposes" and establishes the conditions and procedure for its presentation.

Returns with a generation period of more than two years, or which are obtained in a particularly irregular way over time

Regulations:Arts.23.3 Law IRPF and 15 Regulation IRPF

Income to which it applies and percentage of reduction

Once the reduction has been applied, if applicable, for the rental of property used as a dwelling, the reduction of 30 per 100 per cent of the resulting net yield may be applied in the following cases:

a. **Net income whose generation period is longer than two years, provided that it is assigned during the same tax period.**

b. **Net income obtained in a notoriously irregular manner over time, when it is attributed to a single tax period**.

They are considered earnings from real estate *obtained in a particularly irregular way* over time.exclusively the following:

- Amounts obtained from the **transfer or assignment** of the lease of business premises.

  In cases of transfer or assignment of the lease of business premises, it should be specified that the amount received by the owner of the property, i.e. the owner or the holder of a right of use of the property, is considered to be income from real estate capital obtained in a notoriously irregular manner over time.

  However, the amount that the tenant perceives for the transfer or assignment of the lease, not being the holder of any real right on the property, does not constitute yield of the real estate capital, but wealth gain.See the example given in Chapter 11 on the determination of capital gains in cases of transfer or assignment of the lease of business premises.

- **Indemnities** received from the lessee, sublessee or assignee for damage or damage to the property.

- Amounts obtained from the constitution or transfer of **rights of use or enjoyment** for life.

Maximum amount of the income subject to the reduction

Once the reduction for leasing the residence is applied, if applicable, the quantity of the net returns to which the 30% reduction is applied cannot exceed **300,000 euros per year**.

Note that in the case of positive and negative irregular income, the maximum basis for the reduction will be its algebraic sum.

In the event that several irregular incomes of the same nature are obtained, and that their amount exceeds the limit of 300,000 euros of maximum amount on which to apply the reduction of 30%, the maximum reduction will be distributed **proportionally** among all the incomes of that nature.

Income received in instalments before 1 January 2015.Transitional regime

Regulations:Twenty-fifth transitional provision.3 Law IRPF

Income received in instalments prior to 1 January 2015 and entitled to the application of the reduction for income generated over a period of more than two years or obtained in a notoriously irregular manner as provided for in article 23.3 of the Law of IRPF, as in force on 31 December 2014, may apply the current reduction of 30% with the limit of the maximum reduction base of 300,000 euros, to each of the instalments to be charged as from 1 January 2015, provided that the quotient resulting from dividing the number of years of generation, calculated from date to date, by the number of tax periods of instalments, is greater than two.

However, in the case of income from commitments made prior to 1 January 2015 which was expected to be received in instalments in tax periods beginning on that date, the replacement of initially agreed form of collection in a single tax period will not alter the start of the income generation period.

Minimum computable income in case of kinship

Regulations:(Arts.24 and 85 of the Personal Income Tax Act

Where the acquirer, transferee, lessee or subtenant of the real estate or of the right in rem to which the real estate or right in rem is attached is the spouse or relative of the taxpayer, including related persons, up to and including the third degree, the total net computable earnings may not be less than the amount that would result from application of the special system for allocating property income to the real estate or right in rem in question.

Under this special system, **the minimum total net earnings may not be less** than that resulting from its application:

- The **2 per 100** to the cadastral value corresponding to the property in each tax period.
- The **1.1 per 100** of the cadastral value in the case of urban properties whose cadastral values have been revised or modified, or determined by means of a general collective valuation procedure, in accordance with cadastral regulations, and have come into force in the tax period or within the ten previous tax periods.
- The percentage of **1.1 percent** will also be applied in the event that, on the date on which the income tax accrues (normally 31 December), the property has no cadastral value or this value has not been notified to the owner, although this percentage will be applied to 50 percent of the highest of the following values:

  a. Value verified by the Administration for the purposes of other taxes.

  b. The price, consideration or value of the acquisition.

If there are several tenants of the property, this special system applies to the part of the net earnings corresponding to the relatives who have the legally established degree of kinship.

If the net yield corresponding to the rental or transfer of the property, after applying the reductions mentioned above, if applicable, is lower than the minimum yield, the latter amount shall be entered

in box ***[0152]*** of the tax return.

Reduced net earnings

The reduced net yield of real estate capital corresponding to each of the properties producing said yields is, in general, the result of applying to the net yield the corresponding reductions of those mentioned above and which are shown in the following diagram:

(=) PREVIOUS NET YIELD

(-) Reduction for rental housing (60%), only applicable:

- In the case of **real estate intended for housing.**
- For **positive net income** that has been calculated by the taxpayer **in a self-assessment submitted** before a data verification, limited verification or inspection procedure has been initiated that includes the verification of such income as part of its purpose.

(-) Reduction of income with a generation period of more than two years or obtained in a notoriously irregular manner when it is imputed in a single financial year (30%).

- **Maximum reduction base:300,000 euros.**
- Temporary arrangement:payment of income in instalments prior to 1-1-2015.

(=) REDUCED NET YIELD

When the purchaser, transferee, lessee or subtenant of the real estate or of the right in rem to which it is entitled is a family member, under the terms mentioned above, the reduced net earnings shall be the higher of the following two amounts:

a. Net earnings corresponding to the lease or transfer of the property, after applying to it, if applicable, the reductions coming from the previously mentioned ones.

b. The minimum computable yield for the mentioned property in case of kinship.

Example:

Mr. S.P.T. has rented during the whole year a commercial premises and two dwellings of his own, the respective full income and deductible expenses for the financial year 2022 amounting to the following amounts:

Information	House 1	House 2	Local
Total earnings	6,865.00	7,980.00	10,230.00
Repair and maintenance	2,150.00	9,210.00	5,890.00
Taxes, surcharges and fees (IBI)	500.00	900.00	350.00

Information	House 1	House 2	Local
Homeowners' association	580.00	1,385.00	540.00
Real estate depreciation (*)	200.00	300.00	320.00

(*) The amounts for the depreciation of the properties have been calculated by applying 3% of the cadastral value of the properties.(Go back)
Determine the reduced net earnings from real estate capital for 2022.

Solution:

1.Determination of the net return on real estate of leased properties.

Information	House 1	House 2	Local
Total earnings	6,865.00	7,980.00	10,230.00
Repair and maintenance	2,150.00	7,980.00 (1)	5,890.00
Taxes, surcharges and fees (Property Tax)	500.00	900.00	350.00
Homeowners' association	580.00	1,385.00	540.00
Real estate depreciation	200.00	300.00	320.00
Net income	**3,435.00**	**-2,585.00**	**3,130.00**

2.Reduction on income derived from the rental of dwellings 1 and 2:

Information	House 1	House 2
Net income	3,435.00	-2,585.00
Reduction of Article 23.2 Law IRPF	2,061.00	0.00 (2)
Reduced net earnings	**1,374.00**	**-2,585.00**

3.Sum of reduced net income from real estate capital:[1,374.00 + (–2,585.00) + 3,130.00] = 1,919.0

Notes for the example:

(1) The total amount to be deducted for the costs of repair and maintenance of "house 2" cannot exceed the amount of the full income obtained by said house.The excess (9,210 - 7,980 = 1,230) may be deducted in the following four years, without the deduction being able to exceed, together with the expenses for these same items corresponding to each of these years, the amount of the full income obtained from the rent of said house.Back)

(2) The 60 per cent reduction is applied in the event that the net yield derived from the property is positive, so in this case, as the net yield derived from the property or right is negative, the reduction will not be applicable.(Go back)

Individualisation of earnings from real estate

Regulations:Art. 11.3 Ley IRPF.

Income from real estate capital corresponds to the persons who are **owners of the real estate, or of the rights in rem over the same,** from which they derive.Therefore, these owners shall be required to include the corresponding returns in their income tax returns.

In the case of rights in rem of enjoyment, the full return must be imputed to the holder of the right.Thus, if there is a usufruct, all income must be declared by the beneficiary and not the owner.

When **the ownership** of the goods or rights is not duly accredited, the Tax Administration shall be entitled to consider as the owner the person who appears as such in a tax register or in any other public register.

In cases where ownership corresponds to several persons, the income corresponding to the property or right in question shall be considered to have been obtained by each of them in proportion to their share in said ownership.Therefore, each co-owner shall declare the amount resulting from applying the percentage that his/her share represents in terms of total ownership of the property to the total income generated by the property or right.

Marriage:*in the case of marriage, the income obtained from property and rights that, pursuant to the provisions governing matrimonial regimes, are common to both spouses, shall be divided equally between them (unless a different percentage is justified).Income derived from assets or rights which, according to the same rules, are the private property of one of the spouses, shall accrue in full to that spouse.*

For this purpose, see Articles 1.346 and 1.347 of the Civil Code.

Temporary attribution of earnings from real estate

General rule

Regulations:Item 14.1 (a) Law IRPF

As a general rule, income from real estate capital, both income and expenses, must be allocated to the tax period in which they are due by the recipient, irrespective of when the income was received and the expenses paid.

Special rules

1. **Estimated income from real estate capital**

Regulations:Article 14.2.f) of the Personal Income Tax Law

Deemed income from real estate capital and income from related-party transactions shall be attributed to the **tax period in which they are deemed to arise**.This financial year shall be the one in which the goods or rights capable of generating income of this nature have been provided.

2. **Income pending a legal ruling**

   Regulations:Article 14.2.a) of the Personal Income Tax Law

   Notwithstanding the above, when all or part of an annuity has not been paid because the right to receive it or its amount is pending a court ruling (not the mere lack of payment), the unpaid amounts **will be charged to the tax period in which the court ruling becomes final**, even if they have not been collected in that year.

Special assumptions for the integration of rents pending imputation

1. **Loss of taxpayer status due to change of residence**

   Regulations:Art. 14.3 Ley IRPF

   In the event that the taxpayer loses his status due to a change of residence, all income pending imputation must be included in the tax base corresponding to the last tax period to be declared for this tax, under the conditions established by regulations, and, where appropriate, a supplementary self-assessment must be made, without penalty or interest for late payment or any surcharge.

   However, when the transfer of residence takes place to another Member State of the European Union, the taxpayer may choose to allocate the outstanding income in accordance with the provisions of the previous paragraph, or to submit, as each of the incomes pending allocation is obtained, a supplementary self-assessment without penalty, late payment interest or surcharge, corresponding to the last period to be declared for the IRPF.The supplementary tax return shall be presented during the tax return filing period of the financial year in which the taxpayer would have had to impute these incomes if the loss of the status of taxpayer had not occurred.

2. **Death of the taxpayer**

   Regulations:Art. 14.4 Law IRPF

   In the case of death of the taxpayer all income pending attribution must be included in the gross tax base of the last tax period to be declared.

Real estate declaration

General considerations

Real estate property owned or used by the taxpayer may have one or more different uses or

destinations during the tax year, and such uses condition whether or not income subject to personal income tax is obtain, as well as the type of taxable income to be reported (e.g. a property that, in whole or in part, has been rented out during the year, sublet or transferred to third parties, thus giving rise to the obtaining of real estate returns, and that has also successively or simultaneously remained at the taxpayer's disposal, giving rise to real estate revenues).

For this reason, section "C" of the tax return under the heading "List of real estate assets and income derived from real estate at the disposal of their owners, leased or assigned to third parties, or assigned to economic activities" is intended to identify each property, owned by the taxpayer or the person holding the right of usufruct, and its use during the tax year, gathering the information necessary to declare the income from real estate capital and the imputed real estate income that corresponds to them.

Particulars of each property

In general

a. **Indication of the taxpayer who owns the property, box *[0062]***.In the case of joint returns, if the property is owned in equal shares by both spouses, the words "Joint" should be entered in this box.Otherwise, the member of the family unit that holds total or partial ownership of the property, "First declarant", "Spouse", "1st child", "2nd child", etc., must be stated.

b. **Percentage of ownership, box *[0063]*.** The percentages of ownership to be given shall be expressed in whole numbers to two decimal places.

c. **Percentage of usufruct, box *[0064]*.** The percentages of usufruct to be recorded shall be expressed in whole numbers to two decimal places.

d. **Situation, box *[0065]*.** The indicative code corresponding in each case to the situation of the property shall be entered, according to the following list:

Code	Situation
1	Property with a cadastral reference located anywhere in Spain, with the exception of the Autonomous Community of the Basque Country and the Autonomous Community of Navarre.
2	Property with a land register reference located in the Autonomous Community of the Basque Country.
3	Property with a land register reference located in the Autonomous Community of Navarre.
4	Property located anywhere in Spain, but not assigned a cadastral reference.
5	Property located abroad.

e. **Cadastral reference, box *[0066]*.** If "Key 1", "Key 2" or "Key 3" has been entered in the "Location" box, the cadastral reference of the property must be entered in the corresponding box.This information appears on the Property Tax (IBI) bill.You can also obtain the cadastral reference at the electronic Headquarters of the General Directorate of Cadastre, at the address

"http://www.sedecatastro.gob.es", or by calling the Cadastre Hotline (telephone 902 373 635).

f. **Nature**.Mark with an "X" the box that corresponds to the nature or character of the urban or rural property:

Box ***[0067]*** Urban property.

Box ***[0068]*** Inmueble rústico.

In order to determine the urban or rustic nature of the properties, the provisions of article 7 of the revised text of the Law of Real Estate Cadastre, approved by Royal Legislative Decree 1/2004, of 5 March (BOE of 8 March) will be taken into account.

g. **Address, box *[0069]***.The address of the property entered in this section shall be entered in this box.

h. **Use or destination of the property.**An "X" shall be marked for all uses of the property during 2022.These uses can be:

- **Taxpayer's usual residence in 2022, box *[0070]*.**In this case, the number of days that the dwelling has been considered as such should be entered in the box ***[0076]*** .

- **Dwelling in which, in cases of separation or divorce, the children and/or former spouse reside, box *[0071]*.**Property of which the taxpayer is the total or partial owner, but which constitutes the habitual residence of his or her former spouse because the latter has been assigned the exclusive use of the property in the legal separation or divorce decision or judgement.

  In this case, the NIF or the NIE of the previous spouse should be entered in the box ***[0077]*** and, if he/she does not have one, this circumstance should be marked in the box ***[0078]*** with an X.In addition, the number of days that the dwelling has been used for this purpose should be indicated in the box ***[0079]*** .

- **Property used for business activities, box *[0072]*.**Property that has been considered at some time during the year as assets assigned to economic activities or has been the object of a business lease, either directly or as a result of the participation in an entity under the income attribution system (giving rise in the latter case to the obtaining of income from movable capital to be included in the general taxable base).

  Once this use or destination has been indicated, the taxpayer should indicate in the box ***[0080]*** in the case of a property used for economic activities the number of days it has been used for this purpose and in the box ***[0081]*** the taxpayer who carries out the economic activity.

  However, in the case of immovable property subject to a business lease, the number of days on which the property has been used for this purpose shall be entered in the box ***[0082]***.

- **At the disposal of the holders, box *[0073]*.**Property that has remained at the disposal of its owners, thus giving rise to imputation of real estate income.

- **Lease as accessory real estate, box *[0074]*.**Property leased, subleased or assigned to a third party, together with another property which constitutes the main object of the lease, sublease or assignment, when the part of the consideration which corresponds individually to each of them is not specified (for example, the parking space leased together with a dwelling for a single amount).

- **Lease, box *[0075]***.Property that has been rented, sublet or assigned to third parties, thus giving rise to the obtaining of income from real estate capital.

In particular

Properties at the disposal of their owners

In the case of immovable property at the disposal of its owners, the following data must be entered for each of them:

a. Part of the property available, box ***[0087]***:if the entire property has remained at the disposal of the taxpayer during the financial year, the percentage of 100 per cent shall be entered.

   Where, due to a simultaneous use or destination of the property, only a part of the property, e.g. a single storey of the building, has remained at the disposal of the taxpayer, the percentage, expressed to two decimal places, of the area of that part of the total area of the property shall be indicated.

b. Eligible period (number of days), box ***[0085]***:365 shall be entered when the property has been at the disposal of the taxpayer for the whole year.Otherwise, the number of days the property has been at the disposal of the taxpayer shall be stated.

   In the exceptional case that the property is, on the same days, partly at the disposal of the taxpayer and partly for other uses, mark an X in the box ***[0086]***, indicating the number of days it has been at the disposal of the taxpayer in the box ***[0088]***.

c. Amount of the imputed real estate income, box ***[0089]*** .

Amortisation of leased accessory real estate

This section should be completed only in the case of properties that are rented together with the main property in a single contract in which it is not distinguished which part of the price corresponds to each of them.For example, when a house is rented together with a storage room and a garage in a single contract for a single price, the storage room and the garage are accessory properties.

The purpose is to identify what the accessory property is, to collect information on the main property on which it depends and to determine that the deductible depreciation, if any, corresponding to the accessory property complies with the provisions of Article 14.2.a) of the IRPF Regulation.

Property leased or transferred to third parties and the creation or transfer of rights or powers of use or enjoyment over it

The declaration of the full computable income, deductible expenses, net income, reductions in net income, as well as, where applicable, the minimum computable income in the case of kinship, as appropriate, shall be made in boxes ***[0102]*** to ***[0154]*** in accordance with the comments for each one of them in the respective sections of this Chapter.

For each of the properties, except in the case of rental for tourist purposes or the rental of premises, the following must be stated: NIF/NIE of the lessee(s) and the date of the rental contract.Where applicable, if you have entered a of the tenant from another country, this should be indicated by ticking the appropriate box.

In addition, in order to speed up the processing of refunds to which taxpayers may be entitled and to reduce the number of requests, Annex "D" can be used, to be completed voluntarily, in which taxpayers may enter the NIF of the suppliers of certain expenses, as well as their amount.

Note:*property leased or transferred to third parties by entities under the system of attribution of income of which the taxpayer has been, during the financial year 2022, a partner, co-owner or participant, shall not be included in section C of the tax return.*

These properties must be entered under the heading "List of properties leased or transferred to third parties by entities under the system of income attribution" of the heading "System of income attribution" in section E of the return, where the taxpayer who owns the property (box ***[1614]***), *the percentage of ownership (box* ***[1615****]), urban or rustic nature (boxes* ***[1616] and [1617]***), *situation (box* ***[1619]***), *cadastral reference (box* ***[1620]***) *and NIF of the entity under income attribution (box xml-ph-0015@*

Case Study

The marriage between R.J.R. and M.A.T., resident in Seville, has been leased for two houses throughout 2022.The income, expenses and other data of interest for the determination of net income are as follows:

1.First home rented for 900 euros per month.

The property was purchased in 2002 for the equivalent of 90,000 euros, plus 7,000 euros in expenses.For its acquisition they applied for a mortgage loan from the bank "Z" for which they have paid the amount of 400 euros interest and 2,200 euros of capital repayments during 2022.The assessed value of this property, which has not been reviewed in the last 10 years, amounts to 66,200 euros, of which 27,080 euros correspond to the value of the land and 39,120 euros to the construction value, according to the data from the IBI receipt for 2022, and its land registry reference number is 4927802TG3442F0088ZR.

The cost of purchasing the furniture installed in the property, according to the 2015 invoice, amounts to 6,900 euros.The 2022 expenses on this property was as follows:

- Property Tax (IBI):260.00
- Community:850.00
- Plastering of the façade:210.00

2.Second home rented to a brother of Mrs. M.A.T., for 300 euros per month.

The property was purchased in 2007 for 45,000 euros, including the expenses inherent to the purchase.The cadastral value of the property amounts to 13,800 euros, of which 4,830 euros correspond to the value of the land and 8,970 euros to the value of the construction.This assessed value has not been reviewed in the last 10 years.The land registry reference number for this property is 4927802TG3442F0134YK.

Expenses for this home during 2022 were as follows:

- Property Tax (IBI):91.00
- Loan Interest:4,200.00
- Capital repayments:1,202.00
- Community:720.00
- Air conditioning installation (01-07-22):1,500.00

To determine the reduced net return on real estate capital for these properties in 2022, in the case of joint taxation.

Solution:

1.First rented home:

Full income (900 x 12) 10,800.00

Deductible expenses:

- Interest on capital invested in the acquisition of the property (mortgage loan) (1):400.00
- Repair and maintenance costs (1):210.00
- Taxes, surcharges and fees (IBI):260.00
- Community expenses):850.00
- Amortisation:
  * Housing (3% x 58.200) (2) = 1.746,00
  * Furniture (10% s/6.900) (3) = 690,00

Total deductible expenses:4,156.00

Net yield (10,800 - 4,156) = 6,644.00

Reduction for rental housing (60% /6,644) = 3,986.40

Reduced net earnings:(6,644.00 - 3,986.40 = 2,657.60

Notes to the solution of the prst rented dwelling:

(1) The total amount to be deducted for interest on the foreign capital invested in the acquisition of the property and the costs for repairing and maintaining the property shall be limited to the amount of full income obtained.The excess may be deducted in the following four years (Article 23(a).1 of the Personal Income Tax Act).In this case the total amount (400 + 200 = 600 euros), it is much lower than the full income (10,800 euros).(Return interest) (Return repair costs)

(2) To determine the amounts intended for the depreciation of the real property, consider the following data:

Assessed value:65,200 euros

Assessed value of construction:39,120 euros

% cadastral value of construction/cadastral value [39.120 ÷ 65.200) x 100] = 60%.

Acquisition cost (including costs associated with the purchase) (90,000 + 7,000) = 97,000 Euros

Acquisition cost, excluding land value (97,000 x 60%) = 58,200 Euros

In accordance with Article 14.2.a) of the Personal Income Tax Regulations, depreciation may not exceed, in each year, the result of applying 3 per cent of the greater of the following values:cadastral value of construction (39,120 euros) or acquisition cost excluding land (58,200 euros).(Return)

(3) In accordance with Article 14.2(b) of the personal income tax regulation, in each year, depreciation may not exceed the result of applying the acquisition costs paid for the purchase of the furniture (transferred in conjunction with the property) to the depreciation coefficients determined in accordance with the simplified depreciation table approved by the Order of 27 March 1998 referred to in Article 30.1. of the aforementioned Regulation, i.e. 10 percent.(Go back)

2.Second home rented to a family member.

The highest value of the following must be calculated as minimum total net income:

2.1.The difference between full income and deductible expenses.

Full income (300 x 12) = 3,600

Deductible expenses:

- Interest on capital invested in the acquisition of the property (mortgage loan) (1):3,600

  * Limit:full income:3,600 euros

  * Amount of 2022 to be deducted in the following 4 years:4.200 -3.600 = 600

- Taxes, surcharges and fees (IBI):91.00
- Community expenses:720.00
- Amortisation:

  * Housing (3% x 29,250) (2) = 877.50

  * Air conditioning [6/12 x (10% s/1.500] (3) = 75

Total deductible expenses:5,363.50

Net income (3,600 – 5,363.50) = -1,763.50

Reduction for rental housing (4) :0

Reduced net earnings:-1,763.50

2.2.2 percent of the cadastral value (2% x 13,800) = 276

Net yield:

The largest value of the two calculated in letters a) and b) shall be declared.That is, 276.

Notes to the second tenancy solution:

(1) The total amount to be deducted for interest on the foreign capital invested in the acquisition of the property and the costs for repairing and maintaining the property shall be limited to the amount of full income obtained.The excess may be deducted in the following four years (Article 23(a).1 of the Personal Income Tax Act).In this case the total amount (400 + 200 = 600 euros), it is much lower than the full income (10,800 euros).**(Return)**

(2) To determine the amounts intended for the depreciation of the real property, consider the following data:

Assessed value:13,800 euros

Assessed value of construction:8,970 euros

% cadastral value of construction / cadastral value [8.970 ÷ 13.800) x 100] = 65%.

Acquisition cost, excluding land value (45,000 x 65%) = 29,250 euros **(Back)**

(3) In accordance with Article 14.2(b) of the personal income tax regulation, in each year, depreciation may not exceed the result of applying the acquisition costs paid for the purchase of the furniture (transferred in conjunction with the property) to the depreciation coefficients determined in accordance with the simplified depreciation table approved by the Order of 27 March 1998 referred to in Article 30.1. of the aforementioned Regulation, i.e. 10 percent.**(Go back)**

(4) The reduction for the rental of property used as a dwelling is not applied as the net yield is negative. **(Back)**

3.Sum of reduced net income from real estate capital

The sum of the reduced net income from real estate capital of the two leases:(2,657.60 + 276) = **2,933.60**

Chapter 5.Investment income

Investment income:General issues

Subject

Positive and negative delimitation

A. Positive delimitation

Regulations:Art. 21 Law IRPF

All income or consideration, whatever its denomination or nature, in cash or in kind, deriving, directly or indirectly, from movable capital and, in general, from assets or rights not classified as real estate, owned by the taxpayer and not assigned to economic activities carried out by the taxpayer, are considered to be income from movable capital.

Income corresponding to assets, goods or rights which are exclusively assigned to economic activities carried out by the taxpayer shall be included among those deriving from the aforementioned activities.

> ***Important***:*in no case are assets representing the participation in the equity of an entity and the transfer of capital to third parties [Art. 29.1 c) Law IRPF] to be considered as assets assigned to economic activities [Art. 29.1 c) Law IRPF].*

B. Negative delimitation

They are not considered to be income from movable capital:

- Those derived from the **delivery of bonus shares.**

  Regulations:(Arts.25.1 b) and 37.1 a) and b) Law IRPF

  The tax treatment of the receipt of paid-up shares in the case of both securities admitted to trading and securities not admitted to trading is discussed in Chapter 11.

  > ***Note***:*since 1 January 2017, the amount obtained from the transfer of both subscription rights from securities admitted to trading and of subscription rights from securities not admitted to trading on an organised market is considered as capital gains subject to*

withholding tax.See Chapter 11.

- The **dividends and profit shares** distributed by companies originating **from tax periods during which these companies were under the tax transparency regime.**

  Regulations:Art. 91.9 and tenth transitional provision Ley IRPF;fourth transitional provision Regulation IRPF

- The consideration obtained for the **deferral or instalment of the price of transactions** carried out in the course of the taxpayer's normal economic activity.

  Regulations:Art. 25.5 Law IRPF

- Those derived from the **lucrative transfers, due to the death** of the taxpayer, of assets representing the raising and use of outside capital.**Nor will the income from movable capital negative derived from the lucrative transfer of assets representing the raising and use of other people's capital by "inter vivos" acts be computed.**

  Regulations:Art. 25.6 Law IRPF

- The **dividends and shares in profits** referred to in Article 25.1 a) and b) Law IRPF that come from profits obtained in **tax periods during which the entity distributing them was taxed under the regime for asset-holding companies.**

  Regulations:Tenth Transitional Provision Law IRPF

- The **distribution of profits** referred to in article 25.1 a) and b) Law IRPF obtained by **civil companies that had kept accounts in accordance with the commercial code in the financial years 2014 and 2015** and that became corporate taxpayers as from 1 January 2016, during the tax periods in which the income attribution system was applicable, will not be included in the taxable base of the recipient who is a taxpayer of IRPF, nor will they be subject to withholding and payment on account.

  Regulations:Thirty-second transitional provision.3 LIS

Estimated income from movable capital and related operations

Regulations:(Arts.6.5, 40 and 41 Law IRPF

The provision of goods or rights capable of generating income from movable capital **is presumed to be remunerated, unless there is evidence to the contrary**.In the absence of proof to the contrary, the estimated income shall be valued at market value, this being understood to be the consideration that would be agreed between independent parties, in the absence of proof to the contrary, of a lower value.

In the case of **loans and borrowing transactions 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 per 100** for the financial year 2022.

In the case of transactions between related persons or entities, the valuation shall be carried out at market value, in accordance with the terms set out in article 18 of the LIS.This chapter also discusses the inclusion in the tax base of income obtained from the transfer to third parties of equity capital from related entities.

Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

In accordance with Article 18 of the LIS the linking relationships occur in transactions between:

- An entity and its members or participants,
- An entity and its de jure and de facto directors or managers,
- A company and spouses or others linked to partners or shareholders, advisers or managers by kinship, in a direct or collateral line, by consanguinity or affinity, up to the third degree.
- An entity and the directors or managers of another entity, where both entities belong to a group.

When the link is defined according to the partner-company relationship, the partner's share must be equal to or greater than 25 percent.

The tax authorities may verify that transactions carried out between related persons or entities have been valued at their market value and, where appropriate, make the necessary valuation adjustments in respect of transactions subject to corporation tax, IRPF or non-resident income tax that have not been valued at their market value.For this purpose, the taxpayer of IRPF must comply with the documentation obligations of related-party transactions under the terms and conditions established in Chapter V (articles 13 to 16) of the Corporate Income Tax Regulations, approved by Royal Decree 634/2015, of 10 July (BOE of 11 July).

Classification according to origin or source

Regulations:Article 25 Personal Income Tax Act

Based on the assets from which they arise, the income from liquid capital are classified, for the purposes of personal income tax, in the following four groups:

1. **Income obtained from the participation in the equity of any type of entity.**

2. **Income obtained from the transfer of own capital to third parties.**

3. **Income from capitalisation operations and life or disability insurance contracts**, except when they must be taxed as income from work, **and income derived from the taxation of capital.**

   However, benefits from insurance contracts concluded within the framework of social security are taxed as income from work .The following are considered:

   - Insurance contracts concluded with social welfare mutualities whose contributions may have been, at least in part, deductible expenditure or subject to reduction in the tax base.

   - Corporate social welfare plans and collective insurance that instrument pension commitments assumed by companies, under the terms set out in the first additional provision of the revised text of the Pension Plans and Funds Regulation Act, approved by Royal Legislative Decree 1/2002, of 29 November (BOE of 13 December).

   - Insured pension plans.
   - Dependency insurance in accordance with the provisions of Law 39/2006, of 14 December, on the Promotion of Personal Autonomy and Care for Dependent Persons (BOE of 15 December).

4. **Other earnings from liquid capital.**

Classification according to their inclusion in the gross tax base

Regulations:(Arts.45 and 46 of the Personal Income Tax Act

The current Personal Income Tax Act, in order to provide a neutral treatment for income derived from savings, establishes the incorporation of all incomes thus qualified, whatever the financial instruments in which they materialise and the term of their generation, into a single base called the gross savings tax base.

The gross savings tax base consists of the following yields:

- Derivatives from shareholding in entities' shareholders' equity.
- Derivatives from the assignment of equity capital to third parties
- Derivatives of life insurance or disability contracts and capitalisation transactions.
- Those from life annuities or temporary income arising from the capital taxation.

The general gross tax base includes, inter alia, the following income:

- Derivatives of intellectual and industrial property and the provision of technical assistance.
- Derivatives of the leasing of real estate, businesses or mines and subleasing and the transfer

of the image usage rights.

The following image shows graphically the classification of income from movable capital according to its inclusion in the tax base:

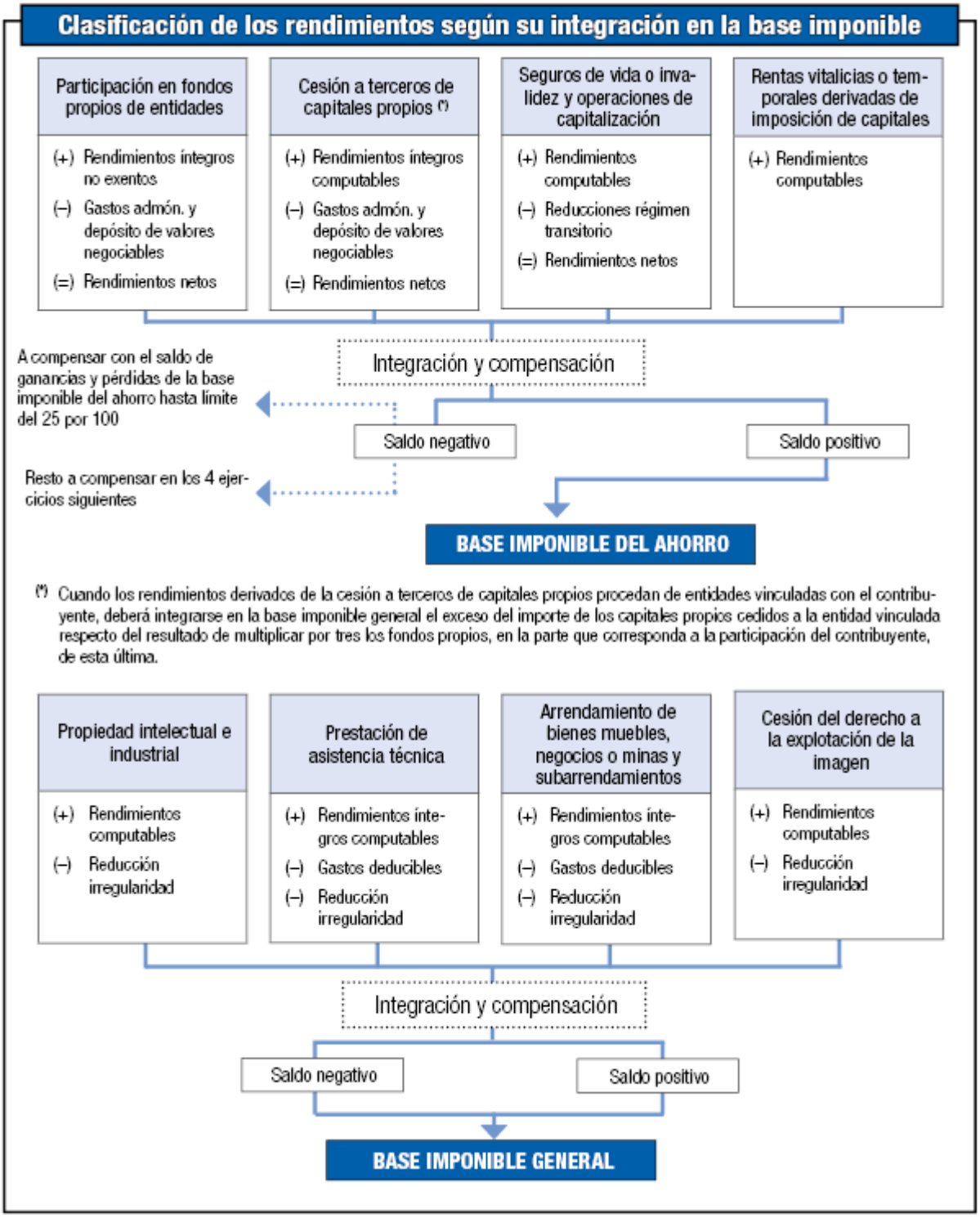

Table:Classification of yields according to their origin

Applicability	Yield class	Examples
Equity securities (Shares and other equity investments in any type of entity)	Income from holdings in the equity of entities	• Dividends, bonuses for attendance at meetings and shares in the profits of companies • Incorporation or transfer of rights or powers of use or enjoyment of shares and participating interests • Any profit derived from being a partner, shareholder, associate or unit-holder • Distribution of additional paid-in capital and capital reduction with return of paid-in capital in traded securities whose amounts exceed the acquisition value of the respective shares
Debt securities and other financial instruments Own capital transferred to third parties	Agreed or estimated income from the transfer of own capital to third parties	• Interest on accounts or deposits • Interest and other income from fixed-income securities (bonds, debentures) • Interest on loans granted
	Income from transactions in financial assets	• Transfer, redemption, exchange or repayment of financial assets, such as: ◦ Public Debt Securities (Treasury Bills, Bonos and Obligaciones del Estado, etc.) ◦ Other financial assets ◦ Preference shares and subordinated debt • Reverse repurchase agreements and credit transfers
Life or disability insurance contracts and capitalisation operations	Income from life or disability insurance contracts and from capitalisation transactions	• Survivors' benefits • Retirement benefits • Invalidity benefits • Temporary income or annuities from capital taxation
Other assets and liabilities of a movable nature not assigned (Assets or rights)	Other income from movable capital	• Intellectual property (if the recipient is a person other than the author) • Industrial property **(*)** • Technical assistance (*) • Leasing of movable property, businesses or mines, as well as the proceeds from subleasing received by the sublessor (*) • Transfer of the right to use the image (*)

Note:

(*) Provided that the income does not derive from tangible assets and is not obtained in the course of an economic

activity.(Go back)

Income to be included in the savings taxable base

Income obtained from shares in own funds of any entity

Regulations:Article 25.1 of the Personal Income Tax Law

In general, income in cash and in kind obtained by participating in the equity of any type of entity.

The following income, in cash or in kind, is included in this category:

a. The **dividends, meeting attendance fees and profit-sharing** of any type of entity.

b. The **income from any kind of assets**, except for the delivery of fully or partially paid-up 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 remuneration for personal work.

c. Income deriving from the **constitution or transfer of rights of use or enjoyment**, whatever their denomination or nature, **on the securities or shares representing the participation in the entity's own funds.**

d. **Any other profit**, other than the above, derived from an entity **by virtue of being a member, shareholder, associate or participant**.

e. The **distribution of the share premium and the capital reduction with return of contributions.** It is examined in the following section of the "Income from equity participation of any entity" of this Chapter.

Specifically:Distribution of the share premium and the capital reduction with return of contributions

Regulations:(Arts.25.1.e) and 33.3.a) Law IRPF

A distinction must be made between:

1.Securities admitted to trading on one of the European Union's stock exchanges

In this case **the amounts obtained** from the distribution of the issue premium and the capital reduction with return of contributions corresponding to securities admitted to trading **will reduce, until they are cancelled, the acquisition value** of the shares or holdings affected **and any excess** that may result will be taxed as **income from movable capital** not subject to withholding or payment on account.

However, **when the capital reduction comes from undistributed profits, the entire amount received in this respect will be taxed as a dividend**.For these purposes, reductions of capital, whatever their purpose, shall be deemed to affect in the first place that part of the share capital which does not derive from retained earnings, until such time as they are cancelled.

2.Securities not admitted to trading on any of the stock exchanges of the European Union

These are securities not admitted to trading on any of the regulated securities markets as defined in Directive 2014/65/EU (European Union) of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, and which represent the equity of companies or entities.

In the case of distribution of share premiums and capital reductions intended to repay contributions **and not deriving from undistributed profits**, corresponding to these securities not admitted to trading, the positive or negative sign of **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 distribution of the premium or the capital reduction and their acquisition value must be taken into account.

a. If the difference 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 aforementioned positive difference**.

> It should be noted that, although articles 25.1.e) and 33.3.a) of Law IRPF refer to Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, this directive has been repealed with effect from 3 January 2017 by Directive 2014/65/EU (European Union) of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.Article 94 provides that references to Directive 2004/39/EC shall be construed as references to Directive 2014/65/EU.

b. If the difference is negative **or zero**, the amount received will reduce the acquisition value of the shares or units until it is cancelled.

For the purpose of calculating the positive difference, the value of own funds shall be reduced, where appropriate, by the following amounts:

- In the amount of distributed profits **prior to** at the date of the distribution of the share premium or the capital reduction, from reserves included in the aforementioned own funds.
- In the amount of the **legally restricted reserves** included in this own funds which have been generated after the acquisition of the shares or units.

The excess over this limit, , i.e. the difference between the value of own funds and the acquisition value of the shares or holdings, will reduce the acquisition value of the latter until it is cancelled and the part of this excess that exceeds the acquisition value will be taxed as income from capital assets not subject to withholding or payment on account.

Likewise, in order to avoid cases of double taxation, if the distribution of the issue premium or the capital reduction aimed at the return of contributions and does not derive from undistributed profits determined income from movable capital for the aforementioned difference between the acquisition value and the value of equity, and the taxpayer subsequently obtains dividends or

shares in profits from the same entity in relation to shares or holdings that have remained in its assets since the distribution of the issue premium or since the capital reduction, the amount of these will reduce the acquisition value of the same, with the limit of the income from movable capital previously calculated for the distribution of the issue premium or for the capital reduction with the return of contributions.

In a nutshell: *if the equity attributable to the individual taxpayer (less any unavailable reserves included in this equity which have been generated after the acquisition of the shares or holdings and the amount of the profits distributed prior to the date of the distribution of the share premium or the capital reduction from reserves included in this equity) exceeds the acquisition value of his shares or holdings, the amount received (the distribution of the share premium or the capital reduction as described above), up to this positive difference is taxed as income from capital.The remainder of the amount received reduces the acquisition value of the shares or units until it is cancelled and the part that exceeds the acquisition value is taxed as income from movable capital not subject to withholding or payment on account.*

The reason for this amendment is that this explanatory paragraph only takes into account as a reduction of own funds the legal reserves, not mentioning the reserves distributed earlier, which are included in own funds.At the same time, it is not specified that the legal reserves included in this own funds are those that would have been generated after the acquisition of the shares.The word "excess", on the other hand, can be confusing, as in the previous paragraph it is used in the sense of the part of the total received that exceeds the positive difference between the own funds and the acquisition value, whereas in the present paragraph it is used first as the positive difference between the own funds and the acquisition value and secondly it seems to be used as the part of the total received that exceeds the positive difference between the own funds and the acquisition value.Finally, the phrase "taxed again" should be deleted, as each component into which the company's receipts are divided is taxed or computed only once.

The following is a case study on this subject:

Example:Distribution of share premium and capital reduction with return of contributions in securities not admitted to trading

In 2009, Mr. R.G.M. acquired 300 shares in the company "Max, S.A.".3,000, which is not listed on the stock exchange.On 15 October 2022, as a result of the capital increase that the aforementioned company carried out the previous year, it received a share premium of 2 euros per share.

The share capital of "Max, S.A." in the last financial year ended prior to the date of distribution of the premium consisted of 2,500 shares with a nominal value of 10 euros, and there were reserves of 2,500 euros, of which 1,250 euros were restricted reserves.

Solution:

Own funds value

- Share capital (2,500 shares)x 10):25,000.00

- Total reserves:+2,500.00
- Reserves unavailable:-1,250.00
- Equity value of the company "Max, S.A.".(25.000 + 2.500 - 1.250) = 26.250,00
- Equity value corresponding to the shares of Mr. R.G.M. (10,5 euros x 300 shares)(1) = 3.150,00

Note (1) The equity value per share shall be 10.5 euros [the result of dividing the value of the company's equity for the last financial year ended prior to the date of the distribution of the premium by the total number of shares in the company, i.e. 26,250.00 euros / 2,500 shares].**(Back)**

Taxation limit

- Equity value of shares:3,150.00
- Acquisition value of the shares:3,000.00
- Positive difference:150.00

Taxation of share premium

- Share premium (300 shares)x 2) = 600,00
- Limit (3,150 -3,000) = 150.00

Amount taxed as income from movable capital (2):150.00

Note (2) This will be the positive difference between the value of the equity corresponding to the shares and their acquisition value, as the capital gains to be computed in these cases is limited to the aforementioned positive difference and is not subject to withholding.**(Back)**

Excess which reduces the acquisition value (600 - 150) (3) = 450.00

Note (3) This will be determined by the excess between the positive difference between the equity value of the shares and the acquisition value of the shares and the amount of the premium received, i.e. EUR 450 (600 - 150).As a result of the above, the new acquisition value of the shares will be EUR 2,550 (3,000 - 450).

If the taxpayer subsequently obtains dividends or shares in the profits of the same entity in relation to these shares, the amount of these, up to the limit of the income from movable capital previously calculated for the distribution of the share premium as a result of the aforementioned difference between the acquisition value and the value of the equity, will also reduce the acquisition value of the shares.**(Back)**

Special cases

A. Reduction of capital and distribution of additional paid-in capital made after 23 September 2010 by open-ended investment companies (SICAVs)

Regulations:Art. 94.1.c) and d) and 94.2.b) Law IRPF

a. In the event of a reduction in the capital of open-ended investment companies whose purpose is the return of contributions, the amount of this or the normal market value of the goods or rights received shall be classified as income from movable capital, in accordance with the provisions of article 25.1 a) of the Law of IRPF, **with the highest limit of the following amounts**:

1. **The increase in the net asset value of the shares** from the time of their acquisition or subscription until the time of the reduction of the share capital.

2. Where the reduction of capital derives from retained earnings, **the amount of such earnings**.For these purposes, reductions of capital, whatever their purpose, shall be deemed to affect first the part of the share capital deriving from retained earnings, until they are cancelled**.**

The excess over the aforementioned limit **will reduce the acquisition value of the shares affected until they are cancelled**, under the terms established in article 33.3 a) of the Law of IRPF.

In turn, the excess that could result will be integrated as a yield of the capital furniture derived from the participation in the own funds of any type of entity. In the manner envisaged for the distribution of the emission premium for securities admitted to trading on any of the European Union's securities markets.

b. In cases of distribution of the issue premium of shares in open-end investment companies, the entire amount obtained shall be considered as income from movable capital, without the aforementioned reduction in the acquisition value of the shares admitted to trading on any of the European Union stock markets, provided for in Article 25.1 e) of the Law of IRPF.

The provisions for SICAV apply equally to collective investment undertakings equivalent to open-ended investment companies which are registered in another State, irrespective of any limitations they may have in respect of restricted groups of investors, in the acquisition, disposal or redemption of their shares;In any event, it shall apply to companies covered 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 [Art. 94.2.b) Law IRPF].

It should be noted that Law 11/2021, of 9 July, on measures to prevent and combat tax fraud, established additional requirements for open-ended investment companies (SICAVs) to apply the 1 per cent tax rate in relation to corporate income tax.

This amendment is accompanied by a transitional regime for SICAVs that agree to be dissolved and wound up, the purpose of which is to allow their members to transfer their investment to other collective investment undertakings that meet the requirements for maintaining the 1 per cent corporate income tax rate.

B. Dividends and profit participations from certain borrowed securities

Dividends, shares in profits and other income derived from securities borrowed as referred to in the eighteenth additional provision of Law 62/2003 of 30 December 2003 on fiscal, administrative and social measures (Official State Gazette of 31 December 2003) shall be included in the borrower's income in accordance with the provisions of the aforementioned provision.

The tax regime for the lender of remuneration and, where applicable, compensation for economic rights arising from the securities lent during the term of the loan is discussed in this Chapter.

Accuracy: It should be noted that the LIShas repealed, with effect from 1 January 2015, paragraph 2 of the eighteenth additional provision of Law 62/2003 of 30 December 2003, which establishes the tax regime applicable to securities lending transactions.Therefore, the tax treatment provided for in the aforementioned additional provision eighteen of Law 62/2003 when the lender or borrower is a personal income tax payer remains in force.

Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

In particular, the borrower must include in his taxable income the full amount received from the securities borrowed.In particular, the total amount received in the event of a distribution of the issue premium or a capital reduction with return of capital involving securities lent, as well as the market value of the subscription or free allotment rights granted in the event of a capital increase, must be included.

The tax regime applicable to acquisitions or transfers of securities homogeneous to those borrowed made by the borrower during the term of the loan is discussed in Chapter 11.

Deductible expenses:administration and deposit

Regulations:Art. 26.1 a) Personal Income Tax Law

In determining the net income on movable capital corresponding to this type of income, only the administration and deposit fees for shares or holdings representing participation in the equity of entities may be deducted, without any other item of expense being eligible for deduction.

For these purposes, **shall be considered as administration and deposit fees** those amounts charged by investment services companies, credit institutions or other financial institutions which, in accordance with Royal Legislative Decree 4/2015, of 23 October, approving the revised text of the Securities Market Act (BOE of 24 October), are intended to remunerate the service derived from the performance, on behalf of their holders, of the service of deposit of securities represented in the form of securities or the administration of securities represented in book entries.

Accuracy: Although article 26.1.a) of the Law of IRPF refers to Law 24/1988, of 28 July, on the Securities Market, it must be taken into account that the sole additional provision of Royal Legislative Decree 4/2015, of 23 October, establishes that the regulatory references made in other provisions to Law 24/1988, of 28 July, on the Securities Market, shall be understood to be made to the corresponding precepts of the revised text approved by the aforementioned Royal Legislative Decree 4/2015.

The following are not deductible:

Amounts representing consideration for discretionary and individualised management of investment portfolios, where there is a disposal of the investments made on behalf of the holders in accordance with the mandates given by them.

Example:Income from equity investments in any entity

Mr. L.H.L. received the following income in 2022 as a shareholder of certain listed companies.

1.From the company "Alfa, SA", he received the following amounts:

Dividends:

Full amount:1,020 euros

Meeting attendance fees:

Full amount:300 euros

Bonus shares issued as a result of a capital increase:

Market value:3,005 euros

2.On 10 February 2022, he constituted a 10-year temporary usufruct in favour of the company "Beta, SA" on a package of shares in the company "Gamma, SA" for a total amount of 21,000 euros, which he will receive in instalments at the rate of 2,100 euros on 13 February of each of the respective years of duration of the usufruct.

For the service of administration and deposit of the shares, the credit institution has charged him 31 euros.Determine the amount of eligible net income and withholdings.

Solution:

Company "Alfa SA":

Dividend amount = 1,020
Meeting attendance fees = 300
Released shares (1) = --
Withholding tax (193.8 + 57) (2) = 250.80

Constitution of usufruct:

Eligible yield:2,100
Withholding tax (19% s/2,100):399

Total full income (1,020 + 300 + 2,100) = 3,420

Deductible expenses = 31

Net income to be included in the savings tax base (3,420 - 31) = 3,389

Notes for the example:

(1) The receipt of fully paid-up shares does not constitute income from movable capital.The tax treatment applicable to the receipt of fully paid-up shares (of securities admitted to trading) is discussed in Chapter 11 of this handbook.(Back)

(2) The withholding tax rate applicable to income derived from equity investments in entities for the financial year 2022 is 19%.

As a result, the withholdings incurred were as follows:

Dividend (19% s/1,020) = 193.80
Meeting attendance bonus (19% s/300) = 57
Amount of withholdings:193.80 + 57 = 250.80 (Back)

Earnings from the assignment of equity capital to third parties

Regulations:Art. 25.2 of the Personal Income Tax Act

Conditions

Considered as such are considerations of any kind, whatever their denomination or nature, whether in cash or in kind, obtained as remuneration for the transfer to third parties of own capital,

as well as those deriving from the transfer, redemption, amortisation, exchange or conversion of any kind of assets representing the raising and use of other people's capital.

Within this yield category, the following four groups can be distinguished:

(a) Income from the transfer to third parties of own capital

Examples include the following:

- Interest on accounts with all types of financial institutions, including those based on transactions in financial assets.
- Interest, coupons and other periodic income derived from fixed-income securities.
- Interest on financial assets with an effective withholding tax of 1.2% due to the application of the rebate provided for in the sixth transitional provision of the LIS.

  The particularities of the deductible withholdings corresponding to such income are discussed in Chapter 18.

- Interest on loans granted to third parties.
- Income derived from repurchase agreements (REPOS).This is the name given to sale transactions that include an optional or non-optional repurchase commitment that is made at an intermediate point between the sale date and the redemption date.The most common "REPOS" are on Bonds and Government Bonds.
- Income paid by a financial institution as a result of the transfer, assignment or transfer, in whole or in part, of a claim owned by it.The income obtained by the transferee or acquirer is in any case classified as income from movable capital.

(b) consideration arising from the transfer, redemption, repayment, redemption, exchange or conversion of any kind of financial assets, irrespective of the nature of the yield they produce, whether implicit, explicit or mixed

Marketable securities representing the raising and use of borrowed funds, irrespective of the form in which they are documented, are considered to be **"financial assets**".Drawing instruments, including those originating from commercial transactions, are also considered as such from the moment they are endorsed or transferred, unless the endorsement or transfer is made in payment of a credit from suppliers or providers.

By way of example, the following securities, among others, constitute financial assets:

- Public Debt Securities (Treasury Bills, Obligaciones and Bonos del Estado).
- Financial bills.
- Financial or corporate promissory notes issued at a discount.
- Bonds or debentures with periodic accrual of coupons or with issue, redemption or refund

premiums.

- In general, any asset issued at a discount.

Article 91 of the Regulations of IRPF distinguishes between financial assets with implicit yield, with explicit yield and with mixed yield, for the purposes of subjecting this income to the system of withholdings or payments on account, without this distinction having any relevance for the tax classification of the income obtained.

- **Financial assets with an implicit return** are those in which the return is generated by the difference between the amount paid on issue, first placement or endorsement and the amount committed to be repaid on maturity of the operation.Implicit returns include issue, redemption or redemption premiums.

- **financial assets with an explicit return** are considered to be those that generate interest and any other form of remuneration agreed as consideration for the transfer to third parties of own capital that is not included in the concept of implicit return in the terms mentioned in the previous paragraph.

- The **mixed-return financial assets** are those that generate implicit and explicit returns.These securities shall follow the regime for financial assets with an explicit yield when the annual cash yield they produce of this nature is equal to or higher than the reference rate in force at the time of issue, even if the terms of issue, redemption or repayment implicitly fix an additional yield.They shall follow the regime for financial assets with implied returns where the annual cash is lower than the benchmark.

***Note**: all income derived from transactions in financial assets generates, without exception, income from movable capital.However, in lucrative transfers of financial assets due to the death of the taxpayer (the so-called "capital gain of the deceased"), it will be considered that there is no income from movable capital.Nor is the negative return on capital derived from the lucrative transfer of capital by "inter vivos" acts computed (Art. 25.6 Law IRPF).*

(c) Income from certain securities lending transactions

Regulations:Eighteenth additional provision Law 62/2003 of 30 December 2003 on fiscal, administrative and social measures (BOE of 31 December).

The securities loan is that transaction that meets the remaining requirements set out in the eighteenth additional provision of Law 62/2003 and, whereby a party (the lender), in exchange for a monetary remuneration, transfers temporarily to another party (the borrower) securities.The borrower obtains the monetary amounts corresponding to the economic rights that by any other concept derive from the securities borrowed during the term of the loan with the obligation to return to the maturity of the same other so many homogeneous values to the borrowed ones.Dividends and profit participations from securities borrowed constitute for him income obtained from the equity of any entity, as explained in the previous section.

For the lender the remuneration for the loan as well as the amount of compensation for the economic rights arising from the securities lent during the term of the loan shall be regarded as

income from the transfer of own capital to third parties .

> ***Attention:*** *Please note that the eighteenth additional provision of Law 62/2003 has been repealed with regard to Corporate Income Tax, with effect from 1 January 2015, by Law 27/2014, of 27 November (BOE of 28 November), but remains in force for IRPF.*

However, the amounts of compensation for the distribution of share premium, for capital reductions with repayment of contributions or for pre-emptive or free-of-charge subscription rights generated during the term of the loan will be treated by the lender as described in Chapter 11.

d) Income derived from preference shares and subordinated debt

Subject

Income derived from subordinated debt securities or preference shares issued under the conditions established in the second additional provision of Law 13/1985, of 25 May, on investment ratios, equity and information obligations of financial intermediaries (BOE of 28 May) and, since 28 June 2014, in the first additional provision of Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions (BOE of 27 June) are considered to be income obtained from the transfer of equity to third parties.

> It should be noted that, with effect from 28 June 2014, Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions (BOE of 27 June), repealed Law 13/1985, of 25 May, on investment ratios, equity and information obligations of financial intermediaries, regulating in its first additional provision both the tax regime applicable to preference shares and certain debt instruments (specifically, subordinated debt) and the requirements they must meet.However, the entry into force of Law 10/2014 does not modify the tax regime applicable to preference shares and other debt instruments issued prior to that date, in accordance with the provisions of the second transitional provision of the aforementioned Law.

Special optional rule for quantification of income from subordinated debt or preference shares for compensation received under agreements with issuing institutions

Regulations:Forty-fourth additional provision Law IRPF

For those taxpayers who receive compensation in 2022 as a result of agreements entered into with subordinated debt and preference share issuers, the Law of IRPF establishes a special quantification rule that makes it possible to compute, on a voluntary basis, in the year in which the compensation is received, a single return on capital for the difference between the compensation received and the investment made, leaving the intermediate operations of repurchase and subscription or exchange of securities without tax effects.

As it is voluntary, the taxpayer may, in any case, decide not to apply the special rule and apply the general rules of IRPF, giving each of the operations carried out the appropriate treatment.

If you opt for this special rule **the tax treatment to be followed is as follows**:

- **The difference between the compensation received and the investment initially made shall be computed as income from movable capital in the year in which the**

compensation is received .This compensation will be increased in the amount that would have been previously acquired from the transfer of securities received.If the securities received in the exchange were not previously transferred or delivered in connection with the agreement, the compensation shall be increased by the valuation of such securities taken into account for the quantification of the compensation.

- **The repurchase and subscription or exchange for other securities, or the transfer of the latter carried out before or on the occasion of the agreement**, shall have no tax effects, and if applicable, a complementary self-assessment without penalty, late payment interest or surcharge must be made within the period between the date of the agreement and the three months following the end of the period for filing the self-assessment in which the compensations referred to in the previous point are imputed, i.e. within the period **between the date of the agreement and 30 September 2023**.

  If this special quantification rule is applied, immediately after filing, if applicable, these supplementary self-assessments, the taxpayer is obliged to notify the tax years of the self-assessments affected by the new quantification by completing a specific form that can be submitted electronically, via the Internet (AEAT e-Office), or at the Tax Agency's registration offices.

> ***Note:*** *Unlike taxpayers who have received compensation as a result of agreements entered into with entities issuing subordinated debt and preference shares, holders of subordinated debt or preference shares whose contracts have been declared null and void by a court ruling, and who have included income from them in their self-assessment corresponding to IRPF, may request the rectification of said self-assessments and request and, where applicable, obtain a refund of undue income, even if the right to request the refund has lapsed.*
>
> *When the right to request a refund has lapsed, the rectification of the self-assessment referred to in the previous paragraph shall only affect the income from subordinated debt and preference shares, and any withholdings that may have been made on such income.*

Determination of full income

A distinction must be made:

a. In the case of interest and other remuneration agreed or estimated for the transfer of equity to third parties

If the remuneration is in cash, **,**, the full amount of such income shall be included in the taxable base, without deducting the withholding tax levied on such income.

If the remuneration is **in kind**, the valuation of the income (market value of the good, right or service received) plus the payment on account will be included in the taxable base, unless this has been passed on to the holder of the income (Art. 43.2 Law IRPF).

The supply of goods or rights capable of generating income from movable capital shall be

presumed to be remunerated, unless there is proof to the contrary.In the absence of proof to the contrary, the valuation of the estimated income in the case of loans and operations to attract or use third-party capital in general, shall be made by applying the legal interest on money in force on the last day of the tax period, 3 percent for the fiscal year 2022.

b. In the case of transactions in financial assets

Income derived from the transfer, redemption, amortisation, redemption, exchange or conversion of any kind of financial assets (implicit income) shall be included in the tax base in accordance with the following rules:

1. The computation of each return must be made individually for each security or asset by the difference between the disposal, redemption or repayment value and the acquisition or subscription value.

2. The ancillary costs of acquisition and disposal, provided they are satisfied by the acquirer (acquisition value) or transmittor (disposal value or reimbursement) and are duly justified, shall be computed for the quantification of the performance obtained.

3. Negative returns shall be integrated with positive returns, except in the event that the taxpayer has acquired homogeneous financial assets within the two months prior or subsequent to such transfers, in which case, such negative returns shall be integrated as and when the financial assets remaining in the taxpayer's assets are transferred [Art. 25.2 b) Law IRPF].

   See also in relation to this last rule Article 8 of the Regulation IRPF "Concept of homogeneous securities or holdings".

Accordingly, the amount of the return on the capital shall be determined by performing the following operation:

Yield = Disposal or redemption value - Acquisition or subscription value

For this purpose, the amount of the expenses and taxes inherent in such satisfied transactions, which are properly justified, without such consideration of the withholding or on-account income incurred, shall be considered as a higher acquisition or subscription value, or as a lower transmission, refund or amortization value.

Regarding retention:

As a general rule, income from financial assets **is subject to withholding or payment on account**.

Notwithstanding the above, **there is no obligation to make withholdings or payments on account on the following income** (Art. 75.3 Reglamento IRPF):

- Returns on securities issued by the Bank of Spain which constitute a regulatory instrument for intervention in the monetary market and the returns on Treasury securities.However, income from contracts of accounts based on Treasury securities transactions that are entered into with credit institutions and other financial institutions is subject to retention or on-account entry.

- The returns of accounts abroad satisfied or paid by permanent establishments abroad of credit

institutions and financial establishments resident in Spain.

- The premiums for conversion of bonds into shares.
- Returns resulting from the transmission or reimbursement of financial assets with explicit return, provided that they meet the following requirements:

  a. That are represented by annotations in account.
  b. That they are traded in an official secondary market of Spanish securities.

However, income from transactions-based account contracts on the above securities that are entered into with credit institutions and other financial institutions is subject to retention or on-account entry.

Outline of the fiscal regime of the Public Debt of the State

Types	Quantification of performance	Retention
Treasury bills	Disposal Value - Acquisition Value	No
Government bonds	Coupon:full amount	Yes
	Disposal Value - Acquisition Value	No (*)
Obligations of the State	Coupon:full amount	Yes
	Disposal Value - Acquisition Value	No (*)
Financial accounts in Bills, Bonds and Debentures	Disposal Value - Acquisition Value	Yes

(*) The part of the yield equivalent to the coupon accrued on transfers of the aforementioned securities is subject to withholding tax when they are made during the 30 days immediately prior to the maturity of the coupon by a taxpayer of IRPF to a corporate income taxpayer or to a person or entity not resident in Spanish territory.**(Back)**

Deductible expenses:administration and deposit

Regulations:Art. 26.1 Law IRPF

They take into account deductible expenses for the determination of net return on furnished capital, exclusively those for administration and deposit of negotiable securities, without the deduction of any other concept of expenditure being admissible.

For these purposes, the amounts charged by investment services companies, credit institutions or other financial institutions which, in accordance with Royal Legislative Decree 4/2015, of 23 October, approving the revised text of the Securities Market Act (BOE of 24 October), are intended to remunerate the service derived from the performance, on behalf of their holders, of the service

of deposit of securities represented in the form of securities or the administration of securities represented in book entries, shall be considered as **administration and deposit fees** .

> **Accuracy:** Although article 26.1.a) of the Law of IRPF refers to Law 24/1988, of 28 July, on the Securities Market, it must be taken into account that the sole additional provision of Royal Legislative Decree 4/2015, of 23 October, establishes that the regulatory references made in other provisions to Law 24/1988, of 28 July, on the Securities Market, shall be understood to be made to the corresponding precepts of the revised text approved by the aforementioned Royal Legislative Decree 4/2015.

The following are not deductible:

Amounts representing consideration for discretionary and individualised management of investment portfolios, where there is a disposal of the investments made on behalf of the holders in accordance with the mandates given by them.

Determination of the net yield

The net yield is determined by the difference between the total yield and the administration and deposit costs of marketable securities.

The operations necessary to determine the amount of net income from movable capital that is included in the savings tax base are shown in the following diagram:

(+) FULL PERFORMANCE

a. Interest and other agreed or estimated remuneration

- Remuneration :Full amount
- Remuneration **in kind:**Valuation + Non-referred payment on account
- Estimated returns .In the absence of proof to the contrary, 3 per cent for the financial year 2022 on the value of the assets and/or rights.

b. Transactions in financial assets (implied returns):

RCM= Disposal or redemption value - Acquisition or subscription value

(*) This takes into account the amount of the expenses and taxes inherent to these operations paid, which are adequately justified, without taking into account withholdings or payments on account made.

(-) ADMINISTRATION AND DEPOSITORY FEES FOR NEGOTIABLE SECURITIES

(=) NET YIELD

Special case of integration of income obtained from the transfer to third parties of own capital from related entities

Regulations:Art. 46 a) Personal Income Tax Law

When the income obtained from the transfer to third parties of own capital comes from entities

related to the taxpayer, the following must be taken into account:

The valuation of this income must be carried out at market value.

This income is included in the general tax base and in the savings tax base according to the following rules:

- **General tax base:**shall form part of the general taxable base those corresponding to the **excess** of the amount of own funds transferred to a related entity **with respect to** of the result of multiplying by three the own funds, in the part corresponding to the taxpayer's shareholding, of the latter.

  For the purposes of calculating this excess, the amount of the related entity's equity as reflected in the balance sheet corresponding to the last financial year closed prior to the accrual date of IRPF and the taxpayer's percentage shareholding existing on that date must be taken into consideration.

- **Savings tax base:** The difference between the market value of this income and the amount of the part of the income to be included in the general tax base as indicated above is included in the savings tax base.

Related persons or entities:

In order to determine when there is a relationship, the provisions of Article 18.2 of the LISmust be taken into account, in which related persons or entities are considered to be related persons or entities:

- A company and its partners or shareholders.
- A company and its board members or managers, except regarding remuneration for the performance of their duties.
- A company and spouses or others linked to partners or shareholders, advisers or managers by kinship, in a direct or collateral line, by consanguinity or affinity, up to the third degree.
- A company and the advisers or managers of another company, when both companies belong to a group.

In cases where the link is defined on the basis of the relationship of the members or participants with the entity, the shareholding must be equal to or greater than 25 per cent.Managers will be understood to include both de facto and de jure managers.In cases where the relationship is not defined on the basis of the shareholder or unit-holder-entity relationship, the percentage of ownership to be taken into account is 25 per cent.

In these cases, the taxpayer of IRPF must comply with the documentation obligations for related-party transactions under the terms and conditions established in Chapter V (articles 13 to 16) of the Corporate Income Tax Regulations, approved by Royal Decree 634/2015, of 10 July (BOE of 11 July).

See the practical application of this scenario at example on the calculation of net capital gains in the case of gains on the transfer of own capital to third parties in the following section.

Example:Income from the transfer of own capital to third parties

Mr. M.L.H., single, has obtained the following income during the year 2022:

- On 10 January, he received 400 euros in interest on an eight-year, one-day deposit (date of imposition 9 January 2013;capital tax 20,000 euros).
- On 26 May, he subscribes to five-year "M, S.A." bonds for an effective amount of 10,800 euros, with annual coupon payment (on 25 May).On 3 October, he transfers half of the bonds for 5,800 euros, incurring transfer costs of 30 euros."M, S.A."is listed on the stock exchange and the bonds are represented by book-entry securities.
- On 30 October he receives 5,000 euros in annual interest from "Z, S.A.".of which he is the sole director and majority shareholder, for the loan that, on 29 October 2017 and in the amount of 70,000 euros, he made to the same.This loan will be repaid in full on 30 October 2022.The amount of interest corresponds to the market value.

  In the balance sheet for the financial year 2021, closed on 31 July 2022, "Z, S.A."50,000 and the taxpayer's shareholding as at 31 December was 40 per cent.
- On 12 December it sells 100 bonds of "T, S.A.".7,210, minus the expenses inherent to this transfer paid by the transferor.These bonds were purchased in March 2013 for 7,815 euros.On 28 December he again buys 100 bonds of the same company for 8,414 euros.
- On 18 December, he received 210 euros in interest on subsidised bonds from a toll motorway concession company to which the 95 per cent tax credit for capital gains tax is applicable.The withholding tax actually borne amounts to 2.52 euros.
- On 28 December, it transfers state bonds for an effective amount of 30,050 euros.These bonds were acquired for an amount equivalent to 27,600 euros, including the expenses inherent to the acquisition.

Determine the net return on capital to be included in the taxable base of IRPF and the deductible withholdings, assuming that the financial institution has debited the account with 41 euros for administration and deposit of negotiable securities.

Solution:

1.Interest on eight-year and one-day deposit

Full return = 400
Retention (19% s/400) = 76

2.Transmission of obligations "M, S.A.".

(+) Transmission value (5,800 - 30) = 5,770
(-) Acquisition value (1/2 x 10,800) = 5,400
(=) Full return = 370

Retention = 0

3.Interest on related party loan

Full return = 5,000

Of which:

a) Part of the income to be included in the general tax base:**(1)**

70.000 - [40% (50.000 x 3)] = 70.000 - 60.000 = 10.000

10.000 / 70.000 x 100 = 14,29%

5.000 x 14,29% = 714,50

b) Part of the income to be included in the savings tax base:**(2)**

5.000 - 714,50 = 4.285,50

Retention (19% s/5,000) **(3)** = 950

Notes:

(1) When the income derives from a loan made to an entity related to the taxpayer, the interest corresponding to the excess of the amount of own capital assigned to the related entity ('70,000) over the result of multiplying by three the own funds in the part corresponding to the taxpayer's participation in the latter [40% (50,000 x 3) = 60,000] must be included in the general taxable base.The amount of the excess, which amounts to 10,000 euros (70,000 - 60,000), represents 14.29% of the loan, so that the interest to be included in the general tax base will be the result of applying this percentage to the total interest received (5,000 x 14.29% = 714.50).**(Go back)**

(2) The rest of the interest (5,000 - 714.50 = 4,285.50) will be included in the savings tax base.As there are no deductible expenses in the income to be included in the general tax base, the full amount coincides with the net amount.**(Go back)**

(3) The withholding tax rate applicable in 2022 to income from the transfer of own capital to third parties is 19%.**(Go back)**

4.Transfer of "T, S.A." bonds

(+) Transmission value = 7,210
(-) Acquisition value = 7,815
(-) Full return = **(4)** -605
Retention = 0

Note **(4)** Having acquired bonds of the same company within two months, the negative yield obtained cannot be taken into account until the bonds are sold.**(Back)**

5.Interest on subsidised bonds

Full return = 210
Withholdings actually borne (1.2% s/210) = 2.52
Deductible withholdings not made (22.8% s/210) = **(5)** 47.88

Note(5) In addition to the withholdings actually borne ('2.52), the taxpayer can deduct from the tax liability the withholdings not actually made but which qualify for the 95 per cent rebate.Since the applicable tax rate on interest in the repealed Capital Gains Tax was 24 per cent and the applicable rebate is 95 per cent, the deductible withholding tax not levied amounts to = (22.8 % s/210) = 47.88 euros.This rate is the result of applying to 24 per

cent the bonus of 95 per cent (24% x 95%) = 22.8 per cent.(Return)

6.Transfer of State Obligations

Transmission value = 30,050
minus Acquisition value = 27,600
Full return = 2,450
Retention = 0

7.Total total income to be included in the savings tax base (400 + 370 + 4,285.50 + 210 + 2,450) = **7,715.50**

Deductible expenses = 41
Net yield = 7,674.50

8.Total full and net income to be included in the general tax base = 714.50

Earnings from capitalisation transactions and life or disability insurance contracts

Introduction

Regulations:Item 25.3 Law IRPF

Income, in cash or in kind, from capitalisation operations and life or disability insurance contracts generate income from movable capital subject to IRPF, provided that the contracting party and beneficiary are the same person, except in the case of disability insurance whose beneficiary is the **mortgage creditor** in which case the income will have the same tax treatment that would have applied if the beneficiary had been the taxpayer himself.

Otherwise (i.e. when the contracting party and the beneficiary do not coincide), the receipt will normally be subject to Inheritance and Gift Tax.

Exceptions to this classification as income from movable capital are capitalisation operations and life or disability insurance contracts when, in accordance with article 17.2.a) of the Law of IRPF, **must be taxed as income from work**.

Benefits from insurance contracts that are taxed as income from employment

Regulations:Art. 17.2 a) Law IRPF

The benefits derived from the following insurance contracts concluded within the framework of social welfare are taxed as income from work:

- Insurance contracts concluded with social welfare mutualities whose contributions may have been, at least in part, deductible expenditure or subject to reduction in the tax base.
- Company social welfare plans, as well as collective insurance policies that instrument the pension commitments assumed by companies, under the terms set out in the first additional provision of the revised text of the Pension

Plans and Funds Regulation Law, approved by Royal Legislative Decree 1/2002, of 29 November (BOE of 13 December).

- Insured pension plans.
- Dependency insurance in accordance with the provisions of Law 39/2006, of 14 December, on the Promotion of Personal Autonomy and Care for Dependent Persons (BOE of 15 December).

As we will see in this section, for the purposes of taxing income from capital gains from capitalisation operations and life or disability insurance contracts, the Law of IRPF establishes distinctions according to the form in which the benefits are received (income or capital), the term of the operations and the coverage of the contingencies, such as retirement or disability.

Capital redemption operations are considered to be those based on actuarial techniques, which consist in obtaining commitments determined in terms of their duration and amount in exchange for single or periodic payments fixed in advance.See Annex to Law 20/2015 of 14 July 2015 on the regulation, supervision and solvency of insurance and reinsurance companies (BOE of 15 July), section B).b).2.

The life insurance contract is the contract in which the insurer is obliged, by means of the payment of the stipulated premium and within the limits established in the Law and in the contract, to pay the beneficiary a capital sum, an income or other agreed benefits, in the event of the death or survival of the insured, or of both events jointly.Life insurance can be stipulated on one's own life or that of a third party, either in case of death or survival or both together, as well as on one or more heads (article 93 Ley 50/1980, de 8 de octubre, de Contrato de Seguro).

1.Deferred capital insurance

Regulations:Art. 25.3 a) 1º Law IRPF

Determination of full and net income

General rules

The **deferred capital** is a type of **life insurance** whereby the insurer undertakes to pay out the insured capital at the expiry of the agreed term of the contract, provided that the insured person is still alive at that time.

a) Full return

The following rules apply to determine the full yield:

In general:

When a deferred capital is perceived, the yield of the capital of furniture will be determined by the difference between the capital received and the amount of the satisfied premiums that have generated the capital that is perceived.Such performance is subject to on-account retention.

$$\textit{Yield} = \textit{Capital received} - \sum \textit{Survival premiums}$$

In the case of partial bailouts, the recovered amount will be understood to correspond to the oldest premiums including their corresponding profitability.

In particular:

- **For insurance combining survival with death or disability**

  In the case of an insurance contract that combines the contingency of survival with those of death or disability and the capital received corresponds to the contingency of survival, 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 5 per cent of the mathematical provision.For these purposes, capital at risk is considered to be the difference between the capital insured for death or disability and the mathematical provision.

$$\textit{Yield} = \textit{Capital received} - \sum \textit{Survivors' premiums} - \sum \textit{Capital premiums at risk due to death or disability consumed}^{(*)}$$

(*) with the limit of 5% of the mathematical provision.

- ***In the annual renewable insurance***

In the case of annual renewable insurance, only the amount of the premium for the current year shall be taken into account, as this determines the amount of the capital sum to be received.

Yield = Capital received - Premium for the year

(b) Determination of net yield

Since this category of income does not provide for the possibility of deductibles, full performance coincides with net yield.

Special cases

- Deferred capital insurance intended for the constitution of annuities

Regulations:Art. 25.3 a) 6º Law IRPF

Life or disability insurance that provides benefits in the form of capital and such capital is intended for the constitution of life or temporary annuities will not be taxed at the time of the occurrence of the contingency covered by the insurance, but will be taxed at the time of the constitution of the life or temporary annuities in accordance with the regime for such annuities discussed below.This requires that the possibility of conversion is stated in the insurance contract and that the capital is not made available to the taxpayer by any means.

- Disability insurance whose beneficiary is the mortgagee

Regulations:Fortieth Additional Provision Law IRPF

Income derived from the benefit for the contingency of incapacity covered by insurance will be treated for tax purposes in the same way as if the beneficiary had been the taxpayer himself, i.e. it will be considered as income from movable capital, when the following requirements are met:

- To be received by the taxpayer's mortgagee as beneficiary of the mortgage.
- The taxpayer's mortgagee has an obligation to repay all or part of the taxpayer's mortgage debt.
- The mortgagee is a credit institution or other entity that professionally carries out the activity of granting mortgage loans or credits.

However, such income shall in no case be subject to withholding tax.

Therefore, in this case, given the contingency covered, the cancellation of the mortgage loan by an insurance company with which the taxpayer has taken out a life insurance policy covering the risk of absolute disability, gives rise to a return on capital for the difference between the total amount of the insurance benefit corresponding to the credit institution (mortgage creditor) and the

amount of the premiums paid in the current year.The amount of the remainder received by the taxpayer shall also be considered as income from movable capital in accordance with Article 25.3 a) of the Law of IRPF.

> ***Note**: The condition for payments derived from life or disability insurance to be taxed in the IRPF is that the policyholder who contracts and pays the insurance premium (or the insured if the insurance is collective) and the beneficiary of the benefit coincide, except in this special case of insurance in which the beneficiary is the mortgagee;otherwise the receipt will normally be subject to inheritance and gift tax.*

Transitional arrangements for the reduction of life assurance contracts concluded before 31 December 1994

> ***Attention:** An example of the application of this transitional regime is given in the following section .*

Regulations:Transitional provision four Law IRPF and art. 93.5 Regulation IRPF

In accordance with the repealed Law 18/1991, of the IRPF, the benefits derived from life insurance contracts generated increases or decreases in assets (except those from capitalisation operations and those insurance contracts that did not include the minimum risk and duration component determined in article 9 of the Regulations of the IRPF in force at that time) and the reduction percentages established in the eighth transitory provision of the aforementioned Law 18/1991 were applicable to these increases and decreases.

With the entry into force on 1 January 1999 of Law 40/1998 of 9 December 1998, this tax treatment disappeared, but a transitional regime was introduced which maintains the application of these reduction percentages to the part of the yield corresponding to premiums paid prior to 31 December 1994.This transitional regime has been maintained in the current Personal Income Tax Law in the following terms.

Where a deferred capital sum is received, the part of the total net yield corresponding to **premiums paid before 31 December 1994, which was generated before 20 January 2006**, may be reduced as follows:

1.Calculation of the total net yield

The part of the total net yield obtained which corresponds to each of the premiums paid before 31 December 1994 shall be determined.

For this purpose, the total yield obtained shall be multiplied by the weighting coefficient resulting from the following quotient:

- In the numerator, the result of multiplying the premium corresponding with the number of years elapsed since it was met to the collection of the receipt.

- In the denominator, the sum of the products resulting from multiplying each premium by the number of years elapsed since it was met to the collection of the receipt.

In brief:

(premium x no. of years to collection) ÷ ∑ (each premium x no. of years to collection)

2.Calculation of the net reducible yield

The part of the net yield corresponding to each of the premiums paid before 31 December 1994, which has been generated before 20 January 2006, shall be determined.

For this purpose, the amount resulting from the operation mentioned in number 1 shall be multiplied.above by the weighting coefficient resulting from the following quotient:

- In the numerator, the time elapsed between the payment of the premium and 20 January 2006.
- In the denominator, the time elapsed between the payment of the premium and the date of payment of the allowance.

In brief:

Weighting coefficient = Days elapsed since premium payment until 20-01-2006 ÷ Days elapsed between premium payment and collection date

3.Joint ceiling and applicable reduction percentages

The total amount of deferred capital corresponding to life insurance policies to whose net yield the transitional regime has been applied, obtained from 1 January 2015 until the moment of the temporary allocation of the deferred capital, shall be calculated, distinguishing the following situations for the purposes of applying the reduction percentages (also known as abatement coefficients):

a. **The calculated amount** (including the amount of deferred capital obtained to which the transitional regime is intended to apply) **is less than 400,000 euros**.

   In this case it shall be applied to each part of the net yield calculated in accordance with paragraph 2.The above percentage reduction shall be 14.28 per cent for each year between the payment of the corresponding premium and 31 December 1994.

   When they have elapsed more than six years between these dates the percentage to be applied is calculated by 100%.

b. **The calculated amount** (including the amount of deferred capital to which the transitional regime is intended to apply) **is more than 400,000 euros, but the amount of deferred capital obtained to which the transitional regime is intended to apply is less than**

400,000 euros.

In this case, the reduction will be applied to each of the parts of the net income generated prior to 20 January 2006 that proportionally correspond to the part of the deferred capital that, added to the deferred capital obtained previously, does not exceed 400,000 euros.

c. **The amount corresponding to the deferred capital previously obtained exceeds 400,000 euros**.

In this case, no reduction shall be made.

Example:implementation of the transitional regime for the reduction of life insurance contracts concluded before 31 december 1994

Mr. B.C.A. received on 10 October 2022, coinciding with the date of his retirement, a benefit in the form of a capital sum of 75,000 euros, derived from a retirement plan corresponding to an individual life insurance policy taken out with the insurance company "Z".

The total amount of premiums paid to this insurance company amounted to 71,363.12 euros, at an annual premium of 1,500 euros, increasing by 3% per year and paid on 1 March of each year between 1993 and 2022, both inclusive.

To determine the reduced net yield of the capital of furniture derived from the said individual life insurance.

Solution:

1.Determination of full and net income.

In accordance with the provisions of article 25.3 a) of the Law of IRPF, the difference between the benefit received and the premiums paid is considered to be income from movable capital:75.000 - 71.363,12 = 3.636,88

2.Application of the transitional reduction scheme.

In accordance with the transitional regime for life insurance contracts generating increases or decreases in assets prior to 1 January 1999, contained in the fourth transitional provision of the Personal Income Tax Act, when deferred capital is received, the part of the net yield corresponding to premiums paid prior to 31 December 1994, which had been generated prior to 20 January 2006, will be reduced as follows:

a. **The part of the total net yield corresponding to each of the premiums paid before 31-12-1994.**

Payment date	Premium amount	Time to collect (years)	Time to collect (days)	Weighting coefficient	Premium yield
01/03/1993	1,500.00	29.63	10,815	0.0481578	175.14
01/03/1994	1,545.00	28.63	10,450	0.0479284	174.31

Notes to the table

(*) The determination of the weighting coefficient is the result, rounded to the seventh decimal place, of the following fraction:

(Premium x no. of years to collection) ÷ ∑ (each premium x no. of years to collection)

In the example, for the premium paid on 01-03-1993, the fraction is as follows:(1.500 x 29,63) ÷ 922.904,02 = 0,0481578

For the premium satisfied on 01-03-1994, this fraction is as follows:(1.545 x 28,63) ÷ 922.904,02= 0,0479284 (Back)

(**) Once the weighting coefficient of each premium has been applied to the total insurance yield (3,636.88), the yield corresponding to each of the premiums is obtained, the result of which is shown in the corresponding column.

For the premium paid on 01-03-1993, the corresponding yield shall be equal to:3.636,88 x 0,0481578 = 175,14

For the premium satisfied on 01-03-1994, the yield will be equal to:3.636,88 x 0,0479284= 174,31 (Back)

b. Share of the total net yield corresponding to each of the premiums paid before 31-12-1994 generated before 20-01-2006.

Premium yield	Years to 31/12/1994	Days until 20/01/2006	Weighting coefficient	Performance up to 20/01/2006
109.35	2	4,708	0.4353213	76.24
108.69	1	4,343	0.4155981	72.44

Notes to the table

(*) To determine the part of the benefit which, corresponding to each of the premiums paid before 31 December 1994, was earned before 20 January 2006, the premium yield shall be multiplied by the weighting coefficient resulting from the following quotient:

In the numerator, days between payment of the premium and January 20, 2006.

In the denominator, days between the premium payment and the benefit collection date.

In our example, for the premium satisfied on 01-03-1993, this fraction is as follows:4,708 ÷ 10,815= 0.4353213

For the premium paid on 01-03-1994, this fraction would be 4,343 ÷ 10,450= 0.4155981 (Back)

(**) The reducible yield, i.e. the yield generated up to 20-01-2006, is determined by multiplying the yield per premium by the weighting coefficient determined in accordance with note (1) above.(Go back)

c. Deductible yield and applicable reduction.

Performance until 20-01-2006	Percentage reduction	Reduction amount
76.24	28.56 %	21.77
72.44	14.28 %	10.34
Total reduction applicable	**-**	**32.11**

Notes to the table

(*) Joint ceiling:The maximum amount of capital received shall be 400,000 euros, a limit which shall be applied jointly to all amounts of deferred capital obtained from 1 January 2015 until the time of the temporary imputation of the capital (including the amount to which it is intended to apply the depreciation coefficients of the transitional regime).

In the present case, the amount of 75,000 euros corresponding to the benefit received on 10 October 2022 (the only deferred capital obtained by the taxpayer from 1 January 2015 until the time of the temporary allocation of the deferred capital, to which the transitional regime would have been applicable) is less than 400,000 euros, so the abatement coefficients will be applied to all the reducible income generated up to 20-01-2006.(Go back)

(**) The percentage reduction is the result of multiplying 14,28 times 100 for each year, rounded up, between the payment of the premium and 31 December 1994.(Go back)

3.Determination of the net yield to be included in the savings tax base.

The net yield to be included in the savings tax base is the difference between the total net yield and the resulting reduction in the application of the transitional regime:(3,636.88 - 32.11) = 3,604.77 euros

2.Income insurance

Regulations:Item 25.3 (a) Law IRPF

a) Immediate, life or temporary annuity insurance

1.Immediate annuity insurance

Regulations:Art. 25.3 a) 2º Law IRPF

In the case of immediate life annuities, which have not been acquired by inheritance, legacy or any other inheritance, the following percentages shall be considered as income from movable capital, depending on the age of the annuitant at the time of the constitution of the annuity and which shall remain constant throughout the term of the annuity:

Age of recipient	Percentage applicable
Under 40 years old	40 per 100
Between 40 and 49 years old	35 per 100

Between 50 and 59 years old	28 per 100
Between 60 and 65 years old	24 per 100
Between 66 and 69 years old	20 per 100
70 years and over	8 per 100

Note: in accordance with the fifth transitional provision of the Law of IRPF these percentages are applicable to benefits in the form of income received as from 1 January 2007, even if the income was constituted prior to that date.

The part of the income that is considered as income from movable capital, by application of the corresponding percentage, is subject in 2022 to the withholding tax rate of 19 per cent.

Note: *it is understood that the annuities have been acquired by inheritance, legacy or any other inheritance title, when the acquisition of the same has been motivated by the death of the contracting party, if the insurance is individual, or of the insured party if the insurance is collective contracted by the company.*

This same tax regime will be applicable to annuities received from individual systematic savings plans that meet the requirements established in the third additional provision of the Law of IRPF, even in cases where the aforementioned individual systematic savings plans are the result of the transformation of certain life insurance contracts formalised prior to 1 January 2007 in which the contracting party, insured or beneficiary is the taxpayer himself.

See the fourteenth transitional provision of the Law of IRPF concerning the transformation of certain life insurance contracts into individual systematic savings plans.See also the fifth additional provision of the Regulation of the IRPF concerning the total or partial mobilisation between individual systematic savings plans.

2.Immediate temporary annuity insurance

Regulations:Art. 25.3 a) 3rd Law IRPF

In the case of immediate temporary income, which has not been acquired by inheritance, legacy or any other inheritance, in the terms mentioned in the previous section, the result of applying the following percentages to each annuity, depending on the duration of the income, shall be considered to be income from movable capital:

Duration of rent	Percentage applicable
Less than or equal to 5 years	12 per 100
More than 5 and less than or equal to 10 years	16 per 100
More than 10 and less than or equal to 15 years	20 per 100

Over 15 years	25 per 100

Note: in accordance with the fifth transitional provision of the Law of IRPF these percentages are applicable to benefits in the form of income received as from 1 January 2007, even if the income was constituted prior to that date.

The part of the income that is considered as income from movable capital by application of the corresponding percentage is subject to withholding tax.

(b) Deferred, life or term annuity insurance

General scheme

Regulations:(Arts.25.3 a) 4th Law IRPF (first paragraph) and 18 Regulation IRPF

When deferred, life or temporary income is received, which has not been acquired by inheritance, legacy or any other inheritance, the income from movable capital shall be the result of applying to each annuity the corresponding percentage of those foreseen for immediate, life or temporary income.

The percentages analysed in the previous section (immediate, life or temporary annuity insurance) are as follows:

1.Immediate annuities:

Age of recipient	Percentage applicable
Under 40 years old	40 per 100
Between 40 and 49 years old	35 per 100
Between 50 and 59 years old	28 per 100
Between 60 and 65 years old	24 per 100
Between 66 and 69 years old	20 per 100
70 years and over	8 per 100

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

2.Immediate temporary income:

Duration of rent	Percentage applicable
Less than or equal to 5 years	12 per 100

More than 5 and less than or equal to 10 years	16 per 100
More than 10 and less than or equal to 15 years	20 per 100
Over 15 years	25 per 100

The **result obtained shall be increased** by the return obtained until the annuity is constituted, which shall be determined by the difference between the actuarial present financial value of the annuity to be constituted and the amount of the premiums paid.This return will be distributed linearly over the first 10 years of receipt of the annuity if the annuity is for life or over the years of its duration, with a maximum of 10 years, if the annuity is temporary (Art. 18 Regulation IRPF).The following formula can be used for its determination:

(VA - PS) ÷ No. of years

Where:

- "VA" means the actuarial present financial value of the annuity to be established.
- "PS" means the amount of premiums paid.
- "No. years" means the number of years of the duration of the temporary income, with a maximum of 10 years.If the annuity is for life, the divisor shall be 10 years.

Exception:When the income has been acquired by donation or any other legal transaction free of charge and inter vivos, the income from movable capital will be exclusively the result of applying to each annuity the corresponding percentage of those foreseen for immediate lifetime or temporary income, since the constitution of the income is taxed under Inheritance and Gift Tax.

The part of the income that is considered to be income from movable capital, by application of the corresponding percentage, is subject to withholding tax.

Remember: *life or disability insurance policies which provide for benefits in the form of capital and such capital is intended for the constitution of life or temporary annuities, provided that this possibility of conversion is provided for in the insurance contract, shall be taxed at the time of constitution of the annuities in accordance with the provisions of this paragraph.In no case shall this taxation regime be applicable when the capital is made available to the taxpayer by any means whatsoever.*

Example:

Mr. G.A.M. took out a deferred annuity life insurance contract on 3 January 2013, paying an annual premium of 6,000 euros payable on 5 January of each of the years 2013 to 2022 inclusive.

On 23 October 2022, coinciding with his 68th birthday, he started receiving an annuity of 10,000 euros per year.

Determine the net yield of movable capital knowing that, according to the certification of the insurance company's actuary, the actuarial financial present value of the life annuity to be received amounts to 70,000 euros.

Solution:

The net return on movable capital will be given by the sum of:

Percentage applicable to the annuity:20 per 100 s/10.000 = 2.000

Profitability until the constitution of the rent:(70.000 - 60.000) ÷ 10 (*) = 1.000

Income from movable capital:2.000 + 1.000 = 3.000

Note for the example:

(*) The return obtained up to the constitution of the annuity, the difference between the actuarial present financial value of the annuity to be constituted (70,000 euros) and the amount of the premiums paid (6,000 x 10 = 60,000), is distributed linearly during the first ten years of receipt of the annuity, so that from the eleventh year onwards the return on capital will consist exclusively of 2,000 euros, since the percentage applicable according to the age of the annuitant at the time of constitution of the annuity (68 years) remains constant throughout the life of the annuity.(Go back)

Special retirement and invalidity benefit scheme

Regulations:(Arts.25.3 a) 4th Law IRPF (second paragraph) and 19 Regulation IRPF

Retirement and disability benefits received in the form of income by the beneficiaries of life or disability insurance contracts in which there has been no mobilisation of the provisions of the insurance contract during its term, will be included in the tax base as income from capital, from the moment that **its amount exceeds the premiums that have been paid** under the contract.

In the event that the income has been acquired by donation or any other legal transaction, free of charge and inter vivos, it will be included in the taxable base as income from movable capital, from the moment that the amount exceeds the actuarial present value of the income at the time of its constitution.

In both cases, **shall not apply** the percentages foreseen for immediate annuities for life or temporary annuities.The application of this regime is also subject to compliance with the following requirements (Art. 19 Regulation IRPF):

1. The insurance contract must have been taken out at least two years before the date of retirement.

2. The contingencies covered must be those stipulated in article 8.6 of the revised text of the Pension Plans and Funds Regulation Act, approved by Royal Legislative Decree 1/2002, of 29 November (BOE of 13 December).

   In accordance with the provisions of the aforementioned article, the contingencies covered by the Pension Plans and for which benefits will be paid are as follows:retirement;total and permanent incapacity for work for the usual profession, or absolute and permanent incapacity for all work, and severe disability, determined in accordance with the corresponding Social Security Scheme;death of the participant or beneficiary, which may give rise to entitlement to

widow's or orphan's benefits, or in favour of other heirs or designated persons and severe or great dependency of the participant regulated in Law 39/2006, of 14 December, on the promotion of personal autonomy and care for dependent persons (BOE of 15 December).

3. It shall be understood that some type of mobilisation of the provisions of the insurance contract has taken place when the limitations that, in relation to the exercise of economic rights, are established in the first additional provision of the revised text of the Pension Plans and Funds Regulation Act, and its implementing regulations, with respect to group insurance policies that implement company pension commitments, are not complied with.

Note: *If the above requirements are met, this special regime applies in preference to the general regime mentioned above.*

Example:

Mr J.P.N. took out a deferred annuity life insurance contract on 10 May 2014, paying an annual premium of 5,000 euros payable on 10 May of each of the years 2014 to 2022 inclusive.

On 13 May 2022, coinciding with his 65th birthday and his retirement date, he started receiving an annuity of 4,500 euros per year.

Determine the net yield of movable capital knowing that, according to the certification of the insurance company's actuary, the actuarial financial present value of the life annuity to be received amounts to 65,000 euros.

Solution:

Applying the special retirement benefit scheme, it results:

Income received (4,500 x 10) = 45,000

Premiums paid (5,000 x 9) = 45,000

Income from movable capital during the first ten years of receipt of income (45,000 - 45,000) =0

Income from movable capital from the eleventh year of receipt of income = 4,500 euros each year.

(c) Termination of annuities or annuities for life in the exercise of the right of surrender

Regulations:Art. 25.3 a) 5º Law IRPF

The income from movable capital in these cases, provided that the income has not been acquired by inheritance, legacy or any other inheritance, will be the result of the following operation:

(+) Redemption amount

(+) Rent paid up to the moment of redemption

(-) Premiums paid

(-) Amounts that have been taxed as income from movable capital, in accordance with the previous numbers.

(-) Cumulative return until the constitution of the income (*)

(=) Income from movable capital

(*) Only in cases in which the income has been acquired by donation or any other legal transaction free of charge and inter vivos and when it is income whose constitution has taken place prior to the entry into force of Law 40/1998, of 9 December, on Personal Income Tax (1 January 1999) for the return that was already taxed before.(Back)

When the termination of the annuity occurs as a result of the death of the recipient, no income from movable capital is generated for the recipient.

Benefits received in the form of an annuity on the death of the beneficiary are subject to inheritance and gift tax and are therefore not subject to income tax.

3.Annuities or temporary income derived from the taxation of capital

Regulations:Art. 25.3 b) Law IRPF

In the case of annuities for life or other temporary income derived from the taxation of capital, except when they have been acquired by inheritance, legacy or any other inheritance, the income from movable capital shall be the result of applying to each annuity the percentages foreseen, respectively, for the immediate annuities for life or temporary income derived from life insurance contracts.

Remember

- **In the case of immediate life annuities** derived from life insurance contracts, which have not been acquired by inheritance, legacy or any other inheritance, the result of applying the following percentages to each annuity, depending on the age of the annuitant at the time the annuity is constituted, shall be considered as income from movable capital:

Age of recipient	Percentage applicable
Under 40 years old	40 per 100
Between 40 and 49 years old	35 per 100
Between 50 and 59 years old	28 per 100
Between 60 and 65 years old	24 per 100
Between 66 and 69 years old	20 per 100
70 years and over	8 per 100

These percentages, which shall be those corresponding to the age of the annuitant at the time the annuity is constituted, shall remain constant throughout the term of the annuity.

- **In the case of immediate temporary income** derived from life insurance contracts, which have not been acquired by inheritance, legacy or any other inheritance, the result of applying the following percentages to each annuity, depending on the duration of the income, shall be considered as income from movable capital:

Duration of rent	Percentage applicable
Less than or equal to 5 years	12 per 100
More than 5 and less than or equal to 10 years	16 per 100
More than 10 and less than or equal to 15 years	20 per 100
Over 15 years	25 per 100

4.Special case:"Unit-linked (life insurance contracts in which the policyholder bears the investment risk).

Regulations:Art.14.2.h) of the Law IRPF

The *"unit linked"* are life insurance policies in which the policyholder can decide and modify the financial assets in which he/she wishes to materialise the technical provisions corresponding to his/her insurance, assuming the investment risk.

Taxation

Depending on whether or not these insurance contracts meet the conditions set out below, two different tax regimes may apply to them:

a) If the insurance contract fulfils any of the conditions legally established for this purpose during the whole term of the contract:the applicable tax regime is that of the life insurance contracts set out in the previous sections under "Income from capitalisation operations and life or disability insurance contracts", without the transfers made between the assets suitable for realising the investments having any tax relevance whatsoever.

b) If the insurance contract does not comply with the conditions legally established for this purpose during the whole term of the contract:the policyholder **must allocate the difference between the net asset value of the policy assets at the end and at the beginning of the tax period as income from movable capital for each tax period**.

In this case, the amount imputed shall reduce the income derived from the receipt of amounts from these contracts.

Legal conditions that must be fulfilled throughout the life of the contract in order for the general regime for life insurance contracts to apply:

1º. The policyholder is not given the power to modify the investments covered by the policy.

2º. That the mathematical provisions are invested in:

a. Shares or units of collective investment undertakings, predetermined in the contracts, provided that:

- They are collective investment institutions adapted to Law 35/2003, of 4 November, on Collective Investment Institutions (BOE of 5 November).
- They are collective investment undertakings covered by Directive 2009/65/ EC of 13 July 2009 of the European Parliament and of the Council.

b. pools of assets shown separately on the balance sheet of the insurance undertaking, provided that the following requirements are met:

- The determination of the assets shall at all times be the responsibility of the insurer.
- The investment of the provisions of each set of assets must be made in assets that comply with the rules set out in Article 89 of Royal Decree 1060/2015 of 20 November 2015 on the regulation, supervision and solvency of insurance and reinsurance companies.In no case may this concern immovable property or rights in rem in immovable property.

  However, a pool of assets that seeks to pursue an investment policy characterised by replicating a particular stock or bond index representative of one of the official secondary securities markets in the European Union shall be deemed to meet these requirements.

- The policyholder will only be able to choose between the different separate pools of assets

in which the insurer must invest the mathematical provision of the insurance, without in any case being able to intervene in the determination of the specific assets in which, within each separate pool, the provisions are invested.

In these contracts, the policyholder or the insured may choose, in accordance with the specifications of the policy, between the different collective investment undertakings or separate pools of assets, expressly designated in the contracts, without the possibility of individual specifications for each policyholder or insured.

Attention: *If only one of the above circumstances applies, the special rule of temporary imputation provided for in Article 14.2.h) of the Personal Income Tax Act shall not apply.*

5.Individual systematic savings plans (ISPs)

Regulations:Third additional provision Law IRPF

Individual Systematic Savings Plans (PIAS) are contracts entered into with insurance companies to constitute an insured life annuity with the resources contributed, to which the Personal Income Tax Law grants a more beneficial tax treatment, when the following requirements are met:

Instrumentation and form of payment of benefits

Instrumentation

The resources provided must be instrumented through individual life insurance in which the policyholder, insured and beneficiary is the taxpayer himself.

The life insurance policies eligible for this contractual formula will not be group insurance policies that instrument pension commitments in accordance with the first additional provision of the revised text of the Pension Plans and Funds Regulation Act, nor social welfare instruments that reduce the taxable base of the IRPF.

The terms and conditions of the contract shall expressly and prominently state that it is a systematic individual savings plan and its acronym is reserved for contracts that meet the requirements of the Personal Income Tax Act.

How benefits are paid

The life annuity will be constituted with the economic rights from such life insurance.In the contracts of life annuity may be established mechanisms reversal or periods certain provision or formulas contraseguro in the event of decease Once constituted the life annuity.

The **reversion mechanism** in insurance contracts is the procedure by which the insured (who, in the case of the PIAS, is the first beneficiary) can transfer all or part of the annuity to a new beneficiary after his or her death.

Life annuity insurance contracts with **certain benefit periods** are those in which it is guaranteed

that the annuity will be received for a minimum number of years even if the insured and initial beneficiary of the annuity dies (logically, in the event of the death of the insured, the annuity will be received by the beneficiary designated for this purpose).

Finally, the **counter-insurance formulas** (the most widely used in insurance practice) are those that guarantee the designated beneficiary a capital sum in the event of the insured's death.

However, in order to ensure that the application of the exemption provided for in Article 7.v) of the Law of IRPF fulfils the intended purpose, the following requirements must be met for contracts entered into after **on 1 April 2019** in which reversion mechanisms, certain benefit periods or counter-insurance formulas in the event of death are established (ninth additional provision of the IRPF Regulation):

a. In the case of reversionary mechanisms in the event of the death of the insured, **there can only be one potential beneficiary of the reversionary annuity**.

b. In the case of certain benefit periods, such periods may not exceed **10 years** from the constitution of the annuity.

c. In the case of counter-insurance formulas, the total amount to be received on the death of the insured person **may at no time exceed the following percentages of the amount intended for the constitution of the life annuity:**

Years since the constitution of the annuity	Percentage
1.º	95 per 100
2.º	90 per 100
3.º	85 per 100
4.º	80 per 100
5.º	75 per 100
6.º	70 per 100
7.º	65 per 100
8.º	60 per 100
9.º	55 per 100
10th and onwards	50 per 100

***Important**:The requirements laid down for cases in which there are reversionary*

mechanisms, certain benefit periods or counter-insurance formulas in the event of death on insured annuity contracts shall not apply to life insurance contracts concluded prior to 1 April 2019, regardless of whether the annuity is constituted after that date.

Minimum contribution period.Maximum annual contribution and total amount of accumulated premiums

Minimum contribution period

- **In general:**

  The first premium paid must be more than five years old at the time the annuity is constituted.

- **Transitory rules:Seniority requirement for the treatment of Individual Systematic Savings Plans for insurance contracts entered into before 1 January 2015.**

  Regulations:Thirty-first Transitional Provision Law IRPF

  The individual systematic Savings plans formalized prior to January 1, 2015, will also have the five-year requirement (and not the ten-year requirement until December 31, 2014).

  However, the transformation of a systematic individual Savings Plan formalized before January 1, 2015, or of an insurance contract of those regulated in the fourteenth transitional provision of this Law, by modifying the expiry of this Law, for the sole purpose of anticipating the constitution of annuity at a date meeting the five-year seniority requirement since the payment of the first premium required by the said provisions, it shall have no tax effects on the holder.

Maximum annual contribution and total amount of accumulated premiums

- **The maximum annual limit** for premiums paid for this type of contract is **8,000 euros**, and is independent of the contribution limits for social security systems.

- **Furthermore, the total amount of the accumulated premiums** in these contracts may not exceed the total amount of **240,000 euros per taxpayer**.

Disposition of economic rights and taxation of the insured life annuity

Disposition of economic rights

In the event of total or partial disposal by the taxpayer before the constitution of the annuity of the accumulated economic rights, taxation will be in accordance with the provisions of the Law of IRPF 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 their corresponding return.

The policyholders of individual systematic savings schemes may, by unilateral decision, mobilise their mathematical provision to another individual systematic savings scheme of which they are policyholders.The total or partial transfer from one systematic savings plan to another will follow,

insofar as applicable, the procedure for insured pension plans (fifth additional provision of the Personal Income Tax Regulation).

In the case of total or partial anticipation of the economic rights derived from the annuity constituted, the taxpayer must integrate in the tax period in which the anticipation occurs, the income that was exempt by application of the provisions of letter v) of Article 7 of the Personal Income Tax Act.

Taxation of insured life annuities

a. **The profitability** shown in the constitution of the insured life annuity (difference between the actuarial present value of the annuity and the sum of the premiums paid) **is exempt from Personal Income Tax**, in accordance with the provisions of article 7.v) of the Personal Income Tax Act.

b. **The annuity** received **shall be taxed** in accordance with the percentages established for immediate annuities.

For this purpose, it should be remembered that, in the case of immediate annuities for life which have not been acquired by inheritance, legacy or any other inheritance, the result of applying the following percentages to each annuity is considered to be income from movable capital:

Age of recipient	Percentage applicable
Under 40 years old	40 per 100
Between 40 and 49 years old	35 per 100
Between 50 and 59 years old	28 per 100
Between 60 and 65 years old	24 per 100
Between 66 and 69 years old	20 per 100
70 years and over	8 per 100

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

6.Long-term Savings Plans

Regulations:Twenty-sixth additional provision Law IRPF

Long-Term Savings Plans are defined as contracts between the taxpayer and an insurance or credit institution that meet the following requirements:

Instrumentation

Long-Term Savings Plans can be implemented in two ways:

a. Individual Life Insurance

The Individual Long-Term Savings Insurance (SIALP) is configured as an individual life insurance policy different from those provided for in Article 51 of this Law (social welfare systems):pension plans, mutual provident societies, insured pension plans, company pension plans and private insurance policies exclusively covering the risk of severe dependency or major dependency), not covering contingencies other than survival or death, in which the taxpayer himself is the contracting party, insured person 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 abbreviations (SIALP) are reserved for contracts entered into as from 1 January 2015 that meet the requirements of this Act.

Long-Term Savings Plans can be implemented through one or more Individual Long-Term Life Insurance.

b. Deposits and financial contracts

Long-Term Savings Plans can also be implemented through deposits and financial contracts integrated in the so-called **Individual Long-Term Savings Account**.

The **Individual Long-Term Savings Account** (CIALP) is a money deposit contract entered into by the taxpayer with a credit institution, under 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 develops article 27.4 of Law 24/1988, of 28 July, on the Securities Market, under the conditions that both the contribution and the settlement on maturity will be made exclusively in money in all cases.

> Please note that the reference to article 27.4 of Law 24/1988, of 28 July, on the Securities Market, should be understood to be currently made to article 33.2 of Royal Legislative Decree 4/2015, of 23 October, approving the revised text of the Securities Market Law (BOE of 24 October).
>
> The financial contracts defined in the last paragraph of Article 2.1 of Order EHA/3537/2005 of 10 November 2005 are contracts not traded on official secondary markets whereby a credit institution receives money and/or securities from its customers, assuming a repayment obligation consisting of either the delivery of certain listed securities or the payment of a sum of money, or both, depending on the performance of the price of one or more securities or the performance of a stock market index, without any commitment to repay the principal received in full.

Such deposits and financial contracts must be taken out by the taxpayer with the same credit institution with which the Individual Long-Term Savings Account was opened.The returns will be compulsorily integrated into the Individual Account and will not be computed for the purposes of the limit of 5,000 euros referred to in the section on characteristics and requirements of the Long-Term Savings Plans.

The Individual Long-Term Savings Account must be uniquely identified and separated from other forms of taxation.In addition, deposits and financial contracts included in the Account shall contain a reference to the Account in their identification.

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 2015 that meet the requirements of this Law and shall include deposits and financial contracts entered into as from that date.

Characteristics and requirements

a. Number of plans per contributor

A contributor **can only be the simultaneous holder of one Long-Term Savings Plan** (insurance or account), without prejudice to the possibility of mobilising the economic rights of individual long-term savings insurances and funds constituted in individual long-term savings accounts from one Plan to another.

b. Opening and closing

- **The opening of the Long-Term Savings Plan will take place at the moment the first premium** is paid to the Individual Long-Term Savings Insurance (SIALP), **or the first contribution** is made to the Individual Long-Term Savings Account (CIALP), as the case may be.

- **The extinction**, at the moment the contributor makes any provision or breaches the maximum annual contribution limit.

  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 shall not be taken into account for the purposes of the limit of 5,000 euros indicated in the following section, and for the calculation of the 5-year period provided for in article 7.ñ) of the Law of IRPF for the application of the exemption of positive income from movable capital, the first premium paid for the first insurance through which the contributions to the Plan were instrumented shall be taken as a reference.

c. Maximum contribution

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.

If this amount is exceeded in any year, the right to exemption is lost.

d. Form of perception

The taxpayer's disposal of the capital resulting from the Plan **may only take place in the form of capital, for the total amount** thereof, and it is not possible for the taxpayer to make partial disposals.

e. Insured capital

The insurance company or, where applicable, the credit institution, must guarantee to the taxpayer that at the maturity of the individual life insurance or at the maturity of each deposit or financial contract, **at least a capital equivalent to 85% of the sum of the premiums paid or the contributions made** to the deposit or financial contract.

Notwithstanding the above, if this guarantee is less than 100 per cent, the financial product contracted must have a maturity of at least one year.

Taxation and mobilisation of economic rights

Taxation

a. Positive income from movable capital:exemption

- Qualification of the income from long-term savings plans:
  - Individual Long-Term Savings Insurance (SIALP):Income from capitalisation operations and life or disability insurance contracts (Art. 25.3 Ley IRPF).
  - Individual Long-Term Savings Account and its acronym (CIALP):Income from the transfer of own capital to third parties (Art. 25.2 Ley IRPF).
- The positive yields of movable capital from life insurance, deposits and financial contracts through which the Long-Term Savings Plans are instrumented will be exempt provided that the taxpayer does not make any disposal of the capital resulting from the Plan before the end of the period of 5 years from its opening.
- If, prior to the end of the 5-year period, any disposition of the resulting capital takes place or the annual contribution limit is breached, the taxpayer will be obliged to integrate the income generated during the life of the Plan in the tax period in which such breach occurs.

  In these cases, the credit institution or insurance company with which the taxpayer has contracted the long-term savings plan is obliged to make a withholding or payment on account, which in 2022 was 19% of the positive income from movable capital obtained from the opening of the Plan, including that which may be obtained on the occasion of its termination (Art.75.4 Regulation IRPF).

b. Negative income from movable capital

Any negative income from movable capital obtained during the term of the Long-Term Savings Plan, including that which may be obtained due to the termination of the Plan, shall be attributed to the tax period in which said **termination occurs** and only in the part of the total amount of said negative income that **exceeds** of the sum of the income from the same Plan to which the exemption would have been applicable.

Mobilisation of economic rights

The holder of a Long-Term Savings Plan may fully mobilise the economic rights of the individual long-term savings insurance and the funds constituted in the individual long-term savings account

to another Long-Term Savings Plan of which he/she will be the holder without this implying the disposal of the resources and, consequently, without loss of the tax benefit of the exemption of positive capital gains, provided that the mobilisation meets certain requirements established in the eighth additional provision of the Regulations of the IRPF.

Mobilisation shall not be possible in cases where the economic rights or funds are subject to a lien, charge, pledge or other legal or contractual restriction.

Income to be included into the general tax base

Regulations:Article 25.4 Personal Income Tax Act

Conditions

The income to be included in the general taxable base, and taxed at the corresponding marginal rate of the scales of IRPF, is as follows:

- Income from intellectual property where the taxpayer is not the author

This may occur in cases where the beneficiary or recipient of the income derived from the intellectual property is a third party **other than the author** such as, for example, an heir.

The withholding and payment on account rate applicable to income from movable capital from intellectual property when the taxpayer is not the author is 15% in 2022.

Income received by the authors themselves: *income from intellectual property received by the* ***authors themselves*** *is treated for tax purposes as income from work, provided that* ***assigns*** *the right to exploit it.However, when this activity involves the self-management of means of production and human resources, or one or both, for the purpose of participating in the production or distribution of goods or services, it is classified as income from professional or artistic activities.*

Finally, when ***does not cede*** *the right to exploit it, it will be classified as income derived from business activities.*

- Income from industrial property

In order for income derived from industrial property to be considered as income from movable capital, it is necessary that the industrial property **is not connected** to economic activities carried out by the taxpayer, since in this case the income must be included among the income from such activities.

- Income from the provision of technical assistance

As in the previous case, the consideration of this income as income derived from movable capital is conditional on the fact that the technical assistance **is not provided in the context of an**

economic activity, in which case the income will be included among the income derived from the economic activity carried out.

- Income from the lease of movable property, business or mines

They are classified as income from movable capital provided that the leasing does not in itself constitute an economic activity.

However, in relation to the lease of movable property, it should be noted that if this is **leased together with the real estate** in which it is located, the return obtained will be computed in full among those from the **real estate capital**.

A distinction must also be made between the leasing of a business and the leasing of business premises:

a. **Business leasing:** if the object of the lease is not only movable and immovable property, but also an economic unit with its own entity capable of being immediately exploited, or pending mere administrative formalities, it is a business lease and the income received shall be counted among the income from movable capital.

b. **Lease of business premises:** if the object of the lease is only the business premises, the income shall be deemed to derive from real estate.

- Income from subletting received by the sublessor

Income from subletting received by the sublessor is considered to be income from movable capital, **provided that it does not constitute economic activity**.The income received by the owner of the property or of the right in rem over the property is considered to be income from real estate capital.

- Income from the transfer of image exploitation rights

The amounts received by the taxpayer for the transfer of the right to exploit his image or the consent or authorisation for its use, are considered as income from movable capital, **unless the transfer takes place in the context of an economic activity**, in which case, it is classified as income from economic activity.

When the income is received by persons or companies that are assignees of the right to exploit the image or of the consent or authorisation to use it, the regime of imputation of income for the assignment of image rights is applicable, the commentary on which is given in Chapter 10.

Remember: *income obtained from the transfer to third parties of own capital from entities related to the taxpayer under the terms established in Article 18 of the LIS which corresponds to the excess of the amount of own capital transferred to the related entity over the result of multiplying by three the equity, in the part corresponding to the taxpayer's shareholding, of the latter, forms part of the general tax base.*

Deductible expenses

Regulations:(Arts.26.1 b) Law IRPF and 20 Regulation IRPF

In the following cases:

- Income from the provision of technical assistance.
- Income from the lease of movable property, businesses or mines.
- Income from subletting received by the sublessor.

The expenses necessary to obtain the income, as well as the amount of the impairment suffered by the assets or rights from which the income derives, shall be deductible from the total income.

For these purposes, deductible expenses are considered to be those envisaged as such for the yields on real estate capital discussed in the previous chapter, **with the proviso that the limit envisaged for interest and other financing expenses and repair and maintenance expenses does not apply**, so that in this case they may give rise to negative yields.

Likewise, the depreciation of the property to be subleased is not included in the determination of deductible expenses, since the depreciation must be on property owned by the taxpayer, which is not the case for subleasing.

Reduction for returns with a generation period of more than two years, or which are obtained in a particularly irregular way over time

Regulations:(Arts.26.2 Law IRPF and 21 Regulation IRPF

30 per cent reduction

A reduction of 30 per cent of the net amount of the income included in the general tax base may be made in the following cases:

- **Net income whose generation period is longer than two years, provided that it is assigned during the same tax period.**
- **Net income obtained in a notoriously irregular manner over time, when it is attributed to a single tax period**.

  For these purposes, only the following are considered to be income from movable capital, obtained in a notoriously irregular manner over time, provided that, in addition, they are taxed in a single tax period:

  a. Amounts obtained by the transfer or assignment of the lease.

  b. Compensation received from the lessee or sublessee for damage or damage, in the cases of leasing.

c. Amounts obtained by the constitution or assignment of rights of use of a life-long nature.

Maximum amount of the income subject to the reduction

The amount of net income on which the reduction is to be applied may not exceed the amount of **300,000 euros per year**.

In the event that several irregular forms of income of the same nature are obtained, and that their amount exceeds the limit of €300,000 of the maximum amount on which to apply the reduction of 30 percent, the maximum reduction shall be distributed proportionately between all such income.

Temporary arrangement:Income received in instalments before 1 January 2015

Regulations:Transitional provision 25 of the Personal Income Tax Act

Income from movable capital, with a generation period of more than two years, which was received in instalments prior to 1 January 2015, with the right to the application of the reduction of article 26.2 of the Personal Income Tax Act in its wording in force on 31 December 2014, may continue to apply the reduction for irregularity provided for in the aforementioned article, with the current reduction of 30% and the limit of the maximum reduction base of 300,000 euros, to each of the instalments that are imputed from 1 January 2015, provided that the quotient resulting from dividing the number of years of generation, calculated from date to date, by the number of tax periods of instalments, is greater than two.

However, in the case of income from commitments made prior to 1 January 2015 which was expected to be received in instalments in tax periods beginning on that date, the replacement of initially agreed form of collection in a single tax period will not alter the start of the income generation period.

Valuation of liquid capital income in kind

For full income, the recipient must calculate **the result of adding to the market value of the asset, right or service received the amount of the account deposit**, except in cases where such an account deposit would have been passed on to them (Art. 43.2 Personal Income Tax Act).

The payment on account must be determined by the person or entity paying this type of remuneration by applying the percentage that corresponds to the result of **increasing by 20% the acquisition value or cost to the payer of the goods, rights or services provided** (Art. 103 of the Personal Income Tax Regulations).

The above data shall be included in the certification which, for this purpose, the paying person or entity is obliged to provide to the recipient.In short, full income for this type of remuneration shall be determined as follows:

Full income = Market value + Account deposit not passed on

Example:

On 30 June 2022, the financial institution "XX" delivers to Ms. B.L.H., for the deposit of 150,000 euros for a fixed term of 3 years, a computer equipment whose acquisition cost for the bank amounted to 1,200 euros.Delivery of the computer is done at the time of taxation.The market value of this computer amounts to €1,800.

To determine the full income of B.L.H., this concept must be included in the tax return.

Solution:

The full income fiscally calculated by the delivery of the computer equipment shall be:

Market value:1,800.00
more:Account deposit (19% s/1,440) (1):273.60
Full income:2,073.60

Note for the example:

(1) The account deposit has been determined by the financial entity in accordance with the following detail:

- Acquisition cost:1,200.00
- 20% increase:240.00
- Account deposit basis:1,440.00
- Account deposit amount (19% s/1,440):273.60

The rate of withholding tax applicable in 2022 to income from the transfer of own capital to third parties is 19 per cent.(Return)

Individualisation of earnings from liquid capital

Regulations:Article 11.3 Personal Income Tax Act

The earnings from liquid capital correspond to the taxpayers who are owners of the assets, property or rights, from which these earnings come.Therefore, it will be the aforementioned owners who must include the corresponding earnings in their personal income tax return.

When the ownership of the assets and rights is not duly certified, the Tax Agency shall be entitled to take as owner whoever is stated as such on the tax or any other public registry.

Where the ownership of the property or rights corresponds to several persons, the returns will be deemed to be obtained by each of them in proportion to their share of that ownership.Accordingly, each of the co-owners shall declare as full income and deductible expenses the amounts resulting from applying, respectively, the percentage representing their share in the ownership of the asset or right to the total income and expenses incurred for this asset or right.

Remember:*in the case of marriages, the income from assets and rights which, in accordance with the provisions regulating the economic regime of marriage, are common to both spouses, shall correspond in half to each of them (unless a different share is justified).On the other hand, income deriving from assets or rights which, according to the same rules, are the*

private property of one of the spouses, shall accrue entirely to that spouse.

Temporary allocation of earnings from liquid capital

(a) General rule

Regulations:Article 14.1 (a) Personal Income Tax Act

The earnings from liquid capital, both income and expenditure, must be charged against the tax period in which they are due by their recipient, regardless of the time when the income was collected and the expenses paid.

b) Special rules

- ### Earnings pending judicial resolution

  Regulations:Art. 14.2.a) Law IRPF

  Where all or part of an income has not been paid because the right to receive it or its amount is pending a court decision (not the mere non-payment), the unpaid amounts shall be attributed to the tax period in which the court decision **becomes final**.

- ### Estimated earnings from liquid capital

  Regulations:Art. 14.2.f) Law IRPF

  Estimated income from movable capital shall be allocated to the tax period **in which it is deemed to arise**.This period shall coincide with the period in which the good or right giving rise to the yield was provided.

- ### Income derived from the transfer of the exploitation of copyright

  Regulations:Art. 7.3 Personal Income Tax Regulations

  In the case of income from movable capital derived from the assignment of the exploitation of copyright that accrues over several years, the taxpayer may choose to charge **as the royalties accrue**.

  > ***Attention:*** *if the taxpayer chooses to credit the advance on account as the royalties accrue, the taxpayer should tick the box **[0049]** on the tax return.*

- ### Negative income resulting from the transfer of financial assets

  Regulations:Art. 25.2 of the Personal Income Tax Act

Where the taxpayer has acquired homogeneous financial assets within two months before or after such transfers, they shall be included in the savings tax base **as and when the financial assets** that remain in the taxpayer's assets are transferred.

- **Benefits arising from life insurance and disability contracts**

  The benefits derived from life and disability insurance contracts that generate income from movable capital shall be attributed to the tax period corresponding to the moment when, **once the contingency covered** in the contract has occurred, **the benefit becomes payable** by the beneficiary of the insurance.

Case Study

Marriage formed by Mr LCA and Ms DZH, 76 and 75 years old, respectively, married under a marital property system.

During 2022 the following events of fiscal significance have taken place:

- On 2 May 2008 they subscribed to 100 **convertible bonds** and issued for 14 years of the **Company "P.S."** for their nominal amount equivalent to 6,000 euros, plus the equivalent of 60 euros of commissions and expenses.

  The agreed interest rate is 7.5%, payable annually during the month of May, with an additional conversion premium consisting of a 20% discount on the market price of the Company’s shares on the day of conversion.

  On 2 May 2022, the bonds were converted into shares, receiving 500 shares of 6 euros, which were valued for this purpose at 200 percent.The average change in the stock market session that day was 250 percent.

- In 1997 they acquired some **shares in "T.P.S."**, for the financing of which they took out a bank loan.In March 2022 they received **dividends** from this company for a full amount of 1,502 euros, paying 90 euros in administration and deposit fees for these securities.

- On 31 December 2022, **bank TZ** informs you that, during that year, it has credited your current account with 37 euros, as interest on the current account.A deduction of 7.03 euros was made from the interest paid in May.

- On 10 July 2007 they subscribed for the full amount of 40,000 euros in securities issued by **bank "ZZ"** which were in the nature of **participaciones preferentes** in accordance with Law 13/1985.On 15 October 2022, these securities were converted into bonds of the bank itself for a nominal amount equivalent to 38,100 euros, with the bank assuming the fees and expenses inherent to the operation.

  On 25 November 2022 the bonds were exchanged for 5,000 shares of "ZZ" bank.The quoted value of the shares received at the time of the exchange was 8.10 euros/share.

- Since Mr. L.C.A. retired from his direct business, the couple has leased a café**, owned by both of them, on**.The rental fee for 2022 was 1,300 euros per month, with the tenant having

made the corresponding down payment on each of the payments.The lease of the cafeteria includes both the premises and all the installations and furniture, with the lessee being responsible for replacing the household items, crockery and table linen, as well as the purchases and current expenses arising from the ordinary operation of the business.
The effective depreciation of the premises, acquired in 1988 and destined since then to the cafeteria business that the couple has now leased, is estimated at 900 euros during the year 2022.

The furniture was acquired on 31 December 2015 for 15,000 euros, and it is taxable in 2022 at a rate of 10%.

The expenses paid by the couple in relation to the cafeteria during the fiscal year 2022, show the following amounts:

- 1,100 euros, for a repair of the air conditioning system.
- 800 euros, from the Property Tax receipt (Urban).
- 360 euros, for administration costs.

Mr LCA and Ms DZH choose to file a joint income tax return.

Determine the net earnings from liquid capital to be included in the general taxable base and in the taxable base for savings.

Solution:

Preliminary note: Since the marriage is recorded under a marital property system and all the income is derived from assets owned jointly by the two spouses, the income shall be divided in half by each spouse.Therefore, if they had chosen to file individual earnings, each would include in their return half of the taxable income and half of the tax-deductible expenses determined below.

However, having chosen to declare jointly, they must accumulate all the income and expenses produced.

A. Income from movable capital to be included in the savings tax base

1.Income from the convertible bonds of the company "P.S.":

The return obtained in 2022 is made up of two parts:interest (explicit part) and conversion premium (implicit part).Therefore, P.S. obligations constitute a financial asset with mixed performance.

a. May 2022 coupon:

Full income (7.5% s/6,000) = 450.00
Deductions (19% s/450) (*) = 85.50

(*) The withholding tax rate applicable in 2022 is 19%.Withholding taxes paid on income from movable capital must be included in box ***[0597]*** on page 21 of the tax return.(Go back)

b. Conversion:

Stock market value of shares received (500 x 6 x 250/100) = 7,500.00
less: Cost of bonds delivered (6,000 + 60 expenses) = 6,060.00
Full income (7,500 - 6,060) = 1,440.00
Deductions (Not subject to withholding)

2.Dividends on "T.P.S." shares:

Full income = 1,502.00
Deductions (19% s/1.502) (*) = 285,38

(*) The withholding tax rate applicable in 2022 is 19 per cent.Withholdings paid on income from movable capital must be included in box ***[0597]*** of the tax return.**(Back)**

3.Interest on current account at TZ Bank:

Full income = 37,00
Retention (19% s/37) (*) = 7,03

(*) The withholding tax rate applicable in 2022 is 19 per cent.Withholdings paid on income from movable capital must be included in box ***[0597]*** of the tax return.**(back)**.

4.Preference shares or other securities received in lieu thereof:

a. Conversion of preference shares into bonds:

Conversion value = 38.100,00
less: acquisition value of preference shares = 40,000.00
Negative returns (38.100 - 40.000) = -1.900,00

b. Exchange of bonds into shares:

Stock market value of shares received (5,000 x 8.10) = 40,500.00
minus Cost of delivered bonds = 38.100,00
Positive returns (40,500 - 38,100) = 2,400.00
Deductions (Not subject to withholding)

Total to be computed (2.400 -1.900) = 500,00

Determination of the total net earnings to be included in the savings taxable base

Total full income [450 + 1.440 + 1.502 + 1.502 + 37 + 500] = 3.929,00
Tax-deductible expenses (administration and depository fees for T.P.S. shares)= 90,00
Net yield (3,929 - 90) = 3,839.00
Total withholding tax paid (85.50 + 285.38 + 7.03) (*) = 377.91

(*) The withholding tax rate applicable in 2022 is 19 per cent.Withholdings paid on income from movable capital must be included in box ***[0597]*** of the tax return.**(Back)**

B. Income from movable capital to be included in the general taxable base (Lease of the cafeteria)

This is the lease of a business in operation, in which, together with the premises, the

installations, furniture, clientele, etc., are transferred.

The determination of the net earnings is made according to the following detail:

a. Full income:

Lease fee (1,300 x 12 months) = 15,600.00

b. Deductible expenses:

I.B.I. Receipt = 800,00
Air conditioning repair = 1.100,00
Administration costs = 360,00
Local depreciation = 900,00
Depreciation of furniture (10% of 15.000) = 1.500,00
Total (800 + 1,100 + 360 + 900 + 1,500) = 4,660.00

c. Net yield (15,600 - 4,660) = 10,940.00

d. Reduction= 0

e. Reduced net yield = 10,940.00

f. Withholding tax (19% s/15.600) (*) = 2.964,00

(*) The withholding tax rate applicable in 2022 is 19 per cent.Withholdings paid on income from movable capital must be included in box ***[0597]*** of the tax return.(Back)

Summary table:Taxation of life or disability insurance contracts and capitalisation operations

Taxation of life and disability insurance contracts and capitalisation transactions

Subject	Net income from movable capital	Net yield reductions
Benefits in the form of capital derived from life insurance	In life insurance (CP - PS) **where:** **CP** = Capital received **PS** = Survival premiums paid	Transitional regime for contracts generating increases or decreases in wealth prior to 01-01-1999 (DT 4th Law IRPF): The part of the total net yield corresponding to premiums paid before 31-12-1994, generated before 20-01-2006, will be reduced by the percentage of 14.28% for each year between the payment of the premium and 31-12-1994. The following weightings should be applied successively to determine that part of the yield: (Premium x No. of years to collection) ÷ ∑ (each premium x No. of years to collection) Days from premium payment to 20-01-2006 ÷ Days from premium payment to collection date Overall maximum limit of deferred capital received from 1 January 2015:400,000 euros
	In insurance that combines survival with death or disability (CP - PS - PCR) **where:** **CP** = Capital received **PS** = Survival premiums paid **PCR** = Premiums paid that correspond to the capital at risk due to death or disability with the limit of 5% of the mathematical provision	
Disability benefits in the form of capital	(CP - PS) ***** The same treatment is given to benefits deriving from insurance whose beneficiary is the mortgagee, subject to certain conditions.	No
Benefits derived from capitalisation operations in the form of deferred capital	(CP - PS)	No

Subject	Net income from movable capital	Net yield reductions
Immediate life annuities from life or disability insurance	• annuity x 40 % if recipient < 40 years • annuity x 35 % if recipient 40-49 years • annuity x 28 % if recipient 50-59 years • annuity x 24 % if recipient 60-65 years old • annuity x 20 % if recipient 66-69 years • annuity x 8 % if recipient is 70 years old or over	No
Immediate temporary income derived from life or disability insurance	• annuity x 12 % if d.r. ≤ 5 years • annuity x 16 % if d.r. > 5 ≤ 10 years • annuity x 20 % if d.r. > 10 ≤ 15 years • annuity x 25% if d.r. > 15 years old **where d.r** = duration of income	No
Temporary or deferred annuities	a + [(VA - PS) ÷ N] **where:** **a** = annuity x percentage according to the age of the recipient or the duration of the income (the same for temporary income or immediate life annuities) **VA** = Actuarial financial present value of the income to be constituted **PS** = Amount of premiums paid **N** = No. of years of duration of the temporary income, with a maximum of 10 yearsIf the income is for life, it will be taken as a divider for 10 years **Note:** When the income has been acquired free of charge inter vivos, the RCM will be exclusively the result of applying to each annuity the percentage corresponding to the immediate temporary or life annuity.	No

Subject	Net income from movable capital	Net yield reductions
Deferred annuities received as retirement and disability benefits, where there has been no mobilisation of the provisions during the term of insurance	Excess of benefit over premiums paid (as soon as the amount of benefit exceeds the total amount of such premiums) **Note:** If the annuity was acquired inter vivos, the RCM is the excess of the benefit over the actuarial present value of the annuities at the time of their creation.	No
Extinction of temporary or life annuities for the exercise of the right of redemption	Amount of the redemption + income paid up to the moment of redemption - premiums paid - amounts paid as RCM in accordance with the previous sections **Note:** When the income has been acquired free of charge inter vivos or it is income constituted before 01-01-1999, the accumulated yield until the constitution of the income will be subtracted additionally.	Temporary arrangement (The reductions in the transitional system do not apply to insurance contracts whose income was constituted before 1 January 1999.)
Life insurance in which the policyholder assumes the investment risk "*unit linked*	A. If the special rule of temporary imputation does not apply (art.14.2.h, Law IRPF): Depending on whether the payment is received in the form of capital or income, the rules discussed in the previous sections will be applied. B. If the special rule of temporary imputation applies (art.14.2.h, Law IRPF): Net annual return = difference in the net asset value between the policy assets at the end and at the beginning of the tax period	No

Note to the table:

(1) When these annuities were constituted prior to 01-01-1999, the yield is only the result of applying the percentages indicated for life annuities or immediate temporary annuities, as the case may be.See DT fifth of the Law of IRPF. **(Back)**

Chapter 6.Returns on economic activities.General issues

Concept of earnings from economic activities

Regulations:Art. 27.1 and 2 Law IRPF

A. In general

According to article 27.1 of the Law of IRPF, income from economic activities is considered to be income from personal work and capital together, or from only one of these factors, which involves the taxpayer's own management of means of production and human resources, or one of both, with the aim of intervening in the production or distribution of goods or services.

According to this legal wording, the concept of income from economic activities is delimited by the concurrence of the following two notes:

- **Existence of an autonomous organisation of means of production or human resources**.
- **Purpose of intervening in the production or distribution of goods or services**.

B. In particular

In particular, they take into account the income from economic activities, which come from the exercise of:

- Extractive activities.
- Trade activities.
- Service provision activities
- Craft activities.
- Agricultural, livestock and forestry activities.
- Manufacturing activities.
- Fishing activities.
- Construction activities.
- Mining activities.
- Liberal, artistic or sporting professions.

C. Partners in partnerships engaged in the provision of professional services

Income obtained by the taxpaying partner that meets the following requirements shall be considered to be income from economic activities:

1.That they come from an entity in whose capital they participate, that is, in which the taxpayer has the status of partner.

2.Resulting from professional activities.

These must be the activities carried out by the partner for the company or provided by the company through its shareholders.In this activity, two legal relationships must be distinguished on a general basis for fiscal purposes:the relationship established between the shareholder and the company, by virtue of which the shareholder provides its services to that company, constituting the remuneration of the company to the shareholder, income to be included in their personal income tax, and the relationship between the client and the company, whose remuneration made by the client to the company constitutes the income of the company to include in the Corporation Tax.

3.That such professional activities be included in the Second Section of the Economic Activity Tax Rates, approved by Royal Legislative Decree 1175/1990, of 28 September.

With regard to professional activity to be carried out by the company, both professional companies of Law 2/2007, of 15 March, of professional companies (BOE of 16 March), and any other company whose company purpose includes the provision of professional services included in the second section of the Economic Activities Tax Rates.

In addition, it will be necessary for the activity carried out by the shareholder in the company to be the professional services that constitute the purpose of the entity, and that within such services, the marketing, organisational or managerial tasks of teams and internal services provided to company within that professional activity must be understood to be included.

4.The taxpayer is included, for this purpose, in the special Social Security scheme for self-employed workers or self-employed workers, or in a mutual benefit society that acts as an alternative to the aforementioned special scheme in accordance with the provisions of the fifteenth additional provision of Law 30/1995, of 8 November, on the regulation and supervision of private insurance.

See article 305 of the revised text of the General Social Security Law, approved by Royal Legislative Decree 8/2015, of 30 October (BOE of 31 October), which delimits the scope of application of the Special Social Security Scheme for self-employed workers.

Otherwise (i.e. if he/she is included in the general Social Security scheme), the qualification of such services must be that of personal work in accordance with the provisions of Article 17.1 of the Law of IRPF.

Without prejudice to the foregoing, and regardless of the nature of the remuneration corresponding to such services, it should be borne in mind that, as these are transactions between related persons or entities, they will be carried out at their market value, in accordance with the terms set out in article 18 of the LIS.

Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

Related transactions

In accordance with Article 18 of the LIS the linking relationships occur in transactions between:

- *An entity and its members or participants,*
- *An entity and its de jure and de facto directors or managers,*
- *An entity and the spouses or persons related by direct or collateral kinship, by blood or*

affinity up to the third degree of the partners or participants, directors or administrators,
- *An entity and the directors or managers of another entity, where both entities belong to a group.*

Where the link is defined on the basis of the partnership relationship, the shareholder's shareholding must be 25 per cent or more.

In the case of remuneration for the exercise of their functions as directors or administrators of entities, the rules of related-party relationships are not followed, because this is expressly established in Article 18.2 of the LIS, and therefore such remuneration is excluded from the scope of related-party transactions regulated in Article 41 of the Law IRPF.

D. Leasing of real estate

The leasing of real estate is considered a financial activity only when it involves at least one person employed under a full-time employment contract.

Delimitation of income from economic activities

Introduction

Although the only legal definition of income from economic activities is that set out in Article 27.1 of the Law of IRPF, it is necessary to differentiate between those derived from the exercise of business and professional activities and, within the former (business activities), those of a commercial and non-commercial nature.

The importance of these distinctions lies in the different fiscal treatment of some and other returns, in aspects as marked as the retention or entry to account, the accounting and registration obligations of the holders of such activities and the separate declaration thereof.

However, the declaration model of the IRPF , in response to the need demanded by the group of taxpayers with economic activities and social collaborators, has adopted from 2021 a single, common codification or nomenclature of types of activities for the main tax figures, with the aim of harmonising and homogenising the codes used to register the data and facilitate the flow of information, essential for optimising the management of the different taxes that affect them, their appropriate coordination with the tax censuses and registers required for compliance with their tax obligations and, finally, to improve assistance to this group in the exercise of their rights and in the fulfilment of their obligations.

Therefore, from 2021 onwards, new codes and types of economic activities have been included in the completion of the IRPF return , with the aim of gradually extending it to other tax returns.In this respect, see types and keys of economic activities in the IRPF discussed in the corresponding section of this Chapter.

Distinction between income from business and professional activities and between commercial and non-commercial business activities

A. Distinction between income from business and professional activities

The regulations governing the IRPF establish the following rules for differentiation:

1.General rules

- **Income from professional activities** are those derived from the exercise of the activities included in Sections Two (general professional activities) and Three (professional activities of an artistic or sporting nature) of the Rates of the Tax on Economic Activities (IAE), approved by Royal Legislative Decree 1175/1990, of 28 September (BOE of 29 September);**while income from business activities** is income from activities included as such in Section One of the aforementioned Rates [Art. 95.2 a) Personal Income Tax Regulation].

  > In relation to professional activities carried out by entities under the income attribution system, it should be clarified that, although these entities must pay tax under Section One of the Rates of the IAE for the exercise of such activities, for the purposes of the IRPF they maintain their nature as professional and not business activities, in accordance with the provisions of section 3 of rule 3 of the Instruction for the application of Royal Legislative Decree 1175/1990, of 28 September, approving the rates and instruction of the Tax on Economic Activities.

  According to this criterion,**, income from professional activities is income obtained, through the free exercise of their profession**, provided that such exercise involves the management on their own account of means of production and human resources or one of both, inter alia, by:veterinarians, architects, doctors, lawyers, notaries, registrars, insurance actuaries, insurance agents and brokers, singers, teachers and music directors, official retailers of lotteries, sports betting and other games included in the network of the public business entity Loterías y Apuestas del Estado.

- **Income from professional activities** is not considered to be income from professional activities when it is received by persons who, paid by a company for the functions they perform in that company, are obliged to register with their respective professional associations and, in general, those deriving from an employment or dependent relationship.These amounts are included among the income from work, in which section they must be declared (Art. 95.3 of the Personal Income Tax Regulations).

- **Business income is derived, inter alia, from the following activities**:extractive, mining, manufacturing, clothing, construction, wholesale trade, retail trade, food services, transport, hotel and catering, telecommunications, etc.

2.Particular rules

The difficulties that can arise when correctly classifying certain specific cases of income have led the personal income tax regulations to specifically contemplate and regulate the following particular cases:

2.1.Authors or translators of works

Regulations:(Arts.17.2 d) Law IRPF and 95.2 b) 1º Regulation IRPF

Income derived from the production of literary, artistic or scientific works, provided that the right to exploit them is transferred, constitutes income from work , except where such activity involves the self-employed management of the means of production and human resources, or one or both, for the purpose of participating in the production of goods or services, in which case the income is classified as **derived from economic activities**.In the event that this is the case the yields are

- **business** when the authors or translators themselves directly publish their works, and
- **professionals** if the authors or translators transfer the exploitation of these to a third party.

Finally, where the beneficiary or recipient of the royalties is a third party other than the author or translator (e.g. heirs), they constitute income from movable capital for the recipient .

2.2.Commissioners

Regulations:Art. 95.2 b) 2nd Regulation IRPF

Professional income is the income obtained by commission agents when their activity is limited to bringing the interested parties together or bringing them closer together for the conclusion of a contract.

On the other hand, when, in addition to the function described above, they assume the risk and risk of the commercial operations in which they participate, **the return** should be classified as **business**.

income from work is income derived from the special employment relationship with the company which the commission agents or commercial agents represent and which does not involve the own-account management of means of production and/or human resources.

2.3.Teachers

Regulations:Art. 95.2 b) 3rd Regulation IRPF

The following are considered as income derived from professional activities those obtained by these persons, whatever the nature of the teaching they provide, provided that they carry out this activity, either at their home, in private homes or in an academy or open establishment, without an employment or statutory relationship.

If the relationship from which the remuneration is derived is an employment or statutory relationship, the **income** will be included among the income derived from **work**.

Teaching in their own academies or establishments shall be considered as **business activity**.

2.4.Conferences, colloquiums, seminars and similar events

Regulations:(Arts.17.2 c) and 17.3 Law IRPF

Income derived from giving courses, conferences, colloquiums, seminars and similar activities are considered as income from work , even when these activities are provided outside an employment or statutory relationship.

> However, when such activities involve the self-management of means of production and human resources, or one or both, with the aim of intervening in the production or distribution of goods or services (for example, when the taxpayer has already been carrying out economic activities and his participation in conferences, symposia or courses corresponds to matters directly related to the object of the activity, in such a way that it can be understood that it is one more service of his activity, or in cases in which he intervenes as organiser of the courses or participates in the positive or negative results derived from them), the income obtained will be classified as income derived from the exercise of professional activities.

B. Distinction between commercial and non-commercial income from business activities

According to commercial law, agricultural activities, livestock farming and handicraft activities are not considered to be commercial business activities, provided that in the latter case the sales of objects constructed or manufactured by the artisans are carried out by the artisans in their workshops.All other business activities are deemed to be commercial.

Table:tax classification of income obtained in carrying out certain activities

Tax classification of income obtained in the course of certain activities

Activity	Situations	Rating
Teachers	In own academy	Corporate
	At home, private lessons	Professional
	In Institutes, Colleges, Universities, etc., with employment or statutory relationship	Work
Commercial agents and commission agents	They bring interested parties closer together or bring them closer without taking on the risk and rewards of the operations.	Professional
	They assume the risk and risk of commercial transactions or operate in their own name.	Corporate
	With an employment relationship (of a common or special nature) with the company they represent without own-account management of means of production and/or human resources.	Work
Lawyers	Amounts received in legal aid	Professional
	Amounts received in the free exercise of their profession	Professional
	Amounts received as a salary from a company (even if they are registered with their respective professional bodies).	Work
Intellectual or industrial property	Authors who publish their own works	Corporate
	Authors who do not publish their own works and who order their own means of production	Professional

Activity	Situations	Rating
	Authors who do not publish their works and do not order means of production	Work
Conferences, colloquiums, seminars and similar events	In general terms	Work
	If there is own-account management of means of production	Professional
Messengers		Work
Insurance agents, sub-agents and brokers and their commercial partners (1)		Professional
ONCE coupon vendors		Work
Official retailers in the commercial network of the public business entity of Loterías y Apuestas del Estado (LAE)		Professional
Pharmacists	Sale of pharmaceutical products	Corporate
	Analysis and elaboration of magistral formulae	Professional
Notaries, Registrars and Customs Agents		Professional

(1) Employees of insurance companies or insurance intermediaries, even if they exceptionally produce some insurance, receive income from work.(Go back)

Keys to economic activities in Personal Income Tax

Currently, the nomenclature that taxpayers must use to determine their type of economic activity varies from one tax return to another.Thus, until 2021, in the personal income tax return, the classification of these activities was based on the tax treatment that corresponded to each one depending on whether they were subject to withholding or payment on account or the accounting and registration obligations of the holders of these activities, and differed from that offered, for example, in the Value Added Tax returns or in the census return for registration in the census of professional entrepreneurs and withholders, so that the same activity was recorded differently depending on the tax return in question.

In order to harmonise the nomenclature used for these purposes in the completion of the different tax returns, and in response to the repeated request made by the group of taxpayers with economic activities, a new codification of these activities was implemented in the 2021 personal income tax return with the aim of progressively extending it to the other tax returns.

From the latter perspective, from the 2021 tax year, the tax return form distinguishes the following types and keys of economic activities in direct estimation:

Code	Type of activity
A01	Lessors of urban real estate
A02	Independent livestock farming
A03	Other business activities not included in other sections
A04	Professional activities of an artistic or sports
A05	Other professional activities
B01	Agricultural activity
B02	Dependent livestock activity
B03	Forestry
B04	Mussel production in rafts
B05	Fishing activity, except mussel production activity in rafts

Capital assets related to an economic activity

Criteria for assigning assets and rights to the exercise of an economic activity

Regulations:(Arts.29 Law IRPF and 22 Regulation IRPF

In accordance with the regulations of IRPF, the criteria for assigning assets and rights to the exercise of an economic activity are as follows:

1.Assets and rights assigned to an economic activity are those necessary to obtain business or professional income.

According to this criterion, the following elements of heritage are expressly considered affections:

a. The real estate in which the activity takes place.

b. The goods destined for economic services and sociocultural staff of the activity.

c. Any other assets necessary for the obtaining of the respective yields.

In accordance with the above, assets intended for the private use of the owner of the activity, such as those for leisure or recreation, cannot be considered to be affected.

> ***Note:*** *in no case are assets representing the participation in the own funds of an entity (shares or holdings) and the transfer of capital to third parties, such as, for example, all types of bank accounts, to be considered as assets assigned to an economic activity.*

2.The items concerned must be used only for the purposes of the activity.

According to this characteristic note, assets and rights which are used **simultaneously** for economic activities and for private needs cannot be considered as assigned, unless the use for the latter is **accessory and notoriously irrelevant**.

In this respect, **, fixed assets acquired and used for the development of the economic activity and intended for the personal use of the taxpayer on non-working days or hours during which the exercise of the activity is interrupted, are considered to be used for private needs in an accessory and notoriously irrelevant manner**.

This derogation does not apply to passenger cars and their trailers, motorbikes and aircraft or sports or pleasure craft.These assets shall only be considered as assets assigned to the development of an economic activity when they are used exclusively for the purposes of that activity, and in no case may they be considered as assigned if they are also used for private needs, even if such use is accessory and notoriously irrelevant.

However, as an exception to the exception, the use for private needs (provided that it is accessory and notoriously irrelevant) is allowed without losing its status as affective goods, tourism cars and other means of transport which, being included in the enumeration in the preceding paragraph, they are listed below:

a. The multipurpose used to transport goods.

b. Those intended for the provision of transport services to travellers using compensation.

c. Those intended for the rendering of services driver teaching or pilots through compensation.

d. Those intended for the professional movement of representatives or commercial agents.

e. The intended to be subject to cession of use normally exercises and onerousness.

For this purpose, motor vehicles, trailers, mopeds and motorcycles are considered, as defined as such in the Annex to Royal Legislative Decree 339/1990, of 2 March, approving the text of the Traffic Act. Motor Vehicle Movement and Road Safety and from 31 January 2016 in the Annex to Royal Legislative Decree 6/2015, of 30 October, approving the consolidated text of the Law on Traffic, Motor Vehicle Movement and Road Safety. as well as those defined as mixed vehicles in these annexs and, in any case, so-called 'jeep' type or 'all terrain vehicles'.

3.The necessary and exclusive use for the purposes of the activity of a divisible asset may only apply to a certain part of the asset (partial allocation) and not necessarily to its entirety.

In the case of assets which serve only partially the purpose of the activity, the allocation shall be limited to that part of the assets which is actually used for the activity in question.In this sense, only those parts of the assets that can be used separately and independently from the rest will be considered to be affected, and under no circumstances will indivisible assets be susceptible to partial allocation.

The partial affectation of a patrimonial element carries important fiscal consequences, since the income and expenses corresponding to that part of the good must be included among those corresponding to the economic activity to which it is affected.

Precisions:

For the calculation of the net yield of an economic activity in direct estimation, in the case of the use of a property in part as usual housing, in part for the exercise of the activity, it should be differentiated between the costs of ownership of the dwelling and the costs of the supplies of the property.

In the case of expenses arising from the ownership of the dwelling, such as amortizations, IBI, community of owners, etc., are deductible in proportion to the part of the dwelling affected to the development of the activity and its percentage of ownership in the property referred to.

In the case of expenses corresponding to supplies, rule 5.ª of Article 30.2 of the Law of IRPF must be taken into account regarding deductible expenses for certain supplies when the entrepreneur or professional carries out his activity in his own habitual residence, the commentary of which is included in Chapter 7 of this manual.

4.Those assets which, although owned by the taxpayer, do not appear in the taxpayer's accounts or official records of the economic activity (register of investment goods) which the taxpayer is obliged to keep, are not affected, unless there is evidence to the contrary.

5.In the case of marriage, the assignment of an asset is subject to the condition that it is owned privately by the spouse who carries out the activity, or that it is owned jointly or jointly by both spouses.

If a common or ganancial element is used, the holder must consider it fully affected to the activity, even if the mentioned one belongs to both spouses.On the other hand, the private assets of the spouse who does not carry out the economic activity cannot be considered to be assigned to the economic activity, but are considered to be transferred assets.

Therefore, the elements whose ownership is common to both spouses (not necessarily joint-ownership elements), even if one of them does not carry out the activity, will be considered as assets fully assigned to the economic activity of the entrepreneur spouse.

As a consequence of this rule, the use of assets or rights owned by both spouses by the entrepreneur or professional spouse in the pursuit of his or her activity will not give rise to deductible expenses for the entrepreneur or professional spouse, nor to capital gains for the other spouse, due to the **transfer of use** made on the part of the asset corresponding to the other spouse.(art. 30.2.rule 3, second paragraph of the Law of IRPF).

Accordingly, the common property shall be treated for each of the spouses as follows:

- The spouse, who is the owner of the activity, may deduct, as deductible expenses, all the expenses generated by the activity, including depreciation.
- In the case of the non-practising spouse, these common assets will have no impact, i.e. he/she will not have to allocate any income or expenses.

Summary table:criteria for the purpose of economic activity

Patrimonial elements	Use of assets	Rules on personal income tax liability	Exceptions
Divisible (e.g. real estate)	**Partial** When part of the assets can be used separately and independently from the rest.	The allocation shall be limited to that part of them which is actually used for the activity in question.	There are no exceptions.
Indivisible	**Alternative** Those assets which, due to their material characteristics, are not susceptible to being used simultaneously (but alternatively) for a private and an economic activity.	Their use is only allowed for the private needs of the taxpayer provided that it is incidental and clearly irrelevant (i.e. on non-working days or hours during which the exercise of the economic activity is interrupted).	**Exception**:does not apply, except in certain cases, to passenger cars and their trailers, mopeds, motorbikes, aircraft or sporting or recreational craft".Article 22.4 Personal Income Tax Regulation

Examples:

1. Mr V.R.V., a practising lawyer, uses the computer in his office for private business on certain public holidays.

   The use of the computer, which objectively has the character of a fixed asset acquired and used for the pursuit of the business activity, on non-working days is expressly provided for in the Regulation as an exception to the requirement of exclusivity of use, so that in this case

the computer can be considered in its entirety as a fixed asset.

2. Mr. S.A.M., a taxi driver, often uses his vehicle on certain days off to go to the countryside with his family.

   The use of the taxi for private needs on non-working days when the normal exercise of the activity is interrupted, does not prevent the vehicle from being considered as being fully assigned to the business activity carried out by its owner, as it is a vehicle intended for the transport of passengers for payment and is expressly exempt from the requirement of absolute exclusivity applicable in general to passenger cars.

3. Mr A.A.R., an ophthalmologist, uses two rooms in his home exclusively as a consulting room.These rooms, which are 40 m2 in size and are recorded in the corresponding Business Tax registration, represent 30 percent of the total floor area of the usual dwelling.Can the area used for consultation be regarded as being assigned to the professional activity and, consequently, can the costs relating to that area be deducted from the income from the activity?

   The part of the dwelling used exclusively as a consulting room can be considered to be used for the professional activity of the owner;Therefore, the expenses specific to this part of the dwelling can be deducted from the full income from the professional activity.

Transfer of capital assets from personal assets to business or professional assets:affectation

Regulations:(Arts.28.3 Law IRPF and 23 Regulation IRPF

The business or professional heritage consists of all those goods or rights integrated in the organizational field of an economic activity developed by its holder.

For its part, the private property comprises the other property or rights which are equally owned by the taxpayer, but which are not affected by the development of any economic activity.

The **principles and rules** that govern the assignment of assets or rights are as follows:

a. The incorporation of an asset into the economic activity from the personal assets of the taxpayer who owns the asset **does not produce a change in assets for tax purposes as long as the asset continues to form part of the taxpayer's assets.**

b. The asset is entered in the taxpayer's accounts at the acquisition value of the asset at the time of its allocation .

This value is made up of:

- When the acquisition of the asset has taken place **for valuable consideration** for the sum of the actual amount for which the acquisition was made, the cost of the investments and improvements made in the asset and the expenses and taxes inherent to the acquisition, excluding interest, paid by the acquirer.This value shall be reduced by the amount of tax-deductible depreciation, with the minimum depreciation being taken into account in all cases, irrespective of whether or not it is actually considered as an expense.

- When the acquisition of the asset has taken place **for profit** by the owner of the activity, the above rules shall apply, although the actual amount of the acquisition shall be taken as the acquisition value for Inheritance and Gift Tax purposes, although it may not exceed the market value.

Note: the components of acquisition value are discussed in more detail in Chapter 11 of this manual.

c. It shall be understood that **has not been assigned if the asset is disposed of within 3 years of the assignment.**

Transfer of asset-related elements from business or professional assets to personal assets:"disaffectation"

Regulations:(Arts.28.3 Law IRPF and 23 Regulation IRPF

Principles and rules of disaffection

The principles and rules for the disaffectation of property or rights are as follows:

- The transfer of fixed assets from the business to the taxpayer's staff **does not alter assets as long as the asset continues to form part of the taxpayer's assets**.
- **The incorporation of the asset or right into personal assets takes place at the net book value of the asset or right at the date of the transfer** .

  The components of book value are discussed in Chapter 11.

- The disaffectation **does not require the passage of time for it to be understood as consummated** from the moment it is carried out.

Notwithstanding the above, if the asset is disposed of before 3 years have elapsed from the date of the withdrawal, even if this has occurred as a result of the cessation of the activity, **the reduction percentages** referred to in the ninth transitory provision of the Law of IRPF will not be applicable in the determination of the capital gain obtained.

The ninth transitional provision of the Law of IRPF, establishes a special regime of reduction applicable to capital gains derived from the transfer of non-affected assets and to assets acquired prior to 31 December 1994 that have been deactivated more than three years prior to the date of transfer.The detailed commentary on this transitional regime for the reduction of capital gains is contained in Chapter 11.

Example:

Mr. F.R.G., a stomatologist, sets up his practice on 1 January 2022 in premises he owns, which he rented from the date of acquisition until 31 December 2017, and between 31/12/17 and 31/12/19 was used for his own purposes, with this date being recorded in his register of investment goods.

The aforementioned premises were purchased by Mr. F.R.G. on 1 May 1985 for the equivalent of 60,000 euros, and the owner also paid the equivalent of 5,000 euros in Property Transfer Tax

and Stamp Duty, notary and Land Registry fees.

During the years in which the premises were rented, the acquisition value of the property has been higher than the cadastral value of the property.

In order to determine the depreciation base, the value of the land is estimated to amount to the equivalent of 18,000 euros.

On 31 May 2022, he moved his practice to other premises and proceeded to rent out the previous premises again for 900 euros per month.

Determine the tax treatment of these operations and whether the premises can be considered to be assigned to the business during the year 2022 tax year.

Solution:

1.Allocation of premises (01-01-2022):

The affectation of the commercial premises to the professional activity is understood to have taken place on 1 January 2022, as from that date the requirements for the necessary and exclusive use of the premises for the development of the activity and for accounting purposes have been met.

The entry of the premises in the investment goods register must be made at the following value:

Actual amount of the acquisition:60,000

Expenses and taxes inherent to the acquisition:5,000

Total:65,000

Less:Tax deductible depreciation (01-05-1985 to 31-12-2017) **(1)**

Year 1985:(47,000 x 1.5%) x 8/12 = 470

Years 1986 to 1998:(47.000 x 1,5%) x 13 = 9.165

Years 1999 to 2002:(47.000 x 2%) x 4 = 3.760

Years 2003 to 2017:(47.000 x 3%) x 15 = 21.150

Total depreciation:34.545

Value of allocation (65.000 - 34.545) = 30.455

Note:

(1) For the purpose of determining the depreciation base, the value of the land ('18,000) has been deducted.Likewise, the depreciation rate for the years 1985 to 1998 has been taken as 1.5 per cent, which was the rate deductible for tax purposes while the premises were leased in the aforementioned years.For the financial years 1999 to 2002, the percentage to be used is 2% (Article 13.2(a) of the Regulation of the IRPF in force in the aforementioned financial years).For the years 2003 to 2017, the applicable percentage is 3% (for the years 2003 to 2006, Article 13.2(a) of the Regulation of the IRPF as amended by Royal Decree 27/2003 of 10 January 2003, and for the years 2007 to 2017,

Article 14.2(a) of the Regulation of the IRPF).(Go back)

2.De-designation of local (31-05-2022) (2)

When the premises are disaffected on 31 May 2022, they will be added to the owner's personal assets at the net book value of the premises on that date.This value is determined as follows:

Value of allocation = 30,455

Less:Depreciation (01-01-2022 to 31-05-2022) (3)

Year 2022:(12,455 x 3%) x 5/12 = 155.69

Total depreciation:155.69

Net book value (30,455 - 155.69) = 30,299.31

Notes:

(2) Moving the practice to the other premises on 31 May 2022 involved a disaffectation of the economic activity conducted by its owner.However, the subsequent renting of the premises does not prevent the premises from being considered as fully assigned during the period in which the practice was installed (from 1 January 2022 to 30 May 2022).(Go back)

(3) The depreciations for tax purposes coincide with those applied by the owner of the activity and correspond to the maximum straight-line depreciation coefficient for this type of asset, assuming that it determines the net yield by simplified direct estimation.Maximum coefficient for buildings, according to simplified table:3 per 100.The value of the land ('18,000) is not subject to depreciation.Consequently, the depreciable value is 12,455, which is the difference between 30,455 (earmarked value) and 18,000 (land value).(Go back)

Transfers of capital assets subject to tax

Regulations:Arts.37.1 n) Law IRPF and 40.2 and 42 Regulation IRPF

The transfer of tangible or intangible assets belonging to the tangible or intangible fixed assets of the economic activity gives rise to capital gains or losses which **are not included in the net income from the activity**.

The quantification of its amount and its effective taxation is carried out in accordance with the rules contained in the Law of IRPF for the **capital gains and losses, with the following speciality**:The reduction coefficients applicable to goods acquired prior to 31 December 1994 cannot be applied.

See Chapter 11 for the section on the transfer of assets.

Method and modalities for determining the net earnings from economic activities

Regulations:Art. 16 Personal Income Tax Act

Introduction

The methods for determining the net performance of business, commercial or non-market activities, and professional activities are as follows:

- Direct estimation, which admits two modalities:normal and simplified.
- Objective estimation, which is applied as a voluntary method to each of the economic activities, in isolation, determined by the Minister of Finance.

Without prejudice to the detailed commentary on each of the methods and procedures for determining net income in the corresponding Chapters of the manual, the tables in the following sections contain the most significant notes on each of these methods and procedures.

Note: *Article 60 of Law 22/2021 of 28 December on the General State Budget for 2022 (BOE of 29 December) amended, with effect from 1 January 2022 and indefinitely, the thirty-second transitory provision of the Law of IRPF, extending for the 2022 tax period the quantitative limits set in 2016 to 2021 for the application of the objective assessment method, with the exception of agricultural, livestock and forestry activities, which have their own quantitative limit for volume of income.*

Tables:Methods and types for determining the net income of economic activities:direct estimate

Direct estimation (See Chapter 7)

Information	Normal mode (EDN)	Simplified mode (EDS)
Scope	Entrepreneurs and professionals in which one of these two circumstances applies: • The net turnover of all its activities exceeds 600,000 euros per year in the previous year. • Who have resigned from ESD.	Entrepreneurs and professionals in which one of these two circumstances applies: • Their activity is not eligible for the EO. • Who have resigned or are excluded from the EO. Provided that, in addition, the net turnover of all their activities does not exceed the amount of 600,000 euros per year in the previous year and they have not renounced the EDS.
Determination of the net yield	(+) Full income. (-) Deductible expenses. (-) Depreciation. **(=) Net yield.** (-) Reduction of income with a generation period of more than two years or obtained in a notoriously irregular manner when it is imputed in a single financial year (30%).Maximum reduction base:300,000 euros. Transitional regime:application of this reduction to income received in instalments prior to 1-1-2015. **(=) Reduced net income**. (-) Reduction for economically dependent self-employed workers with only one unrelated client: • General reduction:2,000 euros. • Additional increase for taxpayers with net income from the activity of less than 14,450 euros and income other than the above, excluding exempt income, of less than 6,500 euros. • Additional increase for disability.	(+) Full income. (-) Deductible expenses (except provisions and depreciation). (-) Depreciation simplified table. **(=) Difference**. (-) Expenditure which is difficult to justify:5% of positive difference (Maximum 2,000 euros).(incompatible with reduction for self-employed workers) **(=) Net yield.** (-) Reduction of income with a generation period of more than two years or obtained in a notoriously irregular manner when it is imputed in a single financial year (30%).Maximum reduction base:300,000 euros. Transitory rules:application of this reduction to income received in instalments prior to 1-1-2015. **(=) Reduced net yield.** (-) Reduction for economically dependent self-employed workers or workers with only one unrelated client (incompatible with expenses that are difficult to justify).

Information	Normal mode (EDN)	Simplified mode (EDS)
	(-) Reduction for taxpayers with total income of less than 12,000 euros, including income from the activity (incompatible with the previous reduction). (-) Reduction for starting up a business. **(=) Total reduced net yield.**	• General reduction:2,000 euros. • Additional increase for taxpayers with net income from the activity of less than 14,450 euros and income other than the above, excluding exempt income, of less than 6,500 euros. • Additional increase for disability. (-) Reduction for taxpayers with total income of less than 12,000 euros, including income from the activity (incompatible with the previous reduction). (-) Reduction for starting up a business. **(=) Total reduced net yield.**
Registry obligations	**1.Commercial activities:** • Accounting in accordance with the Commercial Code. **2.Non-commercial activities:** a. <u>In general, record books of:</u> • Sales and revenue ledger. • Register of purchases and expenses. • Investment Goods Register. b. <u>Professional activities:</u> • Sales and revenue ledger. • Register of purchases and expenses. • Investment Goods Register. • Register of provisions of funds and supplies.	**1.In general** (even if they keep accounts in accordance with the provisions of the Commercial Code) • Sales and revenue ledger. • Register of purchases and expenses. • Investment Goods Register. **2.Professional activities**: • Sales and revenue ledger. • Register of purchases and expenses. • Investment Goods Register. • Register book of provision of funds and advances

Tables:Methods and types for determining the net income of economic activities:Objective estimate

Objective estimation (See Chapters 8 and 9)

Scope	Entrepreneurs and professionals in which they attend: • Its activity is among those listed in the Order HFP/1335/2021, of 1 December, and not excluded from its application • The volume of untaxed earnings in the previous year does not exceed any of the following amounts: ◦ 250,000 for all activities except agriculture, livestock and forestry. ◦ eur 125.000 when it corresponds to transactions for which they are obliged to issue an invoice as the addressee is an entrepreneur or professional acting as such. ◦ 250,000 for all agricultural, livestock and forestry activities. • The volume of purchases of goods and services in the previous financial year, excluding purchases of fixed assets, does not exceed 250,000 euros per year (excluding VAT). • The activity does not fall outside the scope of application of IRPF. • They have not renounced or are excluded from the simplified regime of VAT and from the special simplified regime of the Canary Islands General Indirect Tax (IGIC).They have not renounced the special regime for agriculture, livestock and fisheries of VAT, nor the special regime for agriculture and livestock of the IGIC. • No exercise carried out by the taxpayer uses the direct estimate regime, in any of its forms.	
Determination of net income	**ACTIVITIES OTHER THAN FARMING, ANIMAL HUSBANDRY AND FORESTRY** No. of module units (x) Annual yield per unit **(=) Previous net yield** (-) Write-downs for employment and investment incentives **(=) Net income less** (x) Corrective indices **(=) Net module yield** (-) General reduction 15%. (-) Lorca special reduction (20%) (-) Special reduction for the island of La	**AGRICULTURAL, LIVESTOCK AND FORESTRY ACTIVITIES** Total volume of revenue (x) Net rate of return **(=) Previous net yield** (-) Reduction for the purchase of agricultural diesel:35% (-) Reduction for the purchase of fertilisers:15% (-) Depreciation of tangible and intangible fixed assets (excluding forestry activities) **(=) Net income less** (x) Corrective indices **(=) Net module yield**

	Palma (20%) (-) extraordinary expenses (+) Other business perceptions **(=) Net income from the activity** (-) Reduction (30%) with a maximum reduction base of 300,000 euros • For income generated over a period of more than two years when it is attributed in a single financial year • For income obtained in a notoriously irregular manner when it is imputed in a single financial year *Transitory rules*:application of this reduction to income received in instalments prior to 01-01-2015. (-) Reduction for taxpayers with total income of less than 12,000 euros including income from the activity. **(=) Reduced net income**	(-) Overall reduction (25%) (-) Reduction of young farmers (-) Special reduction for the island of La Palma (20%) (-) extraordinary expenses **(=) Net income from the activity** (-) Reduction (30%) with a maximum reduction base of 300,000 euros. • For income generated over a period of more than two years when it is attributed to a single financial year • For income obtained in a notoriously irregular manner when it is imputed in a single financial year *Transitory rules:* application of this reduction to income received in instalments prior to 01-01-2015. (-) Reduction for taxpayers with total income of less than 12,000 euros including income from the activity. **(=) Reduced net earnings**
Registry obligations	Invoices issued, invoices received and documentary evidence. ***If depreciation is practised*:** - Investment goods register ***For activities whose net yield is fixed according to the volume of operations (agriculture, livestock, forestry and processing of natural products):*** - Sales and revenue ledger	

Accounting and registration obligations of taxpayers who hold economic activities

Attention:*at the end of this section, there is a summary table of the accounting and registration obligations discussed below.*

In general

Regulations:Arts.104.2 Law IRPF and 68 Regulation IRPF

Within the scope of IRPF, the accounting and registration obligations of the owners of economic activities are structured as follows:

A. Entrepreneurs carrying on business activities under normal direct assessment:

- Accounting adjusted to the provisions in the Commercial Code and to the General Charts of Accounts.

  Accuracy: in accordance with the provisions of the Commercial Code and the General Accounting Plan, approved by Royal Decree 1514/2007 of 16 November 2007 (BOE of 20 November), the specific books that must be kept are as follows:Book of inventories and annual accounts, which will be opened with the initial balance sheet and which should be recorded, at least quarterly, the balance sheets with sums and balances, as well as the closing inventory of the financial year and the annual accounts, and Journal, which is for recording, day by day, all operations relating to the activity of the company.Royal Decree 1515/2007 of 16 November (BOE of 21 November) approves, as a complementary standard to the General Accounting Plan, the General Accounting Plan for SMEs and the specific accounting criteria for micro-companies.

B. Entrepreneurs engaged in non-commercial activities in normal direct estimation and all entrepreneurs in simplified direct estimation:

- Sales and revenue ledger.
- Register of purchases and expenses.
- Capital goods record book.

C. Professionals in direct estimation, in any of its modalities:

- Revenue ledger.
- Expenditure record book.
- Capital goods record book.
- Register of provisions of funds and supplies.

D. Entrepreneurs and professionals in objective estimation.

- Capital goods record book (only for taxpayers that deduce depreciations).
- Register book of sales and deposits (only those responsible for activities whose net income is determined by the volume of operations, that is to say: those responsible for subsidiary agricultural, livestock and forest activities, and for transformation of natural products)

  In any case, the holders must number in order of dates and group by quarters all the invoices issued in accordance with the provisions of the Regulations through which invoicing obligations are regulated, approved by Royal Decree 1619/2012, of 30 November (BOE of 1 December), and other invoices or receipts received, as well as supporting evidence of applied signs, indices or modules.

The entities under the system of attribution of income that carry out economic activities must keep only one set of obligatory books corresponding to the activity carried out, without prejudice to the attribution of income corresponding to their partners, heirs, co-owners or participants.

Note: *With the exception of taxpayers who carry out business activities of a commercial nature whose income is determined in the normal modality of the direct estimation method, all other IRPF taxpayers who carry out economic activities are obliged to keep the record books determined in each case by the IRPF regulations, even when they keep accounts in accordance with the provisions of the Commercial Code.*

Summary table:Accounting and Registration Obligations

Direct estimation (normal mode) (EDN)	**Commercial activities**	**Accounting** in accordance with the Commercial Code and the General Accounting Plan.
	Non-commercial activities	**In general,**, record books of: • Sales and revenues. • Purchases and expenses. • Investment goods.
		Professional activities: Record books of: • Income. • Expenses. • Investment goods. • Provision of funds and supplies.
Direct Estimation (Simplified modality) (EDS)	**Commercial and non-commercial activities**	**In general,** books and records of: • Sales and revenues. • Purchases and expenses. • Investment goods.
		Professional activities: Record books of: • Income. • Expenses. • Investment goods. • Provision of funds and supplies.
Objective estimation (OE)	**Activities other than agriculture, animal husbandry and forestry**	• Keep issued invoices, received invoices and documentary proof of receipt. • Investment goods register (if depreciation is practised).
	Agriculture, livestock, forestry and processing of natural products activities	• Sales and revenue ledger. • Keep issued invoices, received invoices and documentary proof of receipt. • Investment goods register (if depreciation is practised).

Time allocation criteria for the components of net earnings from economic activities

General tax allocation criterion:accrual principle

Regulations:Arts.14.1b) Law IRPF and 7 Regulation IRPF;11.1 and 3.1º LIS

The Law of IRPF establishes as a basic guiding principle in this matter the reference to the regulations governing Corporate Income Tax, without prejudice to certain specialities contained in the tax regulations themselves.

According to Article 11.1 of the IS, the general criterion for tax allocation is the accrual principle, according to which income and expenses arising from economic transactions or events shall be allocated to the tax period in which they accrue, in accordance with accounting rules, irrespective of the date of payment or collection, respecting the due correlation between one and the other.

Special tax allocation criteria provided for in the Corporation Tax Act and the Personal Income Tax Act

The Law LIS and the Law of IRPF establish, in certain cases, special tax allocation criteria different from the general accrual criterion mentioned above.These assumptions include the following:

- Allocation of public aid for the first installation of young farmers provided for in Spain's National Rural Development Framework

Regulations:Art. 14.1.b) Law IRPF

From 1 January 2020, public aid for the first installation of young farmers provided for in the Spanish National Framework for Rural Development may be imputed as income from economic activities in quarters, in the tax period in which it is obtained and in the following three periods.

> The modification of Article 14.1.b) of the Law of IRPF by Article 2 of Royal Decree-Law 5/2020, of 25 February, adopting certain urgent measures in the field of agriculture and food (BOE of 26 February), responded to the need to address the widespread concern in the agricultural sector about the change of tax classification of subsidies for the incorporation of young farmers derived from the National Framework for Rural Development.This qualification was making it difficult for some young farmers to access these subsidies, thereby discouraging an essential measure in the process of renewing the production process.While the National Framework for the period 2007-2013 provided for start-up aid for young farmers, as measures aimed at investments and start-up costs, the National Framework 2014-2020 makes it directly conditional on the development of a business plan.As a result of the above, they are now considered for tax purposes to be capital subsidies rather than current subsidies as income support, obliging the recipient to compute them in their entirety as income in the period in which they are accrued (i.e. when they are recognised and quantified) without the possibility of paying them in instalments over the four-year period in which they are received.This measure, which entered into force on 1 January 2020, allows them to be imputed in quarters, irrespective of their qualification, which is a response to the problem raised.

- Special cases of integration of income pending imputation

Regulations:Art. 14.3 and 4 Law IRPF

In the event that the taxpayer loses his status for the change of residence, all unpaid receipts must be integrated into the tax base corresponding to the last tax period to be declared for this tax, if any, being practiced. additional self-determination without penalty or interest of delay or surcharge.

However, if the transfer of residence takes place to another Member State of the European Union, the taxpayer may choose to allocate the outstanding income in accordance with the provisions of the previous paragraph, or to submit a supplementary self-assessment without penalty, late payment interest or surcharge, corresponding to the last period to be declared for the IRPF.The supplementary tax return shall be presented during the tax return filing period of the financial year in which the taxpayer would have had to impute these incomes if the loss of the status of taxpayer had not occurred.

Therefore, in accordance with this last rule, when the taxpayer loses his status in 2023, the tax period to which the complementary self-assessment will correspond will be 2022, as this is the last period in which he has had the status of taxpayer of IRPF.

- Instalment transactions

Regulations:14.2.d) Law IRPF and 11.4 LIS

In the case of transactions with installments or deferred prices, the revenue shall be taken proportionally as the corresponding charges are due, unless the taxpayer decides to charge them at the time of the birth of the right (accrual criterion).

> Accordingly, the imputation must be made as the deadlines initially agreed are due and payment is due, regardless of whether the due date is reached, the payment is due or not.

Transactions with installments or deferred prices are those whose consideration is due, in whole or in part, by successive payments or by a single payment, provided that the period between the accrual and the maturity of the last or only term is greater than the year.

In the event of the endorsement, discount or advance payment of the deferred amounts, the outstanding imputation income shall be deemed to have been obtained at that time.

The expenditure corresponding to the deterioration of the value of the unpaid credit right in respect of that amount which has not been subject to integration into the tax base until it is realized shall not be deductible fiscally deductible.

> Therefore, only the expense corresponding to the amount due and not collected is deductible for tax purposes, provided that the causes for this are met as set out in article 13.1 of the LIS.

The provisions of this paragraph shall apply whatever form in which the revenue and expenditure relating to the revenue concerned has been accounted for.

- Reversal of expenses that have not been deductible for tax purposes

Regulations:Art. 11.5 LIS

Income arising from the reversal of expenditure that has not been fiscally deductible shall not be integrated into the tax base.

- Reversal of impairment of items that have been subject to value adjustments

Regulations:Art. 11.6 LIS

The reversal of a deterioration or value correction of any assets that have been fiscally deductible shall be charged on the taxable basis of the tax period in which such a reversal occurred.

The same rule shall apply in the event of losses arising from the transmission of assets which have been reacquired.

Special tax liability criteria of the Personal Income Tax Regulation

Judgment of imputation of charges and payments

Regulations:Art. 7.2 Personal Income Tax Regulations

a. In general

Taxpayers who carry out economic activities, with the exception of commercial business owners whose net yield is determined by the direct estimation method, normal modality, required to carry accounting in accordance with the provisions of the Code of Commerce, as well as those who, without being obliged to do so, voluntarily carry such accounting, they may opt for the criterion of "charges and payments" to temporarily impute the income and expenses derived from all their activities.

This criterion will be understood to be approved by the Tax Administration by the mere fact of stating it in the corresponding tax return for the IRPF.

The option by this criterion, which has a minimum duration of three years, will lose its effectiveness if, after that option, the taxpayer developed some business activity of a commercial nature in the direct estimation method, normal mode, Or keep accounts in accordance with the provisions of the Trade Code and other rules for the implementation of the Code.

> **Accuracy:** capital grants will be allocated as income for the year in proportion to the depreciation charge made in that period for the aforementioned items or, where applicable, when they are disposed of, adjusted for impairment or removed from the balance sheet, even if the taxpayer has previously opted for the criterion of temporary allocation of receipts and payments or cash basis, given its special nature and the reference that the Law of IRPF makes to the specific regulations of Corporation Tax and this, in turn, to the accounting result.In this respect, see Ground Three of Supreme Court Ruling No. 398/2022, of 30 March (Contentious Chamber), handed down in appeal No. 8193/2020 (ROJ:STS 1285/2022).

***Note**:taxpayers who determine their net income by normal direct assessment when they are not obliged to keep accounts in accordance with the Commercial Code (professionals and entrepreneurs who carry out activities that are not of a commercial nature), as well as taxpayers in simplified direct assessment or in objective assessment who opt at 2022 for the criterion of receipts and payments for the temporary allocation of the income and expenses of*

*all their activities, shall express this option by entering an "X" in box **[0169]** (in the case of economic activities in direct assessment), in box **[1443]** (in the case of economic activities, except agricultural, livestock and forestry activities, in objective assessment) and in box **[1487]** (in the case of agricultural, livestock and forestry activities, in objective assessment) and in box [1487] (in the case of agricultural, livestock and forestry activities, in direct assessment).Taxpayers who opted for this criterion of temporary allocation in previous tax periods and maintain that option in the present tax period will also check this box(s) **[0169], [1443]** and **[1487]** .*

b. Entities under the income attribution system

In the case of entities under the system of attribution of income, compliance with the requirements for determining the method for estimating the applicable economic activity income is determined at the entity's headquarters, and this method will be applicable to the entity independently of that corresponding to the co-proprietors, partners or participants for the economic activities carried out by them individually or through other entities (Arts.31 and 39 Reglamento IRPF).

As a result, the accounting or registration books corresponding to the economic activity developed by the entity in the system of attribution of rents will be unique for each entity, without the partners, communeros or unitholders must keep an accounting or record books corresponding to their participation in the entity;The accounting or registration books carried out by the entity independant of those that correspond to bring to the communeros, partners or participants by the economic activities carried out by them individually or through other entities (Art. 68.8 IRPF Regulation).

In accordance with the foregoing, to the extent that the requirements required for the application of the payment and collection criteria, relating to the method of estimating the performance of economic activity and formal obligations, must be met by the entity, the application of the collection and payment criteria shall be the responsibility of the entity, and it shall be necessary for all its members to opt for such application, without consequently being possible to partially apply it by the entity for some or some of its members.

Likewise, as the aforementioned requirements may be met by the entity, but not by each of its members, and vice versa, the application of the criterion of receipts and payments by the entity will be independent of the criterion of temporary imputation corresponding to the co-owners, partners or participants for the economic activities carried out by them individually or through other entities in which they participate in the attribution of income.

Judgment of the payment of the advance on account of the transfer of the exploitation of the copyright

Regulations:Art. 7.3 Personal Income Tax Regulations

In the case of income from professional activities derived from the assignment of the exploitation of copyrights accruing over several years, the taxpayer may choose to allocate the advance payment on account thereof as the royalties accrue.

Other Imputation criteria proposed by the taxpayer

Regulations: Arts.11.2 LIS;1 and 2 of the Regulation IS

The fiscal effectiveness of criteria for the temporary allocation of income and expenses other than that of the accrual, used exceptionally by the taxpayer to obtain the faithful image of the patrimony, the financial situation and the results of its economic activity, It is subject to approval by the Tax Administration.

To this end, taxpayers shall submit a request to the Delegation corresponding to their tax address, stating the description of the criterion used, as well as its suitability to the principle of faithful image that the annual accounts must provide following their accounting.

In addition, the taxpayer must state the impact, for tax purposes, of the temporary attribution criterion.

Note:*the use of tax imputation criteria other than accrual or the change of the imputation criterion may not alter the tax rating of the computable income and deductible expenses, nor may any collection or payment be deducted from or computed again in another year.*

Individualisation of earnings from economic activities

Regulations:Item 11.4 Law IRPF

Pursuant to Article 11.4 of the Law of IRPF, income from economic activities is considered to be obtained by those who habitually, personally and directly carry out such activities, it being presumed for these purposes, unless there is proof to the contrary, that these requirements are met by those who appear as owners of such activities.

In the case of family units in which some of the members carry out economic activities, the regulations of IRPF delimit the tax treatment of the relationships that may arise between the members of the same family unit in relation to the following issues:

A. Employment-related benefits between members of the same family unit

Regulations:Art. 30.2 2nd Law IRPF

Compensation for the work of the spouse or minor children in the economic activity carried out by the taxpayer is considered to be income from dependent work for the recipient and a deductible expense for the payer, provided that the following requirements are met:

- Sufficient proof that the spouse, or unemancipated minor child, of the holder of the economic activity works regularly and continuously.
- Spouse or minor child living with the owner of the activity.

- Existence of an employment contract.
- Affiliation of the spouse, or minor child, to the corresponding Social Security system.
- Existence of stipulated remuneration for the work carried out, which cannot be higher (although it can be lower) than the market remuneration corresponding to the professional qualification and work carried out by the spouse or minor children.If they are higher, the excess over market value will not be a deductible expense for the payer.

B. Transfers of property or rights between members of the same family unit

Regulations:Art. 30.2 3rd Law IRPF

When the spouse or the minor children of the taxpayer who live with him or her transfer assets or rights that serve the purpose of the economic activity in question, the **owner of said activity may deduct**, for the purpose of determining the income from said activity, the consideration stipulated for said transfer, provided that it does not exceed the market value and, in the absence of said value, the latter may be deducted.

Correlatively, the stipulated consideration or market value will be considered as capital gains of the spouse or minor children for all tax purposes.

> ***Important***:*the use of assets common to both spouses by the spouse carrying out an economic activity is not considered as a transfer for tax purposes and does not generate any remuneration between them.*

C. Special features of activities covered by the objective method of assessment

When the owner of the economic activity determines the net yield of his activity using the objective assessment method, the remuneration stipulated with his spouse or minor children for the work they carry out in the service of the activity is in no case deductible, since in the aforementioned method the net yield is determined on the basis of objective signs, indices or modules that already provide for this circumstance.

However, if the spouse or minor children are considered as salaried staff for the purposes of the aforementioned method, the remuneration stipulated for them has the character of earned income subject to IRPF.

Similarly, the consideration (or market value, if no such consideration exists) for the assignment of property or rights by the spouse or minor children for use in the activity is not deductible.The consideration received by the spouse or minor children is considered to be capital gains and must be declared as such.

Chapter 7.Returns on economic activities.Direct estimation method

Concept and scope of the direct estimation method

Regulations:(Arts.16.2 a) and 30.1 Law IRPF

Direct assessment is the general method for determining the amount of the different components of the personal income tax base, including, obviously, those derived from the exercise of economic activities.This method is based on the tax returns filed by the taxpayer, as well as on the data contained in the books and records that the taxpayer is obliged to keep, as verified by the tax authorities.

When it comes to determining the income from economic activities in the IRPF the direct estimation method admits two modalities**:**normal and simplified.

Scope of normal mode

The standard form of the direct assessment method must be compulsorily applied in 2022 for the determination of the net income of all the economic activities carried out by the taxpayer, unless the net income of all of them is determined by the objective assessment method, provided that either of the following two requirements is met:

- **That the net turnover for the previous year,** corresponding to all the activities carried out by the taxpayer**, exceeds 600,000 euros per year.**

  If an activity was started in the immediately preceding year, the net turnover shall be increased by one year for these purposes only.

- **The simplified form of the direct assessment method is waived.**

For the purposes of defining the scope of application of the normal direct assessment method, please note that the economic activities eligible for the objective assessment method and the requirements for their inclusion can be consulted in Chapters 8 and 9.

Scope of the simplified mode

Regulations:Art. 28 Regulation IRPF

Requirements

The simplified form of the direct assessment method is voluntary , so that the taxpayer **can waive its application**.In the absence of a waiver, this modality must be applied in the 2022 financial year for the determination of the net yield of all the economic activities carried out by the taxpayer, provided that:

a. Do not determine the net income of all your activities by the **objective estimation method**.

> To this end, it should be noted that the economic activities eligible for the objective assessment method and the requirements for their inclusion can be consulted in Chapters 8 and 9.

b. The net turnover for the previous year, corresponding to all the activities carried out by the taxpayer, **does not exceed 600,000 euros per year**.

If the activity was commenced in the immediately preceding year, the net turnover shall be increased by one year for these purposes only.

If no activity was carried out in the immediately preceding year, the income will be determined in this way, unless it is renounced in accordance with the terms set out below.

c. No activity carried out by the taxpayer is **in the normal modality** of the direct estimation method.

> ***Note:*** *with the exception of activities included in the objective assessment method, in the first year of carrying out the activity, the net income will be determined by this method, unless expressly waived, whatever the net amount of turnover resulting at the end of the financial year.*

Determination of net revenues

Net turnover is made up of the difference between the following positive and negative items:

Positive items

- The amount from the sale of products and the provision of services or other income derived from the ordinary activity of the company, understood as the activity that the company performs regularly and by which it obtains its regular income.

> It should be borne in mind that, on certain occasions, in business reality, several activities are carried out simultaneously, which could be called multi-activity.In this case, in relation to the determination of "net turnover", it must be understood that the income produced by the different activities of the company will be considered in the calculation of ordinary activities, to the extent that it is obtained on a regular and periodic basis and derives from the economic cycle of production, marketing or provision of services of the company, i.e. from the circulation of goods and services that are the object of the company's business.

In no case are products for sale consumed by the company itself or work carried out for the company included in the annual turnover.

- The acquisition price or production cost of goods or services provided in exchange for non-monetary assets or in consideration for services that represent expenses for the company.

  Exchanges of homogeneous items **, such as exchanges of fungible raw materials between two companies or exchanges of finished products or interchangeable goods between two traders, are not part of this item and are therefore excluded from this item**.

- The amount of subsidies granted to the company on an individual basis and as part of the price of the product units sold or the level of services provided.

  The amount of the remaining grants and financial income is not included.

  Therefore, "grants" are generally not included in determining net turnover, but only in exceptional cases occurring in the context of certain specific activities, where the subsidy is granted on an individual basis, depending on units of product sold or services rendered.

Negative items

The following items shall in any case be deducted from the amount obtained in accordance with the previous paragraph:

- The amounts of sales returns.
- Refunds on sales or provision of services.
- Trade discounts made on revenues computed in the annual turnover.
- Cash discounts granted outside the invoice.
- The VAT and Special Taxes (which are levied on the manufacture or importation of certain goods), if they have been included in the amount of sales or services rendered and must be passed on.

See Article 35.2 of the Commercial Code;the 11th Standard for the preparation of annual accounts (NECA) of the General Accounting Plan, approved by Royal Decree 1514/2007, of 16 November (BOE of 20 November) and the 9th NECA of the General Plan for Small and Medium-sized Companies and the specific accounting criteria for micro-companies, approved by Royal Decree 1515/2007, of 16 November (BOE of 20 November), as well as article 34 of the Resolution of 10 February 2021 (BOE of 13 February), of the Institute of Accounting and Auditing of Accounts (ICAC).

Simplified mode waiver or exclusion

- Waiver of the simplified mode and revocation of the waiver

Regulations:Art. 29.1 Regulation IRPF

As indicated above, the simplified direct assessment method is a voluntary method **, which means that taxpayers can waive** to apply it to determine the net income from their economic activities.

The resignation must be made during the **month of December preceding the beginning of the calendar year** in which it is to take effect.In the year in which the activity begins, the waiver must be made prior to the effective exercise of the activity.

Once submitted, the resignation shall have **effect for a minimum period of three years**.Once this period has elapsed, it shall be understood to be tacitly extended for each of the following years in which the modality may be applicable, unless it is revoked within the aforementioned period .

Both the waiver and its revocation will be made in the corresponding census declaration, in accordance with the provisions of Articles 9 and following of the General Regulations on tax management and inspection actions and procedures and on the development of the common rules for tax application procedures, approved by Royal Decree 1065/2007, of 27 July (BOE of 5 September).

La declaración podrá presentarse en los modelos de declaración censal 036/037 aprobados por las Orden EHA/1274/2007, de 26 de abril (BOE de 10 de mayo), modificada por las Órdenes EHA/3695/2007, de 13 de diciembre (BOE de 19 de diciembre), EHA/3786/2008, de 29 de diciembre (BOE de 30 de diciembre), EHA/3111/2009, de 5 de noviembre (BOE de 20 de noviembre), HAP/2215/2013, de 26 de noviembre (BOE de 29 de noviembre), HAP/2484/2014, de 29 de diciembre (BOE de 31 de diciembre), HFP/417/2017, de 12 de mayo (BOE de 15 de mayo) y HFP/1307/2017, de 29 de diciembre (BOE de 30 de dic

- Exclusion from the simplified mode

Regulations:Art. 29.2 Personal Income Tax Regulations

Exclusion from the simplified modality occurs when **the net amount of the turnover** corresponding to all the activities carried out by the taxpayer **exceeds the amount of 600,000 euros per year**.

The exclusion shall take effect from the beginning of the year immediately following to that in which the circumstance occurs.Consequently, in the year in which the amount of EUR 600.000 per year is exceeded, it remains in the simplified form of the direct estimation method.

- Consequences of waiver or exclusion from the simplified mode

Regulations:Art. 29.3 Personal Income Tax Regulations

The consequence of waiving or excluding the simplified method is that the net income from all the economic activities carried out by the taxpayer must be determined **for at least the following three years using the normal method of this method**.

Incompatibility between net income determination methods and modes

Regulations:Art. 28.3 Regulation IRPF

The system of relations between the methods of determining net income, direct assessment and objective assessment, is characterised by a rigid incompatibility between them.Thus, if the taxpayer determines the net return of any of its economic activities by the direct estimation method, simplified modality, it shall determine the net return of all its remaining activities by this same method. even if these are activities that may be included in the objective estimation method.

Similarly, if the taxpayer determines the net return of any of its economic activities by the normal modality of the direct estimation method, it shall determine the net return of all its activities by this same modality.

However, **when an economic activity is started during the year for which the simplified method** is waived, the incompatibility will not take effect for that year with respect to the activities that were carried out previously, so that in that year the normal direct assessment method will be used simultaneously to determine the net income of the new activity and the simplified direct assessment method for the rest of the activities, all of which will be taxed in the following year under the normal direct assessment method as a result of the waiver.

Entities in the income allocation system

Regulations:Item 31 Rules of Procedure IRPF

Entities on the system of attribution of income carrying out economic activities shall apply the simplified form of the direct estimation method, unless expressly waived, provided that the following requirements are met:

a. **All its partners, heirs, co-owners or participants are individuals who are taxpayers of personal income tax.**

b. **That the entity meets the aforementioned requirements, which determine the application of the modality.**

Consequently, the application of the direct estimation method to these entities does not depend on the circumstances that are occurring individually in each of its members, so that the entity can determine its performance under this method, whatever the situation of the partners, heirs, communeros or unitholders in relation to the activities they personally carry out.

The renunciation of the simplified method of the direct assessment method must be made by all the partners, heirs, co-owners or participants.However, the revocation of such waiver does not require unanimity, in the terms provided for by the regulation of the census declaration.

The net yield determined by the entity under the system of attribution of income shall be attributed to the partners, heirs, co-owners or participants, in accordance with the rules or agreements applicable in each case and, if these are not reliably recorded by the Administration, it shall be attributed in equal shares.

> It should be noted that, with effect for tax periods beginning on or after 1 January 2016, civil companies with a commercial purpose are taxpayers of corporate income tax, and therefore the income attribution system is no longer applicable to them.

Examples

Example 1:

Mr. S.M.G. lawyer, in addition to the free practice of his profession since 1990, has started in 2022 the practice of an agricultural activity which is eligible for the objective assessment method.

How will you determine the net income from both activities in 2022, knowing that the net turnover of your professional activity has not exceeded 600,000 euros per year in the financial year 2021?

Solution:

The net income from the professional activity must be determined in the simplified modality of the direct estimation method, as the net turnover in the immediately preceding financial year (2021) has not exceeded 600,000 euros per year.Likewise, given the incompatibility between the direct assessment method and the objective assessment method, the determination of the net yield of the agricultural activity must also be carried out in the simplified form of the direct assessment method.

Example 2:

Mr. J.J.C., a businessman, determines the net income from his economic activity in the simplified modality of the direct estimation method.On 5 May 2022, he starts a new economic activity that is not included in the scope of application of the objective assessment method and for which he renounces the simplified modality of the direct assessment method.

How will you determine the net income from both activities in 2022 and 2023?

Solution:

In 2022, he will determine the net income of the new activity in the normal direct estimation method, while the economic activity that he had been carrying out remains in the simplified method.The incompatibility between the two forms of the direct assessment method will not take effect until the following year, 2023, when the net income derived from both activities will have to be determined in the normal form of the direct assessment method.

Example 3:

On 1 July 2022, Mr A.V.C. starts a business activity to which the objective assessment method is not applicable.Net turnover in 2022 amounted to 425,000 euros.

How will you determine the net income from the activity in 2022 and 2023?

Solution:

In the financial year 2022, it will determine the net income in the simplified form of the direct estimation method, as it has not expressly renounced its application.

In 2023, the normal direct assessment method must be applied, as the annual net turnover exceeds 600,000 euros per year (425,000 x 12/6 = 850,000).

Phase 1. Calculation of net income

Introduction

Regulations:(Arts.28.1 and 30 Ley IRPF, 30 Reglamento IRPF;12 to 16 LIS and 3 to 7 Regulation IS

The determination of the net income from economic activities in the direct estimation method is carried out in accordance with the rules of Corporation Tax (IS), without prejudice to the rules contained for this purpose in the Personal Income Tax Law and Regulations.

By virtue of this reference to the corporate income tax regulations, the net income must be determined by correcting the accounting result determined in accordance with the provisions of the Commercial Code and its implementing regulations, especially those contained in the General Accounting Plan, by applying the classification, valuation and allocation criteria established in the aforementioned regulations.

However, given that in the area of IRPF the obligation to keep accounts in accordance with the Commercial Code and other implementing rules does not apply to all taxpayers who carry out economic activities, tax corrections or adjustments should be made as follows:

- **Taxpayers obliged to keep accounts in accordance with the Commercial Code** (holders of business activities of a commercial nature whose net income is determined in the normal modality of the direct estimation method):tax adjustments and corrections must be applied to the components of the accounting result, i.e. to income and expenditure.

- **Taxpayers who are not obliged to keep accounts in accordance with the Commercial Code** (holders of non-commercial business activities, professionals, artists or sportsmen and women, regardless of the method used to determine their net income and holders of business activities whose net income is determined in the simplified form of the direct estimation method):must apply the same tax principles to the entries of income and expenses in their books for the purpose of formulating the net income of the activity.

In short, the determination of the net yield in the direct estimation method, in any of its forms, must be carried out on the basis of the tax concepts of full income and tax-deductible expenses that appear in the tax return form.

For this purpose, the tax criteria for allocation, classification and valuation detailed below must be applied to each of the items considered as eligible income and deductible expenses, as well as the tax incentives established for small companies.

Note: *for the purposes of the declaration of net income in the direct estimation method, all of the activities carried out by the taxpayer that belong to each of the following groups are considered independent economic activities:*

A01 Lessors of urban property
A02 Independent livestock farming
A03 Other business activities not included elsewhere
A04 Professional activities of an artistic or sporting nature
A05 Other professional activities
B01 Agricultural activity
B02 Livestock dependent activity
B03 Forestry
B04 Production of mussels in rafts
B05 Fishing activity, except mussel rafting activity

Summary table:Determination of net income (Income - Expense)

Summary table:Determination of net income (income - expense)

	Direct estimation (normal mode)	Direct estimation (simplified mode)
Income	(+) Operating income (+) Financial income derived from the deferral or payment in instalments of operations carried out in the course of the activity. (+) current subsidy income (+) income imputation for capital subsidies (+) Self-consumption of goods and services (+) VAT earned (e.g. equivalence surcharge and surcharge on agriculture, livestock and fisheries) (+) Other income (+) Transfer of assets that have been freely depreciated:excess of deducted depreciation over deductible depreciation. (+) Change in inventories (only if there is an increase in inventories at the end of the year)	(+) Operating income (+) Financial income derived from the deferral or payment in instalments of operations carried out in the course of the activity. (+) current subsidy income (+) income imputation for capital subsidies (+) Self-consumption of goods and services (+) VAT earned (e.g. equivalence surcharge and surcharge on agriculture, livestock and fisheries) (+) Other income (+) Transfer of assets that have been freely depreciated:excess of deducted depreciation over deductible depreciation. (+) Change in inventories (only if there is an increase in inventories at the end of the year)
Expenses	(-) Purchase of goods (-) Change in stock of goods (only if there is a decrease in stock at the end of the year) (-) Other operating consumption (-) Wages and salaries (-) Social security to be borne by the company (-) Social Security or contributions to alternative mutualities of the activity holder (-) Compensation (-) Travel allowances and allowances of	(-) Purchase of goods (-) Change in stock of goods (only if there is a decrease in stock at the end of the year) (-) Other operating consumption (-) Wages and salaries (-) Social security to be borne by the company (-) Social Security or contributions to alternative mutualities of the activity holder (-) Compensation (-) Travel allowances and allowances of wage-earners

	Direct estimation (normal mode)	Direct estimation (simplified mode)
	wage-earners (-) contributions to social welfare systems constituted in favor of workers (-) other staff costs (-) Maintenance expenses of the holder in the development of his activity (-) leases and canons (-) Repairs and maintenance (-) Supply (electricity, water, gas, telephone and Internet) (-) other supplies (-) Independent professional services (-) Insurance premiums (-) other external services (-) Financial expenses (-) VAT incurred (e.g. equivalence surcharge and surcharge on agriculture, livestock and fisheries) (-) other fiscally deductible taxes (-) appropriations for the financial year for the amortization of the material assets (-) appropriations for the financial year for the amortization of immaterial assets (-) losses due to debtor insolvency (-) Tax incentives for patronage:Collaboration agreements in activities of general interest (-) Tax incentives for patronage:Expenses in activities of general interest (-) Other tax-deductible expenses (except provisions)	(-) contributions to social welfare systems constituted in favor of workers (-) other staff costs (-) Maintenance expenses of the holder in the development of his activity (-) leases and canons (-) Repairs and maintenance (-) Supply (electricity, water, gas, telephone and Internet) (-) other supplies (-) Independent professional services (-) Insurance premiums (-) other external services (-) Financial expenses (-) VAT incurred (e.g. equivalence surcharge and surcharge on agriculture, livestock and fisheries) (-) other fiscally deductible taxes (-) appropriations for the financial year for the amortization of the material assets (-) appropriations for the financial year for the amortization of immaterial assets (-) losses due to debtor insolvency (-) Tax incentives for patronage:Collaboration agreements in activities of general interest (-) Tax incentives for patronage:Expenses in activities of general interest (-) Other tax-deductible expenses (except provisions)
Provisions	(-) fiscally deductible provisions	(-) Deductible provisions and expenses that are difficult to justify (limit 5% of the positive difference

	Direct estimation (normal mode)	Direct estimation (simplified mode)
		between previous income and expenses with a maximum of 2,000 euros).
= NET YIELD		

Total eligible income

The following shall be considered as full computable income derived from the exercise of economic, business or professional activities:

Covid-19: *The extraordinary economic benefits for cessation or reduction of the economic activity of the self-employed linked to Covid-19, which are listed below, are benefits of the unemployment protection system whose nature is analogous to the economic benefit for total, temporary or permanent cessation of activity regulated by articles 327 and following of the revised text of the General Social Security Law, approved by Royal Legislative Decree 8/2015, of 30 October (BOE of 31 October), which is why they have been classified, in accordance with the provisions of article 17.1 b) of the Personal Income Tax Law, as income from work.*

These are the following services:

- *Extraordinary cessation of activity benefit for self-employed workers affected by a temporary suspension of all activity as a result of a decision by the competent authority as a measure to contain the spread of the Covid-19 virus.*
- *Extraordinary severance benefit for self-employed workers who cannot qualify for the ordinary severance benefit provided for in article 7 of Royal Decree-Law 2/2021, of 26 January, on the reinforcement and consolidation of social measures in defence of employment (BOE of 27 January) or the severance benefit regulated in articles 327 and following of the revised text of the General Law on Social Security, approved by Royal Legislative Decree 8/2015, of 30 October.*
- *Special severance benefit for seasonal workers.*
- *Benefit for cessation of activity compatible with self-employment regulated in article 7 of Royal Decree-Law 2/2021, of 26 January, on the reinforcement and consolidation of social measures in defence of employment (BOE of 27 January).*

These extraordinary benefits linked to Covid-19 were due to expire on 1 March 2022.However, Articles 1 and 2 of Royal Decree-Law 2/2022 of 22 February (BOE of 23 February) establish, at its end, the following aid measures for this group:

- *Exemptions from contributions in favour of self-employed workers who have received some form of severance benefit under the provisions of Royal Decree-Law 18/2021, of 28 September, in terms similar to those set out in Article 8 of that law, although its scope is specified for the months of March, April, May and June 2022, and the exemption percentages are set at between 90 and 25 per cent, depending on the month in which it is applied (Article 1 of Royal Decree-Law 2/2022).*

  The exemption from the obligation to pay contributions on those amounts determines their lack of impact on personal income tax, since they do not correspond to any of the cases of obtaining income established in Article 6 of the Personal Income Tax Law, and therefore do not have the nature of full income or, correlatively, that of a deductible expense for the determination of income.

- *As of 1 March 2022, the extraordinary benefit for cessation of activity for self-employed workers affected by the suspension of activity will be maintained for a maximum duration*

of four months, with entitlement to this benefit ending on the last day of the month in which it is agreed to lift the measures or on 30 June 2022, whichever is earlier (Article 2 of Royal Decree-Law 2/2022).

Unlike the above, the aid or subsidies granted by the Autonomous Communities with the aim of favouring the maintenance of the economic activity of the self-employed in view of the effects of the measures adopted to deal with the Covid-19 epidemic, insofar as they do not fall under other personal income tax headings and their purpose is to compensate for the reduction in income obtained from economic activity, are classified as income from economic activities (current subsidies) and must be allocated to the year in which they are granted.

1.Operating income

This consideration includes all the full income derived from the sale of goods or the provision of services that constitute the object of the activity, including, where appropriate, income from services ancillary to the main activity.

See the 14th recording and valuation standard of the General Accounting Plan, approved by Royal Decree 1514/2007, of 16 November (BOE of 20 November), dedicated to income from sales and services rendered.

In accordance with this standard, revenue from the sale of goods and the rendering of services is measured at **the fair value of the consideration**, received or receivable, which, unless there is evidence to the contrary, is the agreed price for the goods or services, less any discounts, rebates or similar items that the company may grant, and less any interest incorporated in the face value of the receivables.However, embedded interest on trade receivables maturing in less than one year that do not have a contractual interest rate may be included where the effect of not discounting cash flows is not material.

Taxes levied on the sale of goods and provision of services that the company must pass on to third parties, such as Value Added Tax and Excise Duties, as well as amounts received on behalf of third parties, **will not form part of the income**.

Where consideration is involved and the consideration is significantly lower than the market value of the goods sold and services rendered, the valuation of the goods and services rendered shall be at their fair market value.

In economic transactions carried out with a company with which there are related party relationships under the terms of Article 18 of the LIS, transactions between related persons or entities shall be valued at their market value.Market value shall mean the value which would have been agreed by independent persons or entities on terms which respect the principle of free competition.

In these cases, the owner of the activity must comply with the documentation obligations for related-party transactions under the terms and conditions established in Chapter V of Title I (articles 13 to 16) of the Corporate Income Tax Regulations, approved by Royal Decree 634/2015, of 10 July (BOE of 11 July).

Related persons or entities:

In order to determine when there is a relationship, the provisions of Article 18.2 of the LISmust be taken into account,

in which related persons or entities are considered to be related persons or entities:

- A company and its partners or shareholders.
- A company and its board members or managers, except regarding remuneration for the performance of their duties.
- A company and spouses or others linked to partners or shareholders, advisers or managers by kinship, in a direct or collateral line, by consanguinity or affinity, up to the third degree.
- A company and the advisers or managers of another company, when both companies belong to a group.

In cases where the link is defined on the basis of the relationship of the members or participants with the entity, the shareholding must be equal to or greater than 25 per cent.Managers will be understood to include both de facto and de jure managers.In cases where the relationship is not defined on the basis of the shareholder or unit-holder-entity relationship, the percentage of ownership to be taken into account is 25 per cent.

In these cases, the taxpayer of IRPF must comply with the documentation obligations for related-party transactions under the terms and conditions established in Chapter V (articles 13 to 16) of the Corporate Income Tax Regulations, approved by Royal Decree 634/2015, of 10 July (BOE of 11 July).

2.Financial income derived from the deferral or instalment payment of transactions carried out in the course of the activity

This heading includes 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.

3.Income from current and capital grants

Current and capital grants:distinction

State aids give rise to different tax treatment depending on their classification:Current and capital subsidies.

Capital grants

Capital subsidies are those whose primary purpose is to favour the installation or start-up of the activity, as well as investments in fixed assets (buildings, machinery, installations, etc.), or multi-year expenses, and are recognised as income to the same extent as the investments or expenses incurred with a charge thereto are amortised.

> Therefore, the subsidy will have the character of a capital subsidy provided that it is intended to finance fixed assets or fixed capital of the entrepreneur or professional.However, if its purpose is to guarantee, during the start-up of the activity, a minimum income or to offset expenses for the financial year, it should be treated as a current grant.
>
> Capital grants shall be recognised as income for the year in proportion to the depreciation charge made in that period for the aforementioned items or, where appropriate, when they are disposed of, adjusted for impairment or removed from the balance sheet, even if the taxpayer has previously opted for the temporary allocation of receipts and payments or cash basis, given its special nature and the reference that the Personal Income Tax Law makes to the specific corporate income tax regulations and the latter, in turn, to accounting profit or loss.Supreme Court Judgments Nos. 392/2022, of 29 March, and 398/2022, of 30 March, handed down, respectively, in cassation appeals Nos. 3679/2020 (ROJ:STS 1456/2022) and 8193/2020 (ROJ:STS 1285/2022).

However, in cases where the assets are not subject to depreciation, the grant shall be applied as

full income for the year in which the asset financed by the grant is disposed of or written off, subject to the 30 per cent reduction for income obtained in a notoriously irregular manner over time.

Current subsidies

Current subsidies are subsidies that are normally granted to ensure a minimum return or to offset losses incurred in the activity and are recorded in full as income in the period in which they accrue.That is, when the grant is firmly recognised and quantified, regardless of when the grant is received.

> Notwithstanding the above, if the taxpayer has opted for the receipts and payments criterion, in accordance with the terms of article 7.2 of the Regulations of IRPF, which establishes the option of using the receipts and payments criterion to temporarily allocate income and expenses derived from income from economic activities, the subsidy must be allocated in the tax period in which the corresponding receipt of the subsidy occurs.

Note: *please note that the following are taxed as current subsidies* ***aid granted during 2022****, with the objective of compensating for the increased costs incurred as a result of the invasion of Ukraine and the sanctions imposed on Russia because of it:*

- *Direct aid to the road transport sector provided for in Articles 25 of Royal Decree-Law 6/2022 of 29 March (BOE of 30 March) and 4 of Royal Decree-Law 14/2022 of 1 August (BOE of 2 August).*
- *Direct aid to the intensive gas industry sector provided for in Article 20 of Royal Decree-Law 11/2022 of 25 June (BOE 26 June).*
- *Direct aid to the agricultural sector provided for in Article 33 of Royal Decree-Law 6/2022 of 29 March (BOE of 30 March) and implemented in Royal Decree 428/2022 of 7 June (BOE 8 June).*

Special tax treatment of certain public subsidies and aids

A. Subsidies under the Community Agricultural Policy and other public aid (current subsidies)

Regulations:Fifth additional provision Law IRPF

Positive income arising as a result of the following shall not be included in the tax base:

- **Receipt of the following aid from the Community agricultural policy:**
  1. Abandonment of cultivating vineyard.
  2. Premium at start of plantations Apple.
  3. Premium at start of plataneras.
  4. Abandonment of dairy production.

5. Abandonment of cultivating pears, Peaches and nectarines.

6. Starting from plantations of pears, Peaches and nectarines.

7. Abandonment of cultivating the sugarbeet and sugarcane.

- **Receipt of the following aid from the Community fisheries policy:**

  1. Permanent cessation of the fishing activity of a vessel and its transfer to joint enterprises in third countries.

  2. Permanent cessation of fishing activities.

- **The receipt of public aid aimed at repairing the destruction**, by fire, flood, subsidence, volcanic eruption or other natural causes, of heritage elements.

  As a result of the eruption of the Cumbre Vieja volcano on the island of La Palma, the wording of section 1.c) of the fifth additional provision of the Personal Income Tax Act is amended, with effect from 1 January 2021, by article 4.1 of Royal Decree-Law 25/2021 of 8 November, Royal Decree-Law 25/2021 of 8 November, on Social Security measures and other fiscal measures for social support on the island of La Palma (BOE of 9 November), to specifically include the volcanic eruption as grounds for exempting the receipt of public aid intended to repair the destruction caused by the eruption to assets.

- **The receipt of aid for the abandonment of road transport activity** paid by the Ministry of Public Works (currently the Ministry of Transport, Mobility and the Urban Agenda) to hauliers who meet the requirements established in the regulations governing the granting of such aid.

  See Order FOM/3218/2009, of 17 November (BOE of 30 November) modified by Order FOM/2835/2012, of 17 November (BOE of 1 January 2013), and Order FOM/64/2017, of 30 January, which modifies the above and regulates the electronic processing of procedures.

- **The receipt of public compensation, due to the compulsory slaughter of animals intended for breeding** of livestock, in the context of actions aimed at the eradication of epidemics or diseases.

- **Public aid** other than that listed above **received for the repair of damage to heritage items** due to fire, flooding, subsidence or other natural causes, will only be included in the tax base to the extent that it exceeds the cost of repairing them.

  In no case will the repair costs, up to the amount of the aid, be tax deductible or be counted as an improvement.

  Nor will public aid received to compensate for the temporary or permanent eviction for identical reasons from the premises in which the owner of the economic activity carried out the same activity be included in the taxable base for personal income tax purposes.

Rules for calculating income that is not included in the taxable income for personal income tax purposes

Although the public subsidy or aid is intended to absorb the possible loss experienced in the assets, in those cases in which the amount of these subsidies or aid is less than the losses or decreases in value that, where applicable, have occurred in the assets, the negative difference may be recorded in the tax return as an asset loss.

Where there are no losses, only the amount of aid is excluded from taxation.

The following table shows the tax treatment of these public subsidies and grants depending on the amount received and the result produced (capital gain or loss) on the items to which the aid or grant refers.

Sign of the change in assets	Amount of grant or aid received	Income to be included in the declaration
Loss	Greater than the equity loss	None
	Less than the equity loss	Equity loss (difference between the subsidy or aid received and the loss incurred)
Profit (**)	Anyone	only the capital gain obtained

Notes to the table:

(*) Determined in accordance with the general rules of personal income tax for calculating the amount of capital gains and losses, without taking into account the amount of the aid or subsidy.(Go back)

(**) This may occur in cases where the realisable value of the damaged or destroyed assets exceeds the net book value of the same assets.(Go back)

B. Forestry subsidies

Regulations:Fourth additional provision Law IRPF

Subsidies granted to those who exploit forest farms managed in accordance with technical plans for forest management, forest management, dasocratic plans or reforestation plans approved by the competent Forest Administration shall not be integrated into the tax base provided that the average production period, according to the species concerned, it is equal to or greater than 20 years.

C. Financial assistance to top-level sportsmen and sportswomen

Regulations:Art. 4 Regulation IRPF

By virtue of the exemption established in article 7.m) of the Law of IRPF for this aid, the income from professional activities which, where applicable, may be carried out by those who have the status of top-level sportspersons shall not include financial aid for training and sports technification, up to a limit of 60,100 euros per year.

The exemption is conditional on compliance with the following requirements:

- That the beneficiaries have the status of high-level sportspersons, in accordance with the

provisions of Royal Decree 971/2007, of 13 July, on high-level and high-performance sportspersons (BOE of 25 July).

- They financed directly or indirectly for the Senior sports, for the Association of olympic sports, by the committee Spanish Olympic or by the committee paralympic territory.

4.Self-consumption of goods and services

Regulations:Art. 28.4 Law IRPF

This term includes the supply of goods and services for the private use of the owner of the activity or his family unit (internal self-consumption), as well as the supply of goods or services to other persons free of charge (external self-consumption).

The valuation for tax purposes of the income from such transactions must be carried out at the normal market value of the goods or services transferred, or which have been the subject of self-consumption.

Remember: *where there is consideration and the consideration is significantly lower than the normal market value of the goods or services provided, the normal market price of the goods or services shall be taken as the criterion for the valuation of the revenue.*

5.VAT due

It shall not be counted within the full revenue derived from sales or services performed in the field of business or professional activity, the VAT accrual whose quotas should be included in the declarations-settlements corresponding to this tax.

On the contrary, full revenue from sales or service benefits, VAT earned and, where appropriate, compensation received whose contributions should not be included in declarations and settlements for this tax should be included.

Among other cases, this will occur when the economic activity developed is in one of the following special VAT regimes:

- Special Equivalence Surcharge Regime.

  Under this system, suppliers charge the corresponding VAT plus the equivalence surcharge on the invoice to the retailer under the equivalence surcharge and pay it to the retailer.
  The retailer under the equivalence surcharge must pass on to his customers the amount resulting from applying the tax rate to the taxable base corresponding to the sales and other transactions they carry out, but under no circumstances may they increase this percentage by the amount of the equivalence surcharge.It should be noted that the trader shall pass on the resulting tax according to the above, corresponding exclusively to transactions of a commercial nature, as well as to transfers of goods or rights used exclusively in the activity subject to this special scheme.

  Therefore, only output VAT will be included as revenue.

- Special Regime for Agriculture, Livestock and Fisheries.

  Taxable persons under the special scheme are not required to account for, charge and pay VAT.

  They receive flat-rate compensation for the supply of natural products obtained on their holdings to other entrepreneurs who are not covered by the agricultural scheme and who do not carry out exclusively exempt domestic transactions.It is this compensation that they receive that should be included as income.

6.Transmission Heritage elements that have enjoyed freedom of amortization:excess depreciation deducted from deductible amortization

Regulations:Thirtieth Additional Provision Law IRPF

When in the year 2022 there is a transfer of assets that have benefited from the freedom of depreciation provided for in the eleventh additional provision of the revised text of the LIS, for the calculation of the capital gain or loss to which, where applicable, the transfer may give rise, the acquisition value will not be reduced by the amount of the depreciation deducted for tax purposes that exceeds the amount that would have been deductible for tax purposes if that provision had not been applied.

For the transferor, the aforementioned excess shall be considered as full income from the economic activity in the tax period in which the transfer is made.

7.Stock change (only if there is an increase in stocks at the end of the year)

The change in inventories is the difference between the opening and closing stocks (merchandise and raw materials) at the end of the accounting period, valued at their acquisition cost.

The purpose of the stock change is to determine the stock consumption for the year and adjust the result.Therefore, when the valuation of inventories at the beginning of the year is lower than at the end of the year, the difference should be recognised as income as it means that part of the inventories acquired in the year have not been consumed at the end of the year.

Unlike the above, where the valuation of the initial stocks is higher than the valuation of the final stocks, this negative variation must be reflected as expenditure.In this case, this variation means that more stocks have been consumed in the financial year than those acquired throughout the year, also considering the stocks in the inventory as at 1 January.

> See under "Tax deductible expenses" the section on "Variation in inventories" as well as the 10th registration and valuation standard of the General Accounting Plan, approved by Royal Decree 1514/2007, of 16 November (BOE of 20 November), dedicated to the valuation of inventories.See also the Resolution of 14 April 2015 of the Spanish Accounting and Auditing Institute (Instituto de Contabilidad y Auditoría de Cuentas), which establishes criteria for determining the cost of production.

Example:

Mr. P.X.R., who sells household appliances, has a stock in his warehouse valued at 40,000 euros at the beginning of the financial year 2022.At the end of the financial year, the inventory and counting of the stocks that exist in your warehouse reaches an assessment of 60.000 euros.

Determine whether the stock valuation should appear as income or expenditure for the financial year to determine the net return of the activity.

Solution:

Final stock:Valuation:60,000

Initial stock:Valuation 40,000

Stock change (60.000 – 40.000) = + 20.000

As the closing inventory is higher than the opening inventory, the difference ('20,000) will be recorded as income for the year for this item.This means that during the financial year EUR 20.000 has been consumed less than the stocks that have been acquired during the financial year, which in the end represents an increase in the final stocks of EUR 20.000.

8.Other income

The following items, among others, are to be counted under this heading:

a) Work carried out for the company, valued at the production cost of fixed assets produced by the company itself.

b) Excesses and applications of provisions and impairment losses.

c) Other management income.

For example, considerations for mediation services made accidentally, or for the rendering eventual of certain services (transport, repairs, Consultancy, reports, etc.), or income from services to staff.

d) Compensation received from insurance companies for losses that have affected the products of the holding (stocks of merchandise, raw materials, containers, packaging, etc.), provided that they have been destroyed .

It should also be noted that:

- If what occurs is a repairable damage , the compensation received from the insurance company **will be an income from the activity** that offsets the cost of the repair.
- If the indemnities affect **items of property, plant and equipment**, their amount shall not be computed as income, but shall **form part of the disposal value** thereof for the purpose of determining the resulting capital gain or loss.

Tax-deductible expenses

Attention: *the declaration of deductible expenses shall be made by entering those which, having been incurred in the course of the activity, are considered to be deductible for tax purposes.Deductible expenses that are not expressly included in the following headings of the return shall be reflected under the heading "Other tax deductible items (except provisions)".*

1.Requirements to consider an expense as deductible

Expenses that meet the following requirements are tax deductible:

a. They must be linked to the economic activity carried out.In other words, they must be specific to the activity.

The deductibility of expenses is conditioned by the principle of their correlation with income, in such a way that those expenses for which it is accredited that they have been incurred in the exercise of the activity, which are related to the obtaining of income, will be deductible, in the terms set out in the aforementioned legal precepts, while when this link does not exist or is not sufficiently proven, they cannot be considered as tax deductible from the economic activity.

In the case of a seasonal activity (restaurant), the amount of the rent for the premises paid during the period of time when the activity is closed, given its seasonal nature, should be considered to be correlated with the development of the restaurant activity, as they are made with the intention of restarting the activity in the following season.

b. That they are properly justified.

In accordance with the provisions of article 106.4 of the LGT, deductible expenses and deductions that are made, when they originate from transactions carried out by business people or professionals, must be justified, as a priority, by means of the invoice issued by the business person or professional who has carried out the corresponding transaction and which meets the requirements set out in the tax regulations.

However, and without prejudice to the above, the invoice **does not constitute** a privileged means of proof regarding the existence of the transactions, so that once the Administration questions its effectiveness, it is up to the taxpayer to provide evidence of the reality of the transactions.

c. That they are recorded in the accounts or in the books and records that taxpayers who carry out economic activities are obliged to keep.

2.Purchases, Changes in inventories and Other operating consumption

The following items are included in this category and are differentiated in the declaration of the IRPF.

a. Purchase of stocks (goods and raw materials)

This category includes current acquisitions of goods from third parties, provided that they meet the following two requirements:

1. To be carried out for the purpose of obtaining income.

2. The assets are current assets.

The purchase price should include additional costs such as transport, insurance, loading and unloading and other costs directly attributable to the purchase, as well as taxes levied thereon **except** deductible input VAT.

> Therefore, non-deductible input VAT will be part of the purchase price.This rule is also applicable, where applicable, to IGIC and to any other indirect taxes borne on the acquisition of assets or services, which are not directly recoverable from the Treasury.

This price is the amount invoiced by the seller (after any discount, price reduction or similar, as well as the interest incorporated in the nominal amount of the debits), including any additional costs incurred until the goods are ready for sale (transport, customs duties, insurance, etc.).

b. Change in inventories (only if there is a decrease in inventories at the end of the year)

In order to determine the consumption of inventories during the year, it is necessary, in addition to taking into account the purchases made, to determine the inventories not consumed during the year, i.e. the change in inventories.Thus, when opening stocks are higher than closing stocks, i.e. when there is a decrease in closing stocks, this change is reflected as an expense for the year.

In contrast to the above, when inventories at the beginning of the year are lower than at the end of the year, i.e. when there is an increase in inventories, it will be reflected as income.

With regard to the valuation criteria for inventories**,**, it should be stressed that the value of closing inventories, which must coincide with the value of opening inventories for the following year, can be determined by their acquisition price or production cost, with the weighted average cost and FIFO being accepted as valuation criteria for homogeneous groups of inventories.

> See the section on "Variation in inventories" under "Total eligible income" as well as the 10th recording and valuation standard of the General Accounting Plan, approved by Royal Decree 1514/2007, of 16 November (BOE of 20 November), dedicated to the valuation of inventories.See also the Resolution of 14 April 2015 of the Spanish Accounting and Auditing Institute (Instituto de Contabilidad y Auditoría de Cuentas), which establishes criteria for determining the cost of production.

c. Other operating consumption

This includes the consumption of other supplies (other than goods and raw materials) intended for the production process or used in the provision of services (built-in elements and assemblies, fuels, spare parts, miscellaneous materials, containers, packaging, office supplies, etc.).

> Incorporable items and assemblies are those items and assemblies normally manufactured outside the enterprise and acquired by the enterprise for incorporation into its production without further processing.
>
> In the case of fuels, only the consumption of energy materials that can be stored shall be included.
>
> Spare parts are parts intended to be fitted to plant, equipment or machinery as replacements for similar parts.
>
> Miscellaneous materials means other consumables which are not to be incorporated into the manufactured product.

The consumption for the year shall be the result of adding the acquisitions made during the year to the opening stock of such goods and reducing this sum by the value of the closing stock for the

period.

Note:*In contrast to stocks of goods and raw materials, "Other operating consumption" will only reflect what has been consumed during the year.*

3.Personnel costs

This category includes the following items, which are clearly differentiated in the declaration of the IRPF.

a. Wages and salaries

Amounts accrued by third parties under an employment relationship should be included.These include salaries, special payments, remuneration in kind (including any interim payments made in respect thereof, provided they have not been passed on to the recipients), as well as prizes.

Specialities in the IRPF of employment benefits between members of the same family unit.

Regulations:Art. 30.2.2ª Law IRPF

The remuneration paid to other members of the holder's family unit shall be considered as deductible expenditure, provided that all the following requirements are met:

- That the spouse or minor children work regularly and continuously in the business or professional activities carried out by the owner of the business or professional activities.
- That the spouse or minor child of the owner of the activity lives with the latter.
- That the appropriate employment contract exists, in any of the modalities established in the Workers' Statute and other implementing provisions.
- The spouse or minor child must be affiliated to the corresponding social security scheme.
- That the remuneration stipulated with each of them, corresponding to their professional qualifications and the work carried out, is not higher than market rates.If they are higher, the excess over market value will not be a deductible expense for the payer.

  The remuneration stipulated is considered as employment income for its recipients for all tax purposes.

b. Social security to be borne by the undertaking

This includes the amounts paid to social security for social security contributions payable by the enterprise on the basis of the wages and salaries of its staff.

c. Compensation

This includes sums paid to company staff to compensate them for damage or loss, even if they are exempt for the recipient.Severance payments and early retirements are specifically included under this heading.

d. Subsistence and travel allowances of employed personnel

This includes amounts paid by the company to cover or compensate the cost of meals and accommodation in restaurants, hotels and other catering establishments, as well as travel expenses incurred by its employees for journeys to municipalities other than their usual place of work (even if they are exempt from personal income tax for the recipient).

e. Contributions to social security schemes set up for the benefit of employees

- Contributions to pension plans or occupational benefit plans

In accordance with the provisions of article 14.2 of the LIS, contributions or contributions made by the employer or professional as promoter of a pension plan regulated in the revised text of the Pension Plans and Funds Regulation Act, as well as those made to company social welfare plans in which their employees are participants or insured, are deductible, provided that they are attributed to each participant or insured in the corresponding part, except in the case of those made in favour of beneficiaries in an extraordinary manner when it is necessary to guarantee the benefits in progress or the rights of the participants of plans that include defined benefit schemes for retirement and it has been shown, through actuarial reviews, that there is a deficit in the pension plan.

Effective 1 January 2013, group dependence insurance contracts are accepted as insurance contracts suitable to implement the commitments for pensions assumed by companies.

> See in this respect the first additional provision of the revised text of the Pension Plans and Funds Regulation Law in the wording given by Law 27/2011 of 1 August (BOE of 2 August).

- Contributions made for the coverage of contingencies similar to those of pension plans

In accordance with the provisions of article 14.2 of the LIS, business contributions made to cover contingencies similar to those of pension plans are deductible, provided that they meet the following requirements:

- Charged for tax purposes to the persons to whom the benefits are linked.
- The payer irrevocably transfers the right to receive future benefits.
- That the payer transfers the ownership and management of the resources of which these contributions consist.

Likewise, contributions made by 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 (IORPs) will also be deductible,

provided that the requirements listed above are met and the contingencies covered are those provided for pension plans in their regulatory rules.

Attention: *Please note that Directive (EU) 2016/2341 of the European Parliament and of the Council of 14 December 2016 repealed Directive 2003/41/EC referred to in Article 51 of the Personal Income Tax Law , with effect from 13 January 2019, stating that references to the aforementioned Directive 2003/41/EC shall be construed as references to the aforementioned Directive (EU) 2016/2341.*

Finally, with regard to contributions to social welfare systems set up for the benefit of employees, it should be pointed out that, in accordance with the provisions of article 14.1 of the LIS, **, expenses for provisions and internal funds** to cover contingencies identical or similar to those covered by the Consolidated Text of the Pension Plans and Funds Act, approved by Royal Legislative Decree 1/2002, of 29 November, are not deductible.These expenses are tax deductible in the tax period in which the benefits are paid.

f. Other staff costs

This heading may include staff training expenses, both regular and sporadic, premiums for life, accident, sickness, etc. insurance contracts, except for social security contributions and any other expenses relating to staff in the service of the activity which cannot be considered as purely gratuitous.

Expenditure incurred in accordance with customary practice in respect of company staff (gifts, Christmas hampers, etc.).are not considered as pure gifts and may therefore constitute deductible expenses.

4.Activity holder's expenses

The following items are included in this category and are differentiated in the declaration of IRPF:

a. Social security or contributions to alternative mutual funds of the business operator

Included are:

1. The contributions of the owner of the activity to the Special Regime for Self-Employed Workers (RETA) or,

Covid-19*:la exención de la obligación de cotizar a favor de trabajadores autónomos que hayan percibido alguna modalidad de prestación por cese de actividad al amparo de lo dispuesto en el Real Decreto-ley 18/2021, de 28 de septiembre, de medidas urgentes para la protección del empleo, la recuperación económica y la mejora del mercado de trabajo a que se refiere el artículo 1 del Real Decreto-ley 2/2022, de 22 de febrero, por el que se adoptan medidas urgentes para la protección de los trabajadores autónomos, para la transición hacia los mecanismos estructurales de defensa del empleo, y para la recuperación económica y social de la isla de La Palma, y se prorrogan determinadas*

medidas para hacer frente a situaciones de vulnerabilidad social y económica, determina su falta de incidencia en el IRPF, al no corresponder a ninguno de los supuestos de obtención de renta establecidos en el artículo 6 de la Ley del IRPF, no teniendo por tanto la naturaleza de rendimiento íntegro ni correlativamente la de gasto

2. Where applicable, the contributions made by the owner of the activity to the Mutual Social Welfare Funds when they act as alternatives to the aforementioned special Social Security scheme.

Special features for personal income tax purposes of contributions to employers' or professionals' own Mutualidades de Previsión Social

Regulations (Art. 30.2.1ª Ley IRPF)

As a general rule, contributions to employers' or professionals' mutual benefit societies do not constitute a deductible expense for the determination of the net income from the activity, given that they may reduce the taxable income of the taxpayer in accordance with the requirements and limits established for this purpose.

See for reductions for contributions to social security systems in Chapter 13.

However, amounts paid by virtue of insurance contracts entered into with mutual benefit societies by professionals not included in the special Social Security scheme for the self-employed or self-employed, when, for the purposes of complying with the obligation established in the fifteenth additional provision of Law 30/1995, of 8 November, on the Regulation and Supervision of Private Insurance, they act as alternatives to the special Social Security scheme, in the part whose purpose is to cover contingencies covered by said special scheme, are considered as deductible expenses of the activity, with the limit of the maximum contribution for common contingencies that is established in each financial year.

The fifteenth additional provision of Law 30/1995 has been repealed by Royal Legislative Decree 8/2015, of 30 October, approving the consolidated text of the General Social Security Law, and incorporated into the eighteenth additional provision of the aforementioned consolidated text.The reference to the repealed provision shall therefore be construed as a reference to the corresponding provision of the recast text.

Furthermore, for the purposes of the maximum contribution limit for common contingencies established in each financial year, it should be taken into account that, for 2022, article 106 of Law 22/2021 on the General State Budget for 2022, and Order PCM/244/2022, of 30 March, which develops the legal rules on Social Security contributions, unemployment, protection for termination of activity, the Wage Guarantee Fund and professional training for the financial year 2022 (BOE of 31 March), establish a maximum contribution base of 4,139.40 euros per month and set a maximum contribution rate for common contingencies of 28.30 per 100 per cent.Therefore, the maximum contribution for common contingencies in 2022 is 14,057.40 euros [0.283 x (4,139.40 x 12)].

When contributions exceed this limit, the excess may be subject to reduction in the taxable base of IRPF, although only in the part that is intended to cover the same contingencies as pension plans and with the limits and requirements indicated in Chapter 13 in the section corresponding to "Reductions for contributions and contributions to social

welfare systems".

b. The taxpayer's own living expenses incurred in the course of the economic activity.

Regulations:Art. 30.2.5ª.c) Law IRPF

To determine the net earnings on economic activity based on the direct estimate tax scheme, taxpayers can deduct any maintenance costs that meet the following requirements:

- The taxpayer's own expenses.
- To be carried out in the course of economic activity.In other words, they must be specific to the activity.

  For these purposes, it should be borne in mind that the fact that the maintenance expenses correspond to a working day - regardless of the fact that in business or professional activities it is not generally possible to speak of the existence of a working calendar - does not in itself imply that these expenses are considered to be expenses incurred in the course of an economic activity.

- occurring in catering and hospitality establishments.
- Paid using any electronic means of payment.
- That they do not exceed the quantitative limits established by regulation in article 9.A.3.a) of the Regulations of IRPF for per diems and allowances for workers' normal living expenses.

  The reference that the Law of IRPF makes for the maintenance expenses of employers or professionals to the regulatory regulation established for the per diems and allowances for normal maintenance expenses of workers contained in Article 9 of the Regulation of IRPF, is limited to the quantitative limits established for these maintenance expenses, without, consequently, this reference contemplating expenses other than maintenance expenses, such as subsistence expenses, or other aspects regulated in Article 9 with respect to maintenance expenses other than their quantitative limits, given their different nature.

  In this respect, whereas the daily subsistence allowance is an allowance paid by the employer to an employee who, by virtue of the employer's power of organisation, has to travel away from his place of work in order to carry out his work;The deductible expenses for maintenance of the entrepreneur or professional referred to in Article 30.2.5 of the Law of IRPF, are expenses incurred by the entrepreneur or professional himself, in the course of his economic activity.

These limits are:

Information	Spain	Foreign
Overnight stay in a different municipality (*)	53.34 euros/day	91.35 euros/day
No overnight stay in a different municipality	26.67 euros/day	48.08 euros/day
(*) This must be a municipality other than the taxpayer's usual place of work and residence.*(Back to)*		

The excess over these amounts shall not be deductible.

Note: *the taxpayer must keep, during the maximum limitation period, providing, when required to do so, the supporting documents of the expenses in order to verify compliance with the requirements of the regulation.*

5.External services

This category includes the following items, which are clearly differentiated in the declaration of the IRPF.

a. Leases and royalties

In general

This heading includes expenses arising from rent, royalties, technical assistance, etc., for the transfer to the taxpayer of assets or rights that are assigned to the activity, when the ownership thereof is not acquired.

The concept of **"royalties"** shall include the fixed or variable amounts paid for the right to use or the concession of use of the different manifestations of industrial property.

Under the heading **"leasing"**, the amounts paid for the rental or operational leasing or letting of movable and immovable property for the use or at the disposal of the company.

Special cases

Without prejudice to the foregoing, the special features discussed in the following sections must be taken into account for the purposes of determining the amounts deductible under this heading.

1.Leasing contracts

Regulations:Art. 106 LIS

A specific tax regime is established for financial leasing contracts where the following requirements are met:

- The lessor is a credit institution or a financial credit institution.
- They must have a minimum duration of 2 years when they relate to movable property and 10 years when they relate to immovable property or industrial establishments.

  However, in order to avoid abusive practices, other minimum periods of duration may be established by regulation, depending on the characteristics of the different goods that may constitute the object of the contract.

- That the finance lease payments are expressed in the respective contracts differentiating the part corresponding to the recovery of the cost of the asset by the lessor, excluding the value of

the purchase option and the financial burden demanded by the lessor, all without prejudice to the application of the corresponding indirect tax.

- That the annual amount of the cost recovery portion of the leasing payments should remain the same or increase over the contract period.

Concept of financial leasing contracts: With effect from 28 June 2014, Law 10/2014, of 26 June, on the regulation, supervision and solvency of credit institutions (BOE of 27 June) defines in its third additional provision the concept of financial leasing operations as "those contracts whose exclusive purpose is the transfer of the use of movable or immovable property, acquired for that purpose according to the specifications of the future user, in exchange for a consideration consisting of the periodic payment of instalments.The property transferred must be used by the user solely for agricultural, fishing, industrial, commercial, craft, service or professional purposes.The leasing contract shall necessarily include an option to purchase, upon termination, in favour of the user'.

Once these requirements have been met, its **tax deductibility regime** is as follows:

a. The whole of the part of the lease payments corresponding to the finance charge paid to the lessor is treated as a tax-deductible expense.

b. The part of the finance lease payments made to the lessor that corresponds to the recovery of the cost of the asset is treated as a deductible expense subject to the following two limitations:

1. The deductible amount may not exceed the result of applying to the cost of the asset twice the maximum straight-line depreciation coefficient according to the officially approved depreciation tables.

   In the case of taxpayers (entrepreneurs or professionals) that have the fiscal consideration of small company, the straight-line depreciation coefficient according to tables will be multiplied by three for these purposes.

   The table of depreciation coefficients applicable in the normal modality of the direct estimation method is contained in article 12.1.a) LIS.In the simplified form of the aforementioned scheme, the applicable depreciation table is contained in the Order of 27 March 1998 (BOE of 28 March).

   For the calculation of this limit, account shall be taken of the time when the asset is put into working order.Any excess which, as a result of this limitation, is not deductible may be deducted in subsequent tax periods, subject to the same limit of two or three times the above-mentioned depreciation coefficient.

2. If the subject matter of the contract is land, plots of land and other non-depreciable assets, this part of the tax liability is not a deductible expense.If this condition applies only to a part of the asset which is the subject of the transaction, only the proportion corresponding to the depreciable elements may be deducted, which must be stated separately in the respective contract.

   Attention: *in the event that the contract does not meet the requirements of article 106 of the LIS, the financial burden paid, as well as an amount equivalent to the depreciation payments which, in accordance with the depreciation systems established in article 12.1 of the LIS, would correspond to the asset covered by the contract, shall be considered as a tax-deductible expense.*

Example:

Mr. S.T.V. carries out the activity of manufacturing footwear and determines the net income from this activity using the direct estimation method, normal method.

On 30 June 2022 it acquires a new delivery van under a leasing contract on the following terms:

- Duration of the contract:2 years.
- Annual dues:8,000 euros, of which 600 euros represents the financial burden and the rest corresponds to the recovery of the cost of the asset.
- Option to buy:1,200 euros at the end of the second year.
- Cost of the element:16,000 euros.

Determine the amounts that Mr. S.T.V. will be able to deduct in the financial year for the amounts paid for the leasing contract carried out, knowing that the straight-line depreciation coefficient according to the van's tables is 16%, that the van was made available and started operating on 1 July 2022 and that the economic activity of which he is the owner is considered to be a small company in the financial year 2022.

Solution:

As the economic activity carried out is considered to be a small company for tax purposes in the financial year 2022, the holder may deduct the following tax-deductible expenses from his full income:

Financial burden (600/12 months) x 6 months = 300

Recovery of the cost of the asset (deductible amount paid) [(8.000 /12 months) x 6 months] - 300 = 3.700

Total deductible expenses (300 + 3.700) = 4.000

Note: The amount paid corresponding to the recovery of the cost of the asset is considered in its entirety as a deductible expense, as it does not exceed the legally established limits.This limit is determined as follows:

Maximum linear coefficient applicable according to tables:16%

Maximum linear coefficient applicable in 2022:(16 x 3) = 48%

Maximum amount of tax depreciation:(48% s/16,000) x 6/12 = 3,840

2.Special features for personal income tax purposes of transfers to economic activity of assets and rights belonging privately to members of the family unit

Regulations:Art. 30.2.3ª Law IRPF

When the spouse or 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 holder of such activity may deduct, for the purpose of determining the income from such activity, the consideration stipulated for such transfer, provided that it does not exceed the market value and, in the absence of such value, the latter may be deducted.

Correlatively, the stipulated consideration, or the market value, shall be considered as income from the capital of the spouse or minor children for all tax purposes.

> ***Note:****In contrast to the above, the use of assets common to both spouses by the spouse carrying out an economic activity is not treated for tax purposes as a transfer and does not give rise to any remuneration between them.Therefore, even if consideration has been stipulated, it will not be deductible.*

b. Repairs and maintenance

Expenditure on the upkeep and repair of the tangible assets concerned is treated as expenditure on the upkeep and repair of the tangible assets concerned:

- Those carried out on a regular basis in order to maintain the normal use of tangible assets.
- The replacement of elements that are not subject to depreciation and whose unusability is a consequence of the normal functioning or use of the assets in which they are integrated.
- Adaptation or readaptation of tangible fixed assets, when this does not entail an increase in their value or productive capacity.

Expenditure which entails the extension or improvement of tangible assets and is therefore depreciable shall not be considered as maintenance or repair costs.

In this respect, see the Resolution of 1 March 2013 of the Spanish Accounting and Audit Institute (Instituto de Contabilidad y Auditoría de Cuentas), which lays down rules for the recording and valuation of tangible fixed assets and investment property (BOE of 8 March).

c. Supplies

Regulations:Art. 30.2.5ªb) Law IRPF

This item should include the cost of electricity and any other supplies (water, gas, telephone, internet, etc.).which does not have the quality of being storable.

> ***Attention:*** *expenses arising from the use of a mobile telephone line are deductible to the extent that this line is used* ***exclusively*** *for the development of the economic activity.These expenses include the purchase of the mobile phone itself, although this deduction must be made by means of depreciation, applying the corresponding depreciation coefficient to its acquisition value.*

Without prejudice to the foregoing, the following special rule of IRPF, discussed below, must be taken into account for the purposes of determining the amounts deductible in this respect.

Personal income tax on the cost of supplies for the taxpayer's main residence that is partially affected by the development of the economic activity.

Regulations:Art. 30.2.5ª.b) Law IRPF

Since 1 January 2018, when the taxpayer partially assigns his main residence to the development of his economic activity, the expenses for supplies of said residence, such as water, gas, electricity, telephone and Internet, will be deductible in the percentage resulting from applying 30% to the proportion existing between the square metres of the residence destined to the activity with respect to its total surface area, unless a higher or lower percentage is proven.

Remark: Prior to the amendment made by Article 11 of Law 6/2017, of 24 October, on Urgent Reforms of Self-Employment (BOE of 25 October), only expenses derived from the ownership of the property, such as depreciation, property tax, community of owners, etc., were considered fully deductible in these cases, in proportion to the part of the property affected by the development of the activity and to their percentage of ownership of the property, unless the taxpayer was a tenant of the property, in which case they could deduct the expense corresponding to the income paid for the rental of the property in proportion to the part exclusively affected by the economic activity in relation to the whole of the property.On the other hand, it was required that the costs of utilities (water, electricity, heating, telephone, internet connection, etc.)were intended exclusively for the pursuit of the activity, and the same apportionment rule that applied to the expenses arising from the ownership or rental of the dwelling could not be used in relation to them.

Covid-19: *in the event that, due to the situation arising from Covid-19, a professional works in his or her home without it being partially affected by the activity and, as a result of this professional use, the usual expenditure on certain supplies (electricity, internet, etc.) increases .of the same, it should be taken into account that these expenses for supplies CANNOT be deducted as the dwelling is not partially used for the activity and its use is motivated by an occasional and exceptional circumstance.*

Example:

Mr. J.C.P., for the exercise of his professional activity as a lawyer, allocates a 40 m² room in his usual residence.

Determine the deductible amount of the expenses for supplies corresponding to the part of the dwelling used for the professional activity, taking into account that the taxpayer's main residence is 100 m² and the annual expenses for supplies amount to 5,000 euros.

Solution:

Ratio between the m² of the usual dwelling used for the activity in relation to its total surface area:40 m² / 100 m² = 40%

Deduction percentage (30% x 40%) = 12%.

Deductible expenses (12% s/5.000 euros) = 600 euros

d. Independent professional services

This item includes the amount paid to professionals for services rendered to the economic activity.This includes the fees of economists, lawyers, auditors, notaries, etc., as well as the commissions of independent mediators.

e. Insurance premiums

This item should include amounts paid in respect of insurance premiums, except those relating to company staff.

In addition, the following special rule of the IRPF for health insurance premiums, which is discussed below, must be taken into account when determining the deductible amounts.

Special features on the IRPF of expenses for health insurance premiums for taxpayers and their families

Regulations:Art. 30.2.5ª.a) Law IRPF

In accordance with Article 30.2.5.a) of the Personal Income Tax Act, health insurance premiums paid by the taxpayer for the part corresponding to his own coverage and that of his spouse and children under the age of 25 who live with him are considered a deductible expense for the determination of net income in direct estimation.

In the case of children with disabilities, there is no exception to the age requirement, so they must live with the taxpayer and be under 25 years of age.

The maximum deduction limit shall be

- 500 euros for each of the persons listed above.
- 1,500 euros for each of them with a disability.

f. Other External services

This item includes other services of a different nature acquired for the economic activity which do not form part of the purchase price of the fixed assets.

These services include, among others, the following:

- Expenditure on research and development.
- Transport.
- Banking and similar services.
- Advertising, publicity and public relations.

Note: *expenses for services to customers or suppliers shall be deductible up to a limit of 1 per cent of the net turnover for the tax period.*

6.Taxes tax deductible

This category includes the following items that are differentiated in the declaration of the IRPF (Personal Income Tax).

a. input VAT

shall not be included among the deductible expenses of the economic activity carried out the VAT borne on these operations, the quotas of which are deductible in the self-assessments of this tax.

On the other hand, must be included among the deductible expenses of the economic activity carried out, the VAT, including, where applicable, the equivalence surcharge, borne in these transactions, the instalments of which are not deductible in the self-assessments of the VAT of this tax.Among other cases, this will occur when the economic activity carried out is subject to the following special schemes of VAT:

- Special Equivalence Surcharge Regime.

  The special equivalence surcharge regime is regulated in Chapter VII of Title IX of Law 37/1992, Articles 148 to 163.

  Taxable persons subject to this special scheme are not required to account for or pay the VAT due on their sales.This payment is made through the "equivalence surcharge" which must be passed on to them by their suppliers, together with the ordinary VAT quota.

  Therefore, it is the suppliers who charge the retailer under the equivalence surcharge on the invoice the corresponding VAT plus the equivalence surcharge and pay it to the retailer.

  Nor can they deduct the amounts paid for the acquisition or importation of goods of any kind or for the services provided to them, insofar as these goods or services are used in the performance of the activities covered by this special scheme.

  Therefore, input VAT and the equivalence surcharge will be deductible expenses.

- Special Regime for Agriculture, Livestock and Fisheries.

  Taxable persons covered by the special scheme are not obliged to settle, charge and pay VAT, and therefore cannot deduct the VAT paid on purchases and imports of goods and services used in the performance of the activities to which this scheme applies.

On the other hand, the input VAT corresponding to the acquisition of items of fixed assets assigned to the activity that are not deductible in the latter tax, must be included as an increase in the acquisition value of said items, and therefore its consideration as an expense in the IRPF will be made **through the corresponding depreciations**.

b. Other fiscally deductible taxes

This concept includes non-state taxes and surcharges, parafiscal levies, fees, surcharges, and special state contributions that are not legally enforceable, provided they affect computed yields, are not sanctioning and correspond to the same financial year as income.Examples of non-state taxes are the Tax on Economic Activities (IAE) and the Tax on Real Estate (IBI) corresponding to the economic activity carried out.

Criminal and administrative penalties, surcharges for the enforcement period and the surcharge for late filing without prior notice are not considered deductible expenses.

7.Financial expenses

Delimiting Deductible or Non-Deductible Financial Expenses:

This includes all expenses arising from the use of external financial resources for the financing of the company's activities or its asset elements.Among others, the following have such consideration:

- Expenses for the discounting of bills of exchange and the financing of the company's operating credits.
- Surcharges for deferral of payment of debts corresponding to the activity.
- Interest corresponding to deferrals and instalments of tax debts, provided that they are directly related to the activity and correspond to the financial year.

On the other hand, **does not qualify as deductible financial expenses**:

- Those with a higher cost of acquiring assets.
- Those resulting from the use of own capital.

Limitation on the deductibility of net financial expenses

The limit on the deductibility of net financial expenses shall be the greater of the following amounts:

a. **30 per cent of the operating profit for the year.**

b. **EUR 1 million when the above limit exceeds EUR 1 million**

Up to this amount, i.e. up to EUR 1 million, net financial expenses are in any case deductible.

However, where the duration of the activity is less than one year, the deductible amount shall in any case be the amount resulting from multiplying EUR 1 million by the ratio between the duration of the activity in the tax period and the year.

See the Resolution of 16 July 2012, of the Directorate General for Taxation, in relation to the limitation on the deductibility of financial expenses in corporate income tax (BOE of 17 July).

8.Impairment losses on receivables arising from possible debtor insolvencies

Impairment losses concept

Impairment is the accounting expression of the estimated loss in value of an asset, other than, in the case of depreciable items, its systematic depreciation through operation, use, obsolescence or wear and tear (ie depreciation expense).

From an accounting point of view, an asset is considered impaired when its carrying amount exceeds its recoverable amount, which makes it necessary to recognise an impairment loss in the profit and loss account and a corresponding valuation adjustment.

> See Resolution of 18 September 2013 of the Spanish Accounting and Auditing Institute (Instituto de Contabilidad y Auditoría de Cuentas), which lays down rules for recording and valuation and information to be included in the notes to the annual accounts on the impairment of assets (BOE of 25 September).

However, for tax purposes the general rule **is the non-deductibility of impairment losses with one exception:** impairment losses on receivables arising from the possible insolvencies of debtors.

Impairment losses on receivables arising from possible debtor insolvencies

Regulations:(Arts.13.1 LIS

Impairment losses on receivables arising from the possible insolvency of debtors will be deductible in 2022, when any of the following circumstances apply at the time of accrual of IRPF (normally 31 December):

a. That six months has passed since the obligation fell due.

b. That the debtor is declared to be in bankruptcy proceedings.

c. That the debtor is being tried for asset stripping.

d. That the obligations have been claimed by the courts or are in litigation or arbitration proceedings, the solution of which depends on their collection.

The following credit impairment losses shall not be deductible:

1. Those corresponding to loans due by entities established under public law, except where involved in an arbitration or judicial proceeding pertaining to their existence or amount.

2. Those corresponding to credits owed by related persons or entities, unless they are in insolvency proceedings and the liquidation phase has been opened by the judge, under the terms established in Law 22/2003, of 9 July, on insolvency proceedings and, from 1 September 2020, in Royal Legislative Decree 1/2020, of 5 May, approving the revised text of the Insolvency Act.

3. Those corresponding to global insolvency risk estimates of clients and debtors.

> **Note:** In this respect, see the Resolution of 18 September 2013 of the Spanish Accounting and Auditing Institute (Instituto de Contabilidad y Auditoría de Cuentas), which lays down recording and valuation rules and information to be included in the notes to the annual accounts on the impairment of assets (BOE of 25 September).

Important: *the owners of small companies may also deduct the impairment loss on credits*

due to possible insolvencies of debtors up to a limit of 1% of the debtors existing at the end of the tax period, except those on which the insolvency loss has been individually recognised and those in respect of which the impairment losses are not deductible.The determination of the deductible amount corresponding to these impairment losses for owners of small companies is discussed in this Chapter.

Transitional regime for the reversal of impairment of certain assets and liabilities

Regulations:Fifteenth transitional provision LIS

The reversal of impairment losses on property, plant and equipment, investment property and intangible assets that were tax deductible in tax periods commencing prior to 1 January 2015 shall be recognised as income in the tax period in which their carrying amount is recovered.

In the case of intangible assets with an indefinite useful life, the aforementioned reversal will be integrated with the limit of the tax value that the intangible asset would have, taking into account that article 13.3 of the LIS, in force until 31 December 2015, established that the amounts deducted would reduce, for tax purposes, the value of the corresponding intangible asset.

Attention: *Until 31 December 2015, intangible assets with an indefinite useful life, including goodwill, were not amortised for accounting purposes, but their impairment was taken into account and their acquisition price could be deducted for tax purposes up to a maximum annual limit of one twentieth of their amount.This deduction, which corrected its tax value, was not conditional on its allocation for accounting purposes in the profit and loss account.*

9.Fiscal incentives to patronage:Collaboration agreements in activities of general interest

Regulations:Art. 25 of Law 49/2002, of 23 December, on the tax system for non-profit organisations and tax incentives for patronage

A business collaboration agreement for activities of general interest is one whereby the entities benefiting from sponsorship, in exchange for financial support for the activities they carry out in fulfilment of the entity's specific object or purpose, undertake in writing to publicise by any means the collaborator's participation in these activities.

The dissemination of the participation of the partner in the framework of these conventions does not constitute a service provision.

The amounts paid or the costs incurred are considered to be deductible expenses for determining the net return of the economic activity of the contributors to the direct estimation method in either of its two modalities, normal or simplified.

The tax regime applicable to the amounts satisfied in compliance with the aforementioned

collaboration agreements shall be incompatible with the other tax incentives provided for in Law 49/2002, of 23 December, on the tax regime of non-profit entities and on the tax incentives for patronage.

The tax regime established in Law 49/2002 for donations made to entities benefiting from patronage is discussed in Chapter 16.

10.Fiscal incentives to patronage:Expenses in activities of general interest

Regulations:Art. 26 Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage.

Expenses incurred for the general interest purposes referred to in Article 3.1 of the aforementioned Law 49/2002 are deductible for the determination of the net yield of the economic activity carried out by taxpayers using the direct assessment method, in either of its two modalities, normal or simplified.

In accordance with this article, these include, among others, the defence of human rights, victims of terrorism and acts of violence, social assistance and social inclusion, civic, educational, cultural, scientific, sports, health, labour, institutional strengthening, cooperation for development, promotion of volunteering, promotion of social action, defence of the environment, promotion and care for people at risk of exclusion for physical, economic and cultural reasons, promotion of constitutional values and defence of democratic principles, promotion of tolerance, promotion of the social economy, development of the information society, or scientific research, development or technological innovation and its transfer to the productive fabric as a driver of productivity and business competitiveness.

11.Other fiscally deductible expenses (except provisions)

Other expenses which are deductible for tax purposes but are not expressly included under the above headings may be included under this heading.

Provided that there is an appropriate correlation with the income from the activity, the following expenses, among others, may be cited as examples:

- Purchase of books, subscriptions to professional journals and acquisition of non-depreciable instruments, provided they are directly related to the activity.
- Attendance costs for courses, conferences, congresses, etc., related to the activity.
- Certain dues paid by the entrepreneur or professional to legally constituted corporations, chambers and business associations.

12.Provisions

It is necessary to differentiate between the (normal and simplified) modes of the direct estimation method, as the latter (the simplified mode) has a specific treatment for these expenses in the IRPF.

Normal mode

Regulations:Art. 14 of the LIS

The following expenses shall be deductible under the concept of provisions:

- Those corresponding to environmental actions when they correspond to a plan formulated by the taxpayer and accepted by the tax administration.
- Expenses inherent to risks arising from repair and overhaul guarantees shall be deductible up to the amount necessary to determine a balance of the provision not exceeding the result of applying to the outstanding guarantee sales at the end of the tax period the percentage determined by the proportion in which the expenses incurred to meet the guarantees incurred in the tax period and in the two preceding tax periods would have been found to be in proportion to the guarantee sales made in those tax periods.

This same rule applies to allowances for the cover of ancillary expenses for sales returns.

Newly created entities may also deduct the aforementioned provisions for risks arising from repair and overhaul guarantees, by setting the percentage referred to therein, with respect to the expenses and sales made in the tax periods that have elapsed.

The following expenses shall not be deductible as provisions:

- Expenses for provisions and internal funds to cover contingencies identical or analogous to those covered by the revised text of the Pension Plans and Funds Regulation Act, approved by Royal Legislative Decree 1/2002, of 29 November (Art. 14.1 LIS).

These expenses are tax deductible in the tax period in which the benefits are paid.

- Expenditure relating to long-term employee remuneration through defined contribution or defined benefit schemes (Art. 14.2 LIS).

However, **will be deductible** the contributions made by the promoters of pension plans regulated in the revised text of the Pension Plans and Funds Regulation Act, as well as those made to corporate social welfare plans.Contributions to cover contingencies similar to those of pension plans are also deductible.

See commentary on these contributions in this Chapter under "Staff costs".

- The following expenses associated with provisions:

a. Those deriving from implicit or tacit obligations.

b. Those concerning any contract fulfillment expenses which exceed the anticipated economic profits.

c. Those deriving from restructurings, except if they refer to legal or contractual obligations which are not merely tacit.

d. Those relating to the risk of sales returns.

e. Personnel expenses which correspond to payments based on equity instruments, used as a formula of remuneration to employees and paid in cash.

> ***Note:*** *expenses which, in accordance with the two preceding paragraphs, are not deductible for tax purposes, shall be included in the tax base for the tax period in which the provision is applied or the expenditure is used for the purpose for which it was incurred.*

Simplified modality

Regulations:Art. 30.2ª Regulation IRPF

The joint **of deductible provisions and expenses that are difficult to justify** shall be quantified exclusively by applying the percentage of **5 per 100 to the positive net income** in general (the positive difference between the full income and the other fiscally deductible expenses including depreciations), excluding this concept, without the resulting amount exceeding 2,000 euros per year.

The 5 per cent percentage is applied on an activity-by-activity basis, but the maximum amount that a taxpayer can deduct on all his activities for this item cannot exceed EUR 2,000.

In the case of joint taxation, the ceiling of EUR 2.000 applies to all members of the family unit who determine net yield by simplified direct estimation.

In the case of **activities carried out through entities under the income attribution system**, the deduction for deductible provisions and expenses that are difficult to justify will be applied individually by each taxpayer or partner, heir, joint owner or participant on the net income from the economic activity that corresponds to them in accordance with their percentage of participation in the entity, applying the limit of 2,000 euros to that amount.However, if the taxpayer carries out other economic activities in simplified direct estimation, the EUR 2.000 limit will apply to the sum of deductions for each of these activities, reducing the excess in proportion to the net yield of each of them.

> ***Note:*** *the 5 per cent percentage for deductible provisions and expenses that are difficult to justify is incompatible with the application of the reduction for the exercise of certain economic activities provided for in Article 32.2.1 of the Law of IRPF and 26.1 of the Regulation of the aforementioned tax, which is discussed below.Consequently, when the taxpayer chooses to apply the aforementioned reduction, the percentage of 5 per cent will not be applicable, and vice versa.*

Non-tax deductible expenses

Regulations:(Arts.15 and 15a LIS

They are not considered tax-deductible expenses:

- Those representing a **return on own funds**

The remuneration corresponding to securities representing the capital or own funds of entities, regardless of their accounting consideration, shall be considered as remuneration of own funds.

Likewise, the remuneration corresponding to **participating loans** granted by entities forming part of the same group of companies in accordance with the criteria established in article 42 of the Commercial Code, regardless of residence and the obligation to prepare consolidated annual accounts, shall be considered as remuneration of shareholders' equity.

- **Fines and penal and administrative sanctions**, the **surcharges** of the executive period and the surcharge for late declaration without prior request.
- The **game losses.**
- The **donations and liberalities.**

  Expenditure on services to customers or suppliers, expenses incurred in accordance with customary practice in respect of company staff, expenses incurred to promote, directly or indirectly, the sale of goods and the provision of services, and expenses which are correlated to income, are not considered as such.

  However, expenses for services to customers or suppliers are deductible up to a limit of 1% of the net turnover for the tax period.
- The costs of actions **contrary to the legal order**.
- Expenses for services corresponding to transactions carried out directly or indirectly **with persons or entities resident in countries or territories classified by regulations as tax havens**, or which are paid through persons or entities resident therein, unless the taxpayer proves that the expense accrued corresponds to a transaction or operation actually carried out.
- The **financial expenses** accrued in the tax period, derived from debts with **entities of the group** according to the criteria established in article 42 of the Commercial Code, regardless of residence and the obligation to prepare consolidated annual accounts, aimed at the acquisition, from other entities of the group, of shares in the capital or equity of any type of entities, or at making contributions to the capital or equity of other entities of the group, unless the taxpayer proves that there are valid economic reasons for carrying out such transactions.
- The **expenses arising from the termination of the employment relationship, ordinary or special, or of the commercial relationship** referred to in article 17.2.e) of the Law of IRPF, or both, even if they are paid in several tax periods, which exceed, for each recipient, the greater of the following amounts:

  1. 1,000,000 euros, or
  2. The obligatory amount established in the Workers' Statute, in its implementing regulations or, where relevant, in the regulation that governs the execution of rulings, without it being able to be considered as such if established by virtue of an agreement, covenant or contract.

     However, in cases of collective dismissals carried out in accordance with the provisions of

Article 51 of the Workers' Statute, or for the reasons set out in Article 52(c) of the aforementioned Statute, provided that, in both cases, they are due to economic, technical, organisational, production or force majeure causes, the amount established in the aforementioned Statute as mandatory for unfair dismissal shall be the amount established for unfair dismissal.For these purposes, amounts paid by other entities forming part of the same group of companies in which the circumstances provided for in Article 42 of the Commercial Code are met shall be taken into account.irrespective of their residence and irrespective of the obligation to prepare consolidated annual accounts.

- The **contributions to the employer's or professional's own mutual benefit societies which give the right to reduce the taxable base** of the taxpayer in accordance with the requirements and limits established for this purpose (article 30.2.1.1 Law IRPF).

  See in this respect, in Chapter 13, the reductions for contributions to social security systems.See also in relation to tax-deductible expenses the specialities of the employer's or professional's own contributions to Mutualidades de Previsión Social discussed in this Chapter.

- The **expenses corresponding to transactions with related persons or entities resident in another country or territory** which, as a result of a different tax classification in these **of the expense or transaction**, do not generate income, generate income that is exempt or subject to a reduction in the tax rate or to any tax deduction or refund other than a deduction for the avoidance of double taxation.

Deductions:tax-deductible allocations of the year

Depreciation is one of the deductible expense items in the determination of the accounting result**.**

Depreciation of tangible fixed assets, intangible assets and investment property corresponding to the effective depreciation suffered by the different elements due to operation, use, enjoyment or obsolescence is deductible.

The tax deductibility of depreciation, in accordance with the provisions of Article 12 LIS and Articles 3 to 7 of its Regulations, is conditional upon compliance with a series of requirements and general rules which are examined in the following sections:

General requirements

Endowment accounting

For non-commercial entrepreneurs and professionals this requirement shall refer to the entry in their investment goods register of the annual depreciation charge for each such asset.

Effectiveness of depreciation:Depreciation systems

The annual depreciation should reflect the actual depreciation of the item over the same period.

The following systems are distinguished:

1.By straight-line depreciation rates

Regulations:(Arts.12.1.a) LIS and 4 Reglamento IS

It will be the result of applying the straight-line depreciation coefficients established, as from 1 January 2015.the following amortisation table:

Table of straight-line depreciation rates [Article 12(1)(a) of LIS].

Element type		Maximum linear coefficient	Maximum period
Civil works	General civil engineering work	2 per 100	100 years
	Pavements	6 per 100	34 years
	Infrastructures and mining projects	7 per 100	30 years
Central	Hydroelectric plants	2 per 100	100 years
	Nuclear power plants	3 per 100	60 years
	Coal plants	4 per 100	50 years
	Renewable energy plants	7 per 100	30 years
	Other power plants	5 per 100	40 years
Buildings	Industrial buildings	3 per 100	68 years
	Land dedicated exclusively to landfill	4 per 100	50 years
	Stores and deposits (gases, liquids and solids)	7 per 100	30 years
	Commercial, administrative and services buildings and dwellings	2 per 100	100 years
Facilities	Substations.Transport and power distribution networks	5 per 100	40 years
	Cables	7 per 100	30 years
	Other facilities	10 per 100	20 years
	Machinery	12 per 100	18 years
	Medical and similar equipment	15 per 100	14 years

Element type		Maximum linear coefficient	Maximum period
Transport elements	Trains, carriages and traction equipment	8 per 100	25 years
	Ships, aircrafts	10 per 100	20 years
	Internal transport elements	10 per 100	20 years
	External transport elements	16 per 100	14 years
	Dumper trucks	20 per 100	10 years
Furniture and furnishings	Furniture	10 per 100	20 years
	Lingerie	25 per 100	8 years
	Glassware	50 per 100	4 years
	Chattels and tools	25 per 100	8 years
	Moulds, patterns and models	33 per 100	6 years
	Other household goods	15 per 100	14 years
Electronic and computer equipment.Systems and programmes	Electronic equipment	20 per 100	10 years
	Computer equipment	25 per 100	8 years
	Systems and computer programs	33 per 100	6 years
	Movie and sound productions, videos and audiovisual series	33 per 100	6 years
	Other items	10 per 100	20 years

Temporary arrangement

Regulations:thirteenth transitional provision LIS

Assets for which, in tax periods commencing prior to 1 January 2015, a depreciation coefficient other than that which would correspond to them by application of the new depreciation table provided for in article 12.1 of the LIS, were being applied, will be depreciated during the tax periods remaining until completing their new useful life, in accordance with the aforementioned table, on the net tax value of the asset existing at the beginning of the first tax period commencing on or after 1 January 2015.

Likewise, those taxpayers who were applying a depreciation method other than that resulting from applying the straight-line depreciation coefficients in tax periods commenced prior to 1 January 2015 and, in application of the depreciation table provided for in this Law, have a different depreciation period, may opt to apply the straight-line depreciation method in the period remaining until the end of their new useful life, on the net tax value existing at the beginning of the first tax period commencing on or after 1 January 2015.

Finally, for acquisitions of new assets made between 1 January 2003 and 31 December 2004, the maximum straight-line depreciation rates provided for in this Law, multiplied by 1.1, shall apply.

2.Other depreciation systems

Other depreciation systems include:

- ### According to constant percentage

  Regulations:Art. 5 Regulation IS

  It is understood that depreciation is effective when it is the result of applying a constant percentage on the value pending depreciation.This constant percentage shall be determined by weighting the straight-line depreciation coefficient obtained from the depreciation period according to officially approved depreciation tables by the following coefficients:

  - **1.5**, if the item has a depreciation period of less than 5 years.
  - **2**, if the item has a depreciation period of 5 years or more but less than 8 years.
  - **2.5**, if the item has a depreciation period of 8 years or more.

  The constant percentage thus determined may not be less than 11 per cent.

  The amount remaining to be depreciated in the tax period in which the end of useful life occurs shall be depreciated in that tax period.

  Buildings, furniture and fixtures and fittings may not be depreciated using the constant percentage depreciation method.

  This depreciation system is regulated under Article 5 of the Corporate Income Tax Regulations, approved under Royal Decree 634/2015 of 10 July.

- ### According to digit numbers

  Regulations:Art. 6 Regulation IS

  Depreciation is deemed to be effective when it is the result of applying the digit method.

  The sum of digits shall be determined on the basis of the amortisation period, which may be any period between the maximum period and that which is deducted from the maximum straight-line amortisation coefficient according to the officially approved amortisation table.

  Buildings, furniture and fixtures are not eligible for depreciation by digits.

This depreciation system is regulated under Article 6 of the Corporate Income Tax Regulations, approved under Royal Decree 634/2015 of 10 July.

- **According to Special Plan**

  Regulations:Art. 7 Regulation IS

  It conforms to a plan formulated by the taxpayer and accepted by the tax administration.

  The characteristics, conditions and requirements are set out in Article 7 of the Corporate Income Tax Regulations, approved under Royal Decree 634/2015, of 10 July.

- **For justification of depreciation**

  Depreciation is deemed to be effective when the taxpayer justifies the amount of depreciation.

Depreciation rules

A. Depreciation base

The depreciation base is the purchase price of the asset, including any additional costs incurred until the asset is ready for use, or its production cost, excluding any residual value.In the case of the acquisition of assets and their subsequent allocation to the economic activity carried out, depreciation shall be based on the acquisition value of the assets at the time of allocation.

B. Start of depreciation computation

Depreciation shall be taken from the time the asset is brought into working condition if it belongs to tangible fixed assets or investment property, or from the time when it is in a condition to produce income if it belongs to intangible fixed assets.

C. Amortisation of intangible assets

As from 1 January 2016 all intangible assets are considered as assets with finite useful lives and are amortisable on the basis of the following criteria:

- In general, intangible assets are amortised over their useful lives.
- However, where the depreciation cannot be reliably estimated, the depreciation is deductible up to a maximum annual limit of one twentieth of its amount (5 per cent).

Likewise, amortisation of goodwill is deductible up to a maximum annual limit of one twentieth of its amount (5 per cent).

> However, it should be borne in mind that article 39 of the Commercial Code in the wording given by the first final provision of Law 22/2015, of 20 July, on Auditing of Accounts (BOE of 21 July) applicable to financial years beginning on or after 1 January 2016, provides that intangible fixed assets are assets with a defined useful life and that when the useful life of these assets cannot be reliably estimated, they shall be amortised over a period of 10 years, unless another legal or regulatory provision establishes a different period.

In the case of goodwill, the aforementioned Article 39 of the Commercial Code states that it may only appear on the assets side of the balance sheet when it has been acquired for consideration and it is presumed, in the absence of evidence to the contrary, that the useful life of goodwill is ten years.

As a consequence of the above, in the case of intangible assets whose useful life cannot be reliably estimated and in the case of goodwill, the amortisation **for accounting purposes** will be 10 per cent and the amortisation **for tax purposes**will be 5 per cent, so that in the eleventh to twentieth years there will be no accounting amortisation expense, but there will be tax depreciation.

Attention: *tNote that until 31 December 2015 the tax deductibility of intangible assets* ***with an indefinite useful life****, including goodwill, was not through amortisation but through the value adjustments that had to be made for possible "impairment".Therefore, when an impairment or value adjustment that has been deductible for tax purposes is reversed, the amount corresponding to the reversal of the impairment or value adjustment must be included with the limit established in the fifteenth transitional provision of the LIS, which is commented on in the section on "Losses due to impairment of the value of assets and liabilities" in this Chapter.*

D. Used assets

In the case of tangible fixed assets and investment property that are acquired used, i.e. not put into working order for the first time, the calculation of depreciation for those cases where straight-line depreciation is used shall be carried out in accordance with the following criteria:

a. If the acquisition value of the used item is taken as the depreciation base, the maximum usable depreciation rate is twice the maximum straight-line depreciation rate set out in the depreciation table.

b. If the original acquisition price or production cost is taken as the depreciation base, the maximum straight-line depreciation rate fixed in the depreciation tables for that item shall be applied.

c. If the original purchase price or production cost is not known, the taxpayer may determine the original purchase price or production cost on the basis of an expert opinion, and once this has been determined, proceed as provided for in the preceding paragraph.

For these purposes, buildings that are less than ten years old shall not be considered as used assets.

E. Excess depreciation

Depreciation charges in excess of those allowed for tax purposes do not constitute a deductible expense in any one year, although the excess may be deductible in subsequent periods.

Note: *Article 7 of Law 16/2012, of 27 December, adopting various tax measures aimed at consolidating public finances and boosting economic activity (BOE of 28 December) established for taxpayers who did not meet the requirements to be considered small companies, a limitation on the deductibility of the accounting depreciation of tangible fixed*

assets, intangible assets and investment property in 2013 and 2014 of up to 70% of the amount that would have been deductible for tax purposes by applying of the general depreciation systems or that provided for intangible fixed assets with a defined useful life.The book depreciation that was not deductible for tax purposes (30 per cent) can be deducted from 2015 on a straight-line basis over a period of ten years or, optionally, over the useful life of the asset.

Accuracy: *the derogatory provision 2.z) of the LIS declares Article 7 of Law 16/2012 in force as far as corporate income tax is concerned.*

Free depreciation assumptions

Within the tax incentives established in relation to depreciation for taxpayers who determine the net yield of their economic activity in the direct estimation method, normal or simplified mode, the freedom of depreciation is applicable in the following cases:

a) Freedom from depreciation on new tangible fixed assets.Transitional arrangements for amounts outstanding as at 31 March 2012

Regulations:Thirtieth Additional Provision Law IRPF and Thirteenth Transitional Provision LIS

Scope

The transitional regime is applicable for taxpayers of the IRPF who on 31 March 2012 had amounts pending application for the following investments that have benefited from the freedom of amortisation of the eleventh additional provision of the revised text of the LIS:

- **Investments made in 2009 and 2010** to which the freedom of depreciation is applicable **with** maintenance of employment of the eleventh additional provision of the revised text of the LIS, as amended by Royal Decree-Law 6/2010, of 9 April, on measures to boost economic recovery and employment (BOE of 13 April).

- **Investments made from 1 January 2011 to 30 March 2012** to which the freedom of depreciation **is applicable without** maintenance of employment of the eleventh additional provision of the revised text of the LIS, as amended by Royal Decree-Law 13/2010, of 3 December, on tax, labour and deregulation measures to promote investment and job creation (BOE of 3 December).The latter free depreciation regime was also applicable to investments made between 3 December 2010 and 31 December 2010 where the entity had not complied with the job maintenance requirement.

Content of the transitional regime

Taxpayers who, at 31 March 2012, had not fully amortised the investment made under this concept may continue to apply the amounts outstanding under the conditions and with the requirements established by the eleventh additional provision of the revised text of the LIS, as amended by Royal Decree-Law 6/2010, of 9 April and by Royal Decree-Law 13/2010.

Limit on the application of outstanding amounts

The amounts pending amortisation may be applied up to the limit of the positive net yield of the economic activity to which the assets have been assigned prior to the deduction of the amounts pending and, where applicable, to the 5 per cent reduction for provisions and expenses that are difficult to justify provided for in the simplified direct assessment method.

> ***Note**: This limit is also applicable to investments made up to 31 March 2012 corresponding to new elements commissioned under contracts for the execution of works or investment projects whose execution period, in both cases, requires a period of more than two years between the date of commissioning or commencement of the investment and the date on which it is made available or put into operation, to which any of the free depreciation regimes of the eleventh additional provision of the consolidated text of the LIS apply.*

Consequences of the application of the freedom to depreciate on the transfer of assets

The transfer in 2022 of assets that have benefited from the freedom of depreciation of the eleventh additional provision of the revised text of the LIS has two consequences:

1. In calculating the capital gain or loss, the acquisition value shall not be reduced by the amount of the depreciation deducted for tax purposes in excess of the amount that would have been deductible for tax purposes had the depreciation allowance not been applied.

   For the calculation of the capital gain or loss on assets assigned to the activity see Chapter 11.

2. The excess between the amount of the depreciation deducted for tax purposes and the amount of the depreciation that would have been deductible for tax purposes had it not been applied shall be considered by the transferor as full income from the economic activity in the tax period in which the transfer is made.

   See in the section on "Total computable income" what is indicated on the transfer of assets that have been freely depreciated in this Chapter 7 and the thirtieth additional provision of the Personal Income Tax Act.

(b) Freedom of depreciation for job-creating investments by small firms

Regulations:(Arts.102 LIS

See the commentary on the freedom of depreciation applicable to owners of small enterprises, which is contained in this Chapter.

c) Freedom of depreciation in the cases referred to in Article 12.3 of the Corporate Income Tax Act.

In accordance with the provisions of article 12.3 of the LIS they may be freely amortised:

- The items of **tangible and intangible fixed assets**, excluding buildings, assigned to research and development activities.Buildings can be depreciated on a straight-line basis over a period

of 10 years, from when they are put to use for research and development activities.

- The **research and development expenses** are capitalised as intangible assets, excluding amortisation of freely depreciable items.
- The elements of **tangible or intangible fixed assets of entities that have the status of priority associative holdings** in accordance with the provisions of Law 19/1995 of 4 July 1995 on the modernisation of agricultural holdings, acquired during the first five years from the date of their recognition as a priority holding.
- The **new tangible fixed assets**, **whose unit value does not exceed 300 euros,** up to the limit of 25,000 euros for the tax period.If the tax period were less than one year long, the stated limit would be the result of multiplying 25,000 euros by the corresponding proportion between the duration of the tax period with respect to the whole year.The amounts applied to the depreciation allowance shall, for tax purposes, reduce the value of the depreciated assets.

Tax special features of depreciation in the simplified form

Regulations:Art. 30.1st Regulation IRPF

Without prejudice to the aforementioned freedom of depreciation, depreciation of tangible fixed assets **shall be taken on a straight-line basis**, in accordance with the simplified depreciation table approved by Order of 27 March 1998 (BOE of 28 March), which is reproduced below:

Simplified depreciation table

Group	Description	Maximum linear coefficient	Maximum period
1	Buildings and similar	3 per 100	68 years
2	Installations, furniture, goods and rest of the tangible fixed assets	10 per 100	20 years
3	Machinery	12 per 100	18 years
4	Elements of transport	16 per 100	14 years
5	Equipment for information processing, and computer systems and programs	26 per 100	10 years
6	Chattels and tools	30 per 100	8 years

(*) For new assets acquired between 01.01.2003 and 31.12.2004, the maximum applicable straight-line depreciation rates are the result of multiplying the rates indicated in the table by 1.1.These ratios thus determined are applicable for the useful life of the new assets acquired in the aforementioned period.**(Back)**

Group	Description	Maximum linear coefficient	Maximum period
7	Bovine, porcine, ovine and caprine stock	16 per 100	14 years
8	Horse cattle and non-citric fruit trees	8 per 100	25 years
9	Citric fruit trees and vineyards	4 per 100	50 years
10	Olive grove	2 per 100	100 years

(*) For new assets acquired between 01.01.2003 and 31.12.2004, the maximum applicable straight-line depreciation rates are the result of multiplying the rates indicated in the table by 1.1.These ratios thus determined are applicable for the useful life of the new assets acquired in the aforementioned period.**(Back)**

Tax incentives for small businesses

Regulations:(Arts.101 to 104 and 106.6 LIS

Previous issue:concept of a small enterprise

Regulations:Art. 101 LIS

In general

For the purposes of applying the tax benefits discussed in this section, **are considered to be small companies in the 2022 financial year those in which the net amount of turnover in the immediately preceding tax period (financial year 2021) was less than 10 million euros,** whatever the net amount of turnover in the financial year itself.

Special rules

- Where the company was not newly created, the net amount of the turnover shall refer to the first tax period in which the activity actually takes place, increasing that figure proportionally to the year if the exercise time had been less than 12 months.
- If the immediately preceding tax period has lasted less than one year, or if the activity has been carried out for a shorter period, the net turnover shall be increased proportionally by one year.
- Group companies:in the event that a physical person, alone or in conjunction with the spouse or other natural persons united by direct or collateral, consanguine or affinity ties, up to and including the second grade, It is in relation to the entities of which they are partners in any of the cases referred to in Article 42 of the Code of Commerce, regardless of the residence of the entities and the obligation to formulate consolidated annual accounts, the net amount of the turnover shall refer to all the entities or companies belonging to that group taking into account the deletions and additions that correspond by application of the accounting rules.
- In the event that a single physical person carries out several economic activities, the net amount of the turnover shall refer to all the transactions carried out.
- Entities under the income attribution system:the net amount of the turnover shall be determined taking into account exclusively all economic activities carried out by those entities.

Temporary scope of application of the tax incentives when the small company's turnover exceeds 10 million euros.

Small companies that in one tax period reach or exceed a turnover of 10 million euros may, however, continue to apply the tax incentives of their special tax regime during the three tax periods immediately following that period, provided that they have fulfilled the conditions for being considered as small both in that period (in which they reach or exceed the 10 million euro limit) and in the two tax periods prior to the latter.

This measure also applies to the case where this limit is exceeded as a result of a business restructuring under the tax regime established in Chapter VII of Title VII of the LIS, provided that the intervening entities that have carried out such a transaction meet the conditions to be considered as small both in the tax period in which the transaction is carried out and in the two tax periods prior to the latter.

Examples

a. Ms. V.G.C. has been the owner since 1996 of a company whose net turnover has been:

- Fiscal year 20193,700,000 euros.
- Financial years 2020 and 2021 :8,300,000 euros.
- Fiscal year 202210,045,000 euros.

b. Mr. J.L.T. is the owner of a company whose net turnover in 2021 was 10,100,000 euros.

c. Mr. S.M.G. has been the owner since 1 July 2021 of a company whose net turnover up to 31 December 2020 was 4,600,000 euros.

d. Ms. A.B.M. has been the owner since 30 September 2022 of a company whose net turnover up to 31 December 2021 was 60,000 euros.

Determine the companies that in the financial year 2022 are considered to be small companies.

Solutions:

a. The company described above is a small company in 2022, as its net turnover in 2021 is less than EUR 10 million.In addition, although in the 2022 financial year the turnover has exceeded 10 million euros, it may continue to apply the tax benefits of this special regime in the 2023, 2024 and 2025 financial years, since both in the 2021 financial year and in the previous two, 2020 and 2019, it met the net turnover limits to be considered as small (less than 10 million euros in 2021, 2020 and 2019).

b. The company described above is not a small enterprise in the financial year 2022, irrespective of its net turnover in this financial year.

c. The company described above is a small company in the financial year 2022, as its net turnover in the financial year 2021, which was 9,200,000 euros per year, does not exceed the established figure of 10 million euros.

d. The described company is a small company in the financial year 2022.It should also be noted that this tax qualification will also be applicable in the year 2023, because by increasing the net turnover by one year the resulting amount (EUR 240,000) does not exceed the maximum amount of EUR 10 million.

Attention: *the determination of the net turnover is carried out in accordance with the comments on this subject in this Chapter.*

Freedom of depreciation with job creation

Regulations:Art. 102 LIS

Requirements

Those who are holders of economic activities whose net income is determined in direct estimation, in either of its two modalities, and in which each and every one of the requirements listed below are met, will be eligible for this incentive.

a. **The economic activity must be treated for tax purposes as a small enterprise in the year in which the investment is made**.

   For these purposes, the investment shall be deemed to have been made when the goods are placed at the disposal of the holder of the activity.

b. **These are new items of tangible fixed assets and investment property, assigned to economic activities**, placed at the disposal of the taxpayer in the tax period in which the economic activity is considered to be a small company.

   The investment may also be made in items ordered under a contract for the execution of works entered into in the tax period, provided that they are made available within 12 months of their completion.

   The investment may also be made in tangible fixed assets and investment property constructed by the company itself, provided that the construction is completed within the following 12 months or in the tax period in which the economic activity is considered to be a small enterprise.

   If new property, plant and equipment and investment property are acquired under a finance lease, the purchase option must be exercised.

c. **During the 24 months following the date of the beginning of the tax period in which the assets acquired become operational, the total average workforce of the company is increased in relation to the average workforce of the previous 12 months, and this increase is maintained for a further period of 24 months.**

   For the calculation of the total average workforce of the economic activity and for the determination of the increase, the persons employed in the terms provided for in the labour legislation shall be taken into account, taking into account the contracted working day in relation to the full working day.This should therefore include workers on permanent, fixed-term, temporary, apprenticeship, training and part-time contracts.

d. **The maximum amount of the investment to be freely amortised does not exceed the amount resulting from multiplying the figure of 120,000 euros by the increase in the total average workforce of the economic activity calculated to two decimal places.**

   If each and every one of the above requirements is met, the freedom of depreciation may be applied as soon as the eligible items come into operation.

Incompatibility

Hired workers who qualify for the deduction for job creation for disabled workers (article 38 of the LIS) will not be counted for the purposes of the job creation depreciation allowance for small companies in article 102 of the LIS.Nor will workers hired who are entitled to one of the deductions provided for in Article 37 of the LIS (deductions for job creation) be taken into account.

Consequences of non-compliance with the obligation to increase or maintain staffing levels

In the event that after the application of the tax benefit the obligation to increase or maintain the workforce is not complied with, the full amount that would have corresponded to the amount deducted in excess, plus the corresponding interest for late payment, must be paid.The payment of the aforementioned tax liability and late payment interest shall be made together with the self-assessment corresponding to the tax period in which one or other obligation has not been fulfilled.

Note: *The freedom to depreciate low-value investments, which the previous consolidated text of the Corporate Income Tax Act regulated in Article 110 only for small entities, has been replaced in the current LIS by a similar benefit applicable to all taxpayers of the aforementioned tax.*

Accelerated depreciation of new items of property, plant and equipment and investment property, as well as intangible assets

Regulations:Art. 103 LIS

The owners of economic activities, whose net income is determined by the direct estimation method, in either of its two modalities, in which each and every one of the requirements indicated below are met, may depreciate on an accelerated basis, for tax purposes, the new elements of tangible fixed assets and real estate investments and intangible fixed assets, under the terms indicated below.

Requirements

a) That the economic activity is considered to be a small company for tax purposes in the financial year in which the elements to which this tax benefit refers are made available.

b) That they are new items of tangible fixed assets and real estate investments, as well as intangible fixed assets, assigned to economic activities.

For these purposes, an item is new when it is used or put into working order for the first time by the taxpayer.

If the elements are ordered under a contract for the execution of work entered into during the tax period, they must be made available within 12 months of their completion.

The investment may also be made in tangible fixed assets, intangible assets and investment property constructed or produced by the company itself, provided that the construction or production is completed in the tax period in which

the economic activity qualifies as a small enterprise for tax purposes or within 12 months of the end of the tax period.

Accelerated deductible amortization

New items of tangible fixed assets and investment property, as well as intangible fixed assets may apply the percentage resulting from **multiplying by 2 the maximum linear coefficient** foreseen in the officially approved depreciation tables.

It should be noted in this respect that the table of depreciation coefficients applicable in the normal direct estimation method is set out in article 12.1.a) of the LIS.In the simplified form of the aforementioned method, the applicable depreciation table is contained in the Order of 27 March 1998 (BOE of 28 March).

However, within intangible assets, those whose useful life cannot be reliably estimated, as well as goodwill, may apply the percentage of 150 per cent to the amount that is deductible by applying the provisions of Article 12.2 of the LIS.

Article 12.2 of the LIS stipulates that intangible assets whose useful life cannot be reliably estimated and goodwill are deductible up to a maximum annual limit of one twentieth of their amount (5 per cent).

Note that with effect from 2016 and subsequent tax periods, all intangible fixed assets are finite-lived assets and therefore all intangible fixed assets, including goodwill, will be amortised over their finite lives.

Without prejudice to the foregoing, for those assets to which the transitional regime provided for in the thirteenth transitional provision of the LIS is applicable, i.e. for those which, in tax periods commencing prior to 1 January 2015, a depreciation coefficient other than that which would correspond to them by application of the depreciation table provided for in article 12.1 of the LIS, the new useful life of the asset must be determined on the basis of the maximum linear coefficient provided for in the table established in the LIS, in order, once determined, to multiply by 2 the coefficient by which depreciation must be applied during the tax periods remaining until completing its new useful life, on the net tax value existing at the beginning of the first tax period commencing on or after 1 January 2015.

Compatibility

This depreciation scheme shall be compatible with any tax benefits that may accrue on the basis of the assets subject to it.Moreover, this scheme is subsidiary to the job-creating depreciation allowance scheme and may therefore be applied to that part of the investment in new tangible fixed assets which exceeds the ceiling set for the latter.

Example:Accelerated depreciation of new tangible fixed assets, investment property and intangible assets

Mr. A.S.T. is the owner of an economic activity dedicated to the manufacture of locksmith and artistic wrought iron articles, the net income of which is determined by the direct estimation method, normal mode.

In 2021 the net turnover of the activity amounted to 2,800,000 euros.

In July 2022, it purchased a new sheet metal and bar bending and bending machine for its activity, the purchase price of which, including ancillary costs, amounted to 36,000 euros.

The aforementioned machine was placed at the disposal of Mr. A.S.T. in November 2022 and

became operational on 1 December 2022.

Determine the deductible accelerated depreciation for that machine during the year 2022.

Solution:

As the economic activity in 2022 is considered to be a small company and this is the year in which the investment is deemed to have been made, as the machine is made available to the owner, accelerated depreciation may be applied in that year.

This depreciation is calculated as follows:

- Maximum linear coefficient of depreciation according to tables:12 per 100
- Accelerated depreciation coefficient:(12 x 2) = 24 per 100
- Accelerated depreciation amount:(24% s/36.000) x 1/12 = 720 Euros

Impairment losses on receivables due to possible debtor insolvencies

Regulations:Art. 104 LIS

Requirements

In addition to the individualised losses due to impairment of debtor insolvency credits referred to in Article 13.1 of the LIS, the owners of economic activities whose net income is determined in the direct estimation method, in either of its two modalities, may deduct the impairment loss on the balance of debtors not affected by the individualised provision in accordance with the following requirements:

a. The taxpayer must be considered a small enterprise for tax purposes in the year in which the loss is deducted.

b. The impairment loss on receivables due to possible insolvencies of debtors does not exceed the limit of 1 per cent of those existing at the end of the tax period.

For these purposes, **shall not include the following debtors:**

a. Debtors for which the impairment loss for bad debts established in article 13.1 of the LIS has been individually recognised.

b. Debtors whose impairment losses are not deductible according to Article 13.1 of the LIS.In accordance with the aforementioned article, the following credit impairment losses are not deductible in the case of small entities:

- Those corresponding to loans due by entities established under public law, except where involved in an arbitration or judicial proceeding pertaining to their existence or amount.

- Those corresponding to credits owed by related persons or entities, unless they are in insolvency proceedings and the liquidation phase has been opened by the judge, under the terms established in Law 22/2003, of 9 July, on insolvency proceedings and, from 1 September 2020, in Royal Legislative Decree 1/2020, of 5 May, approving the revised text of the Insolvency Act.

For information purposes only, the table of correspondence of the provisions of Law 22/2003, of 9 July, on Insolvency, with those of the revised text of the Insolvency Law, approved by Royal Legislative Decree 1/2020, of 5 May, by virtue of the third additional provision thereof, can be consulted on the website of the Ministries of Justice and of Economic Affairs and Digital Transformation.

Special case:loss of small company status

In periods in which the economic activity ceases to qualify as a small enterprise, impairment losses on receivables due to possible insolvency of debtors shall not be tax deductible until they exceed the amount of the overall loss recognised in the periods in which the economic activity qualified as a small enterprise.

Note: *It should be borne in mind that small companies that reach or exceed a turnover of 10 million euros in a tax period may continue to apply the tax incentives of their special tax regime during the three tax periods immediately following that period, provided that they have fulfilled the conditions to be considered as small both in that period (in which they reach or exceed the 10 million euro limit) and in the two tax periods prior to the latter.*

Temporary arrangement:Depreciation of capital assets subject to reinvestment by small businesses

Regulations:Twenty-eighth transitional provision LIS

The owners of economic activities that determine the net income by the direct estimation method and were applying prior to 1 January 2015 the depreciation of assets subject to reinvestment regulated for small companies by article 113 of the revised text of the LIS, approved by Royal Legislative Decree 4/2004, of 5 March, may continue to apply it, with the requirements and conditions established in that article.

For these purposes, the aforementioned article allowed the depreciation of tangible fixed assets and investment property used for economic operations in which the reinvestment of the total amount obtained in the transfer for valuable consideration **of tangible fixed assets and investment property** also used for economic operations had materialised, in accordance with the coefficient resulting from **multiplying by 3 the maximum straight-line depreciation coefficient provided for in the officially approved depreciation tables.**

The requirements stipulated in article 113 of the revised text of the LIS to apply this incentive were as follows:

a. In the financial year in which the item of tangible fixed assets and investment property was transferred, the entrepreneur or professional was the owner of a small company.

b. The element transferred was for valuable consideration, this benefit not being applicable to transfers for gain.

c. The investment was made between one year before the date of delivery or disposal of the transferred asset and three years thereafter.

   The reinvestment was deemed to have been made on the date on which the assets were made available in the form of the amount obtained in the transfer.

d. That the total amount obtained in the transmission be reinvested.Where the amount invested was less or more than the amount obtained on the transfer, the accelerated depreciation was applied only to the amount of the transfer that was reinvested.

Attention: *Please note the special feature that Article 106 of the LIS establishes for small entities in financial leasing contracts, which is discussed in the section on leases and royalties under "Tax-deductible expenses" in this Chapter.*

Phase 2. Determination of reduced net income

In order to determine the reduced net yield, the following reduction shall be applied to the net yield calculated in accordance with the provisions of Phase 1 above:

Reduction for income with a generation period of more than two years, or which is obtained in a particularly irregular way

Regulations:(Arts.32.1 Ley IRPF and 25 Reglamento IRPF

Where appropriate, this reduction may be applied to the net yield calculated, the most important aspects of which are as follows:

1.Income to which it applies and percentage of reduction

The following income **will be reduced by 30 percent**:

a. **Net income whose generation period is longer than two years, provided that it is assigned during the same tax period.**

b. **Net income obtained in a particularly irregular way over time.**

   Only the following are considered to be income from economic activities obtained in a notoriously irregular manner over time, **when they are attributed in a single tax period**:

   a. Capital subsidies for the acquisition of elements of tangible fixed non-depreciable/amortisable.

   b. Compensation and aid for the cessation of economic activities.

   c. Literary, artistic or scientific prizes that are not exempt from this tax.For these purposes, prizes are not considered to be financial considerations deriving from the transfer of intellectual or industrial property rights or substituting these rights.

   d. Indemnities received in substitution of economic rights of indefinite duration.

2.Maximum amount of income to which the reduction applies

The amount of net income on which the 30 percent reduction is to be applied may not exceed the amount of **300,000 euros per year**.

In the event that several irregular forms of income of the same nature are obtained, and that their amount exceeds the limit of €300,000 of the maximum amount on which to apply the reduction of 30 percent, the maximum reduction shall be distributed proportionately between all such income.

***Note**: this reduction shall not apply to income which, although it may derive individually from activities carried out over a period of time that meets the aforementioned requirements,*

derives from the exercise of an economic activity that regularly or habitually obtains this type of income.

3.Yields collected in fractional form before January 1, 2015:Transitional regime

Regulations:Twenty-fifth Transitional Provision.3 Law IRPF

Income received in instalments prior to 1 January 2015 with the right to the application of the reduction of article 32.1 of the Personal Income Tax Act in its wording in force on 31 December 2014, **may apply the current reduction of 30% with the limit of the maximum reduction base of 300,000 euros, to each of the instalments that are charged from 1 January 2015**, provided that the quotient resulting from dividing the number of years of generation, calculated from date to date, by the number of tax periods of instalments, is greater than two.

However, **in the case of income derived from commitments acquired prior to 1 January 2015 that were scheduled to begin to be received in instalments in tax periods beginning on or after that date**, the substitution of the form of payment initially agreed for payment in a single tax period will not alter the start of the period in which the income is generated.

Phase 3. Determination of total reduced net income

General reductions for the performance of certain economic activities

1.Reduction for self-employed workers economically dependent or with single customer non-tied

Regulations:(Arts.32.2.1º and 2º Law IRPF and 26 Regulation IRPF

Eligibility requirements

Taxpayers who meet each and every one of the following requirements are entitled to this reduction:

a) That the net income from the economic activity is determined in accordance with the direct assessment method.

However, if the net income is determined in accordance with the simplified method of the direct assessment method, the reduction will be incompatible with the application of the 5 per cent deductible percentage (with a maximum amount of 2,000 euros) for all deductible provisions and expenses that are difficult to justify, as referred to in Article 30.2.4 of the Personal Income Tax Act.

Precisions:

In the case of joint taxation, if only one of the spouses meets the requirements for applying the reduction, the fact that he or she opts for its application does not prevent the other spouse from applying the deduction of 5% for deductible provisions and expenses that are difficult to justify (with a limit of 2,000 euros).

If both spouses meet the requirements for applying the reduction, the fact that one of them opts for its application does not prevent the other spouse from applying the 5 per cent deduction for all deductible provisions and expenses that are difficult to justify (with a limit of 2,000 euros).However, in this case the amount of the reduction may not exceed the net income from the activities of the spouse who has opted for the application of the reduction.

b) That all the supplies of goods or services are made to a single person, natural or legal, **not related** under the terms of Article 18 of the LIS , **or that the taxpayer is considered to be a self-employed worker economically dependent** in accordance with the provisions of Law 20/2007, of 11 July, on the Statute for Self-Employed Workers (BOE of 12 July) and the customer on which he is economically dependent **is not a related entity** under the terms mentioned above.

For these purposes, in accordance with Article 11 of the aforementioned Law 20/2007, an economically dependent self-employed worker is considered to be someone who carries out an economic or professional activity for profit and on a regular, personal, direct and predominant basis for a natural or legal person, known as a client, on whom they are economically dependent because they receive at least 75% of their income from work and from economic or professional activities.

Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

Related persons or entities:

In order to determine when there is a relationship, the provisions of Article 18.2 of the LIS must be taken into account, in which related persons or entities are considered to be related persons or entities:

- *An entity and its members or participants.*
- *An entity and its directors or managers, except as regards remuneration for the exercise of their functions.*
- *An entity and the spouses or persons related by blood or marriage up to the third degree of consanguinity or affinity of the partners or participants, directors or administrators.*
- *An entity and the directors or managers of another entity, where both entities belong to a group.*

In cases where the link is defined on the basis of the relationship of the members or participants with the entity, the shareholding must be equal to or greater than 25 per cent.Managers will be understood to include both de facto and de jure managers.In cases where the relationship is not defined on the basis of the shareholder or unit-holder-entity relationship, the percentage of ownership to be taken into account is 25 per cent.

In these cases, the taxpayer of IRPF must comply with the documentation obligations for related-party transactions under the terms and conditions established in Chapter V (articles 13 to 16) of the Corporate Income Tax Regulations, approved by Royal Decree 634/2015, of 10 July (BOE of 11 July).

c) That the total deductible expenses corresponding to all the economic activities carried out by the taxpayer **do not exceed 30 percent of the total income declared**.

d) That, during the tax period, **complies with all the formal obligations** provided for in article 68 of the Personal Income Tax Regulations.

The formal accounting and registration obligations of taxpayers engaged in economic activities are discussed in Chapter 6.

e) No income from work is received during the tax period.

However, it shall not be understood that this requirement is not met when unemployment benefits or any of the benefits derived from the social welfare systems referred to in article 17.2 of the Personal Income Tax Act are received during the tax period, provided that their amount does not exceed 4,000 euros per year.

In these cases and provided that all the established requirements are met, both the reduction for obtaining earned income and the reduction for carrying out certain economic activities will be applicable.

(f) at least 70 per cent of the income for the tax period is subject to withholding tax or withholding tax.

g) That no economic activity is carried out through entities under the income attribution system.

Note:*when the taxpayer opts for joint taxation, he/she will be entitled to the reduction for economically dependent self-employed workers or with a single unrelated client when he/she individually fulfils the aforementioned requirements to be entitled to its application and its amount may not exceed the net income from the economic activities of the members of the family unit that generate the right to its application.*

Amount of reduction

Fixed amount:2,000 euros

When the above requirements are met, taxpayers may reduce the net income from economic activities by 2,000 euros.

Additional reduction for taxpayers with net income of less than 14,450 euros

When the net income from economic activities is less than 14,450 euros, and the taxpayer has no income, **excluding exempt income, other than income from economic activities in excess of 6,500 euros**, the following additional reductions are established:

Amount of the additional reduction for economically dependent self-employed or self-employed with only one unrelated client

Net income	Amount of reduction
11,250 euros or less	3,700 euros
Between 11,250.1 and 14,450 euros	3.700 - [1,15625 x (RN - 11.250)] (*)
(*) RN=Net income from economic activities.	

In the case of joint taxation of family units in which several of its members obtain income from economic activities, the amount of the reduction will be determined according to the joint amount of the net income from economic activity of all the members of the family unit and, where applicable, of the income other than that from economic activity, without multiplying the amount of the resulting reduction according to the number of members of the family unit receiving income from economic activities.

Attention: *the concept of "income excluding exempt income, other than income from economic activities" referred to in article 32.2.3ª, includes the algebraic sum of net income (from work and from movable and immovable capital), income allocations and capital gains and losses computed in the year, without applying the rules of integration and compensation.However, the income must be computed at its net amount, i.e. after deduction of expenses, but without applying the corresponding reductions, except in the case of income from work, in which the reduction provided for in Article 18 of the Law of IRPF may be taken into account when applied prior to the deduction of expenses.*

Additional reduction for people with disabilities

In addition, the disabled persons who obtain net income derived from the effective exercise of an economic activity may apply the corresponding amount of the following:

- 3,500 euros per year, as a general rule.
- 7,750 euros per year, for people with disabilities who can prove that they need help from third parties or reduced mobility, or a degree of disability equal to or greater than 65%.

2.Reduction for taxpayers with non-exempt income of less than 12.000 euros

Regulations:(Arts.32.2.3º Law IRPF and 26 Regulation IRPF

Amount of reduction

When not meet the requirements for applying the previous reduction, taxpayers with incomes not exempt less than 12,000 euros, including those of the own economic activity, will be able to

reduce the net yield of economic activities by the following amounts:

Amount of the reduction for taxpayers with non-exempt income of less than 12,000 euros

Non-exempt income	Amount of reduction
8,000 euros or less	1,620 euros
Between 8,000.1 and 12,000 euros	1,620 - [0.405 x (Rents - 8,000].

Attention:*For these purposes, income is understood to be the algebraic sum of net income (from work, movable and immovable capital, and economic activities), income allocations and capital gains and losses computed in the year, without applying the rules of integration and compensation.However, the income must be computed at its net amount, i.e. after deduction of expenses, but without applying the corresponding reductions, except in the case of income from work, in which the reduction provided for in Article 18 of the Law of IRPF may be taken into account when applied prior to the deduction of expenses.*

Limit of reduction

This reduction is limited to the amount of the taxpayers' income from economic activities that generates the right to its application.

Precisions

- This reduction is unique for the taxpayer irrespective of the number of economic activities carried out and the method by which the net income is determined, so that, if several activities are carried out, the amount must be distributed proportionally among all of them.
- The requirements for the application of this reduction are demanded and refer to the taxpayer, so that if he meets these requirements, he may apply the aforementioned reduction, regardless of whether the income from economic activities derives from his participation in an entity under the income attribution system.On the other hand, this reduction cannot be applied to determine the net income from the economic activities of entities under the income attribution system.
- The reduction is compatible with the estimated expenditure for deductible provisions and expenses that are difficult to justify under Article 30 of the IRPF Regulation.
- In the case of joint taxation, if one of the taxpayers in the family unit applies the reduction for economically dependent self-employed workers or with a single unrelated client provided for in Article 32.2.1° of the Law of IRPF, the other members of the family unit to whom this reduction will not be applicable cannot apply this reduction, given the incompatibility between the two.

3.Ceiling and incompatibilities of the general reductions for certain economic activities

Maximum limit

- As a consequence of the application of the reductions for the exercise of certain economic activities mentioned above, provided for in article 32.2 of the Law of IRPF, the resulting balance of the net income from economic activities **may not be negative**.

- In the case of **joint taxation** the following should be taken into account:

a. The reduction for self-employed workers who are economically dependent or have only one unrelated client in article 32.2.1 of the Law of IRPF is limited to the amount of the **net income from the economic activities of the taxpayers that generate the right to its application**.

b. The reduction for taxpayers with non-exempt income of less than 12,000 euros is limited to the balance of the **sum of net income** from economic activities of the **members of the family unit**, so that it cannot be negative due to the application of the reduction.

   In addition, **this reduction** for taxpayers with non-exempt income of less than 12,000 euros **together with the reduction** for obtaining income from work **of article 20 of the Law of IRPF may not exceed 3,700 euros.**

Incompatibility

The reduction for self-employed workers who are economically dependent or have only one unrelated client and the reduction for taxpayers with non-exempt income of less than 12,000 euros are incompatible with each other.

Reduction in net earnings by the start of an economic activity

Regulations:Article 32.3 of the Personal Income Tax Law

Requirements

A taxpayer who meets each of the following requirements is entitled to this reduction:

a. **Who commences an economic activity and determines the net income from his economic activity in accordance with the direct assessment method**.

   In order to comply with this requirement, all the economic activities carried out by the taxpayer must be taken into account, both those carried out individually and those carried out through entities under the income attribution system.

b. The economic activity started on **on or after 1 January 2013**.

c. That **no other activity has been carried out in the year preceding the date of commencement of the new activity**.

   For these purposes, it is understood that an economic activity is commenced when no economic activity has been carried out in the year prior to the date of commencement of the same, without taking into consideration those activities in the exercise of which the exercise has ceased without having obtained positive net income since its commencement.

Amount of reduction

- Once the above requirements have been met, the taxpayer may reduce **20 percent of the amount of the positive net income** declared for all his activities, previously reduced, where applicable, by the application of the reduction for net income generated over a period of more than two years, or obtained in a notoriously irregular manner over time, and by the corresponding reduction for the exercise of certain economic activities referred to in Article 32.2 of the Law of IRPF.
- The reduction shall be applied in the first tax period in which the return is positive **and in the following tax period**.
- **In those cases in which an activity that generates the right to apply this reduction is started and another one is subsequently started, without having ceased the previous one, the reduction will begin to be applied in the tax period in which the sum of the positive net income from both activities is positive**, being applied to that sum.

Ceiling of the reduction

The amount of net income to which this reduction is to be applied may not exceed the amount of **100,000 euros per year**.

Exclusion

The reduction does not apply in the tax period in which **more than 50% of the income of the same** comes from a person or entity from which the taxpayer has obtained income from work in the year prior to the date of commencement of the activity.

Summary table

Summary table:Calculation of net income to be included in the taxable base

Phase	Direct estimation (normal mode) (EDN)	Direct estimation (simplified mode) (ESD)
Phase 1	(+) Full income (-) Deductible expenses (-) Depreciation **(=) Net income**	(+) Full income (-) Deductible expenses (excluding provisions and repayments) (-) Repayments simplified table (-) Difference (+) Expenditure difficult to justify:5% of positive difference (Maximum 2,000 euros) *** 5% of positive difference (Maximum 2,000 euros)**

Phase	Direct estimation (normal mode) (EDN)	Direct estimation (simplified mode) (ESD)
		Note (*): *It is incompatible with the reduction for economically self-employed workers dependent or with only one unrelated client.* **(=) Net income**
Phase 2.	(-) Reduction of income with a generation period of more than two years or obtained in a notoriously irregular manner when it is imputed in a single financial year (30%).Maximum reduction base:300,000 euros. Transitory rules:application of this reduction to income received in instalments prior to 1-1-2015. **(=) Reduced net earnings**	(-) Reduction of income with a generation period of more than two years or obtained in a notoriously irregular manner when it is imputed in a single financial year (30%).Maximum reduction base:300,000 euros. Transitory rules:application of this reduction to income received in instalments prior to 1-1-2015. **(=) Reduced net earnings**
Phase 3.	(-) Reduction for economically dependent self-employed workers or workers with only one unrelated client: • General reduction. • Additional increase for taxpayers with net income from the activity of less than 14,450 euros and income other than the above, excluding exempt income, of less than 6,500 euros. • Additional increase for disability. (-) Reduction for taxpayers with total income of less than €12,000, including those corresponding to economic activity (incompatible with the previous reduction) (-) Start-up allowance **(=) Total reduced net earnings**	(-) Reduction for economically dependent self-employed workers or with only one unrelated customer *** *.** ***Note (*):*** *It is incompatible with expenditure which is difficult to justify* • General reduction. • Additional increase for taxpayers with net income from the activity of less than 14,450 euros and income other than the above, excluding exempt income, of less than 6,500 euros. • Additional increase for disability. (-) Reduction for taxpayers with total income of less than €12,000, including those corresponding to economic activity (incompatible with the previous reduction) (-) Start-up allowance **(=) Total reduced net earnings**

Treatment of capital gains or losses deriving from elements related to the exercise of economic activities

Regulations:Article 28.2 of the Personal Income Tax Law

In order to equalise the tax treatment applicable to capital gains or losses deriving from all assets

or rights owned by the taxpayer, Article 28.2 of the Law of IRPF establishes as a general principle that capital gains or losses deriving from items assigned to economic activities are not included in the net income from such activities, but are taxed as such together with the rest of the capital gains or losses.

In this respect, see Chapter 11 on "Capital Gains and Losses" of this handbook for the specific valuation rules discussed in relation to ". Assets assigned or divested less than three years previously".

Case study (determination of net earnings derived from professional activity in direct estimation, simplified mode)

Mr HAV, who is married to Ms ESM under a marital property system, is a radiologist and works exclusively in a private practice located in the premises acquired by the couple.

In order to determine his net earnings, he has been using the direct estimation method (simplified) and the accrual criterion for the allocation of income and expenses of his activity.

For fiscal year 2022, one person was employed.According to the data in his books of records, the income and expenses for 2022 are as follows:

Full income

- Fees for services rendered:124,000
- Conferences and publications:10,800

Expenses

- Wages and salaries:18,900
- Social Security:5,900
- Special social security system for the self-employed or freelance workers of the holder of the activity (RETA):3,300
- Purchases of radiological and medical material:19,000
- Financial expenses:1,100
- Depreciation of the premises:2,900
- Depreciation of radiological equipment:5,000
- VAT on current expenditure:1,600
- Non-state taxes:1,700
- Attendance to the VI Radiological Congress:1,000
- Acquisition of medical books and journals:1,300
- Power supply:4,000
- Water supply:300
- Gas supply:1,000
- Supply of telephones and the Internet:2,500
- Cleaning of the premises:4,500
- Repairs and maintenance:3,800
- Community receipt (local consultation):1,700

The following items are also included under “Extraordinary income and expenditure”:

- Extraordinary income (from the sale of the premises for consultation):80,900
- Extraordinary expenditure (from the sale of X-ray equipment):7,200

Other information of interest

- The amounts shown under the heading “Fees for services rendered” do not include any amount for 10 X-rays taken of his child in March 2022.The average market price for each similar X-ray is 60 euros.
- “Conferences and publications” imply that the taxpayer arranges the means of production on his own account with the aim of intervening in the production and distribution of services, with the publications being subject to the transfer of copyright.
- Wages and salaries" includes 1,200 euros paid to his spouse for services rendered as an assistant in the clinic during the month of holidays of the employee who has been working in the clinic since 2002.
- The depreciation charged corresponds to the effective depreciation of tangible fixed assets.
- The initial inventory of inventory items amounted to 13,100 euros, while the final inventory amounted to 16,100 euros.
- “Extraordinary income and expenditure” correspond, respectively, to the profit obtained on the sale of the premises where the consultation was installed and to the loss derived from the sale of an X-ray machine.
- The remaining income not exempt from Personal Income Tax obtained by the taxpayer in 2022 amounted to 1,500 euros.

Solution:

Information	Subject	Registered values	Tax values
Income	Fees	124,000	124,000
	Self-consumption	--	600 (1)
	Conferences	10,800	10,800 (2)
	Changes in inventories	3,000	3,000 (3)
	Total income	**137,800**	**138,400**
Expenses	Wage and salary	18,900	17,700 (4)
	Social Security	5,900	5,900
	Special System for Self-Employed Workers	3,300	3,300
	Purchases	19,000	19,000 (5)
	Acquisition of books and magazines	1,300	1,300

Information	Subject	Registered values	Tax values
	Financial expenses	1,100	1,100
	Depreciation of tangible fixed assets for the year (premises and radiological equipment)	7,900	7,900 (6)
	Input VAT	1,600	1,600 **(7)**
	Non-state taxes	1,700	1,700
	Supply (electricity, water, gas, telephone and internet	7,800	7,800
	Repair and maintenance	3,800	3,800
	Cleaning of the premises (other external services)	4,500	4,500
	Community/consulting fees (other external services)	1,700	1,700
	Attendance at the VI Congress (Other tax-deductible items)	1,000	1,000
	Total expenditure	**79,500**	**78,300** (8)
	Set of deductible provisions and expenses that are difficult to justify	--	2,000 (9)
Net income		58,300	**58,100**
Reduced net earnings			**58,100** (10)
Total reduced net earnings			**58,100** (11)

Notes to the table

(1) The income should include EUR 600 for self-consumption when valuing the 10 X-rays of your child at the market price.(Go back)

(2) The amounts received for "Conferences and publications" are considered as income from the professional activity carried out by the taxpayer.(Go back)

(3) The change between opening stocks (13,100) and closing stocks (16,100) results in an increase of EUR 3,000 at year-end compared to the beginning of the year, i.e. a positive change which should be shown as full revenue under the heading "Change in stocks (increase in closing stocks)".(Go back)

(4) Of the amount recorded under "wages and salaries", EUR 1,200 paid to his spouse for work at the practice in July does not qualify as wages and salaries, as it does not meet the legal requirements.These requirements refer in particular to regularity and continuity in the provision of work, as well as the existence of an employment contract and

affiliation to the corresponding social security scheme.(Go back)

(5) Purchases are shown at their full amount as a deductible expense.However, in order to determine the radiological and medical equipment consumed during the year, this heading is supplemented by the heading "Valuation of stocks" (which is recorded as income when the value of the final stocks is higher than the value of the initial stocks and as an expense when the opposite occurs, i.e. the valuation of the final stocks is lower than the valuation of the initial stocks).

In this case the changes in inventories has been included as it is positive as income (+3,000) and the purchases of material as expenditure (-19,000) which determines by difference the material consumed (16,000)

For this purpose, it should be taken into account that the following operation should be performed to determine the radiological and medical material consumed in the fiscal year:13,100 (initial inventory) + 19,000 (purchases made) - 16,100 (final inventory) = 16,000 euros (purchases consumed).

In this case the stock variation has been included as it is positive as income (+3,000) and the material purchases as expenditure (-19,000) which determines by difference the material consumed (-16,000).(Return)

(6) Depreciation corresponds to the effective depreciation of fixed assets and is therefore a tax-deductible expense.(Go back)

(7) Input VAT is deducted as an expense because it is an activity exempt from VAT and does not give the right to deduct input VAT.(Go back)

(8) Although both the consulting room and the X-ray machine are considered as assets, the sale of these assets gives rise to capital gains or losses which as such are not included in the determination of the net profit of the economic activity.The quantification and taxation of capital gains deriving from the transfer of related assets is discussed in Chapter 11 "Capital Gains and Losses" of this manual.(Go back)

(9) As it is in the simplified direct estimation mode, it is possible to deduct 5 percent of the positive net income in general (the positive difference between the total income and the other tax-deductible expenses), with a limit of 2,000 euros per year, as deductible provisions and expenses that are difficult to justify.In this case, 2,000 euros may be deducted when net earnings exceed 5 percent of that amount:5% (135,400 - 72,000) = 3,170 euros.(Go back)

(10) As there is no income with a generation period of more than two years or which is considered to have been obtained in a notoriously irregular manner over time, the reduced net income from the activity coincides with the net income, which amounts to 61,400 euros.(Go back)

(11) The total reduced net income coincides with the reduced net income amounting to 61,400 euros as it does not meet the requirements for the application of the reduction for the exercise of certain economic activities of article 32.2.1 of the Law of IRPF which, if applicable, would have been incompatible with the deduction of 5% (with a maximum amount of 2,000 euros) for all deductible provisions and expenses of difficult justification referred to in article 30.2.4 of the Law of IRPF).Nor does it meet the requirements to apply the reductions of article 32.2.3 and 32.3 of the Law of IRPF.(Back)

Chapter 8.Income from economic activities in objective estimation (I) (Activities other than agriculture, livestock and forestry)

Concept and scope of application

Regulations:Arts.16.2 b), 31 and additional provisions 36 and Transitional 32 Personal Income Tax Act;32 and following.Regulation IRPF and Order HFP/1335/2021

The objective estimation method for determining the net income of economic activities other than agricultural, livestock and forestry presents, as the main characteristic, the need to dispense with the actual flows of income and expenditure produced in carrying out the activity.Instead, certain objective indicators representing the basic structural economic characteristics of each sector of economic activity (signs, indices or modules) are applied, which are approved in advance by Order of the Minister of Finance (currently the Minister of Finance and the Civil Service).

Economic activities carried out directly by natural persons

Circumstances that must be met for the application of the objective assessment method

The objective assessment method is applicable in 2022 to economic activities, excluding agricultural, livestock and forestry activities, which are discussed in the following Chapter, carried out directly by natural persons, in which the following circumstances are met:

1. Activities included in the list contained in the Order HFP/1335/2021, of 1 December (BOE of 2 December), which is reproduced below.

2. The taxpayer who owns the activity has not expressly or tacitly waived, either expressly or tacitly, the application of the objective assessment method or the special regimes:simplified and agriculture, livestock and fishing of the Value Added Tax (VAT) or simplified and agriculture and livestock of the Canary Islands General Indirect Tax (IGIC).

3. The taxpayer does not incur in any cause for exclusion from the objective assessment method.

Each of these circumstances is examined in the following sections.

1.Activities included in the list contained in Order HFP/1335/2021, of 1 December

See section "Activities included in the fiscal year 2022 in the objective estimation method" of this Chapter.

2.Waiver of the application of the objective assessment scheme and of the special simplified VAT or IGIC scheme

Express waiver

Regulations:(Arts.33.1 a) and 4 Reglamento IRPF.

See also art. 5 Order HFP/1335/2021 of 1 December (BOE of 2 December).

The express renunciation of both the objective estimation method and the special simplified and special regimes for agriculture, livestock and fishing of VAT or simplified and agriculture and livestock of IGIC, must be made, as a general rule, by submitting the census declaration in the month of December prior to the start of the calendar year in which it is to take effect.

Exceptionally for the financial year 2022, the Second Additional Provision of Royal Decree-Law 31/2021, of 28 December, amending Law 19/1994, of 6 July, amending the Canary Islands Economic and Fiscal Regime, and setting a new deadline for submitting waivers or revocations of special taxation methods and regimes (BOE of 29 December), allowed the waiver or revocation of the waiver to be exercised until 30 January 2022.However, the resignations or revocations submitted for the year 2022, during the month of December 2021, were understood to have been submitted during the working period.

In the case of commencement of activity, the waiver will be made when the census declaration of commencement of activity is filed.

The waiver must be presented using form 036 of census declaration of registration, modification and deregistration in the Census of business people, professionals and withholders or form 037 of simplified census declaration of registration, modification and deregistration in the aforementioned Census of business people, professionals and withholders, approved by Order EHA/1274/2007, of 26 April.

Tacit waiver

Regulations:Art. 33.1 b) Reglamento IRPF.

See also art. 5 Order HFP/1335/2021 of 1 December (BOE of 2 December).

The waiver of the objective assessment method is deemed to have been made when the return corresponding to the instalment payment for the first quarter of the calendar year in which it is to take effect is filed within the regulatory period (up to 20 April) in the manner established for the direct assessment method.

In the event of starting the activity, the waiver shall be deemed to have been made when the instalment payment corresponding to the first quarter of the exercise of the activity is made within the regulatory period in the manner provided for the direct estimation method.

Consequences of resignation

Regulations:(Arts.33.2 and 3 Regulations IRPF

- **In general**

  The renunciation of the objective assessment method in relation to any activity causes, for the purposes of IRPF, that the taxpayer is obliged to be subject to the direct assessment method, in the corresponding modality, for the determination of the net yield of all the activities carried out, for a minimum period of three years.

  Once this period has elapsed, it shall be understood to be tacitly extended for each of the following years in which the objective assessment method may be applicable, unless the waiver is formally revoked by in the month of December prior to the start of the calendar year in which it is to take effect.

  In any case, if in the year immediately prior to that in which the waiver of the objective assessment method is to take effect, the limits that determine its scope of application are exceeded, said waiver shall be deemed not to have been submitted.

- **Exceptionally**

  Article 10 of Royal Decree-Law 35/2020, of 22 December, on urgent measures to support the tourism, hotel and catering and commerce sector and in tax matters (BOE of 23 December), established special measures regarding waivers for the years 2020 and 2021, allowing waivers in these years from the application of the objective assessment method without being subject to the minimum period of three years of compulsory linkage to the direct assessment method.

  Therefore, taxpayers who renounced the objective assessment method for 2020 are allowed to revoke the renunciation of the objective assessment method before the expiry of the three-year period.This revocation may be submitted in both 2021 and 2022.However, this special revocation period is only applicable to tacit waivers (Art. 33.1.b of the Personal Income Tax Regulation) or, in the case of commencement of business after 1 April 2020, to waivers that were expressly submitted.

  As regards 2021, the revocation of the waiver, before the expiry of the three-year period, can only be made for the tax period 2022.

3.Grounds for exclusion from the objective method of assessment

Regulations:Thirty-second transitory provision Law IRPF and art. 32.2 Regulation IRPF

3.1 Exclusive quantitative limits

Note: *Article 60 of Law 22/2021 of 28 December on the General State Budget for the year 2022 (BOE of 29 December) has modified, with effect from 1 January 2022, the thirty-second transitory provision of the Law of IRPF, to extend to the 2022 tax period the application of the same quantitative exclusion limits set for the years 2016, 2017, 2018, 2019, 2020 and 2021.*

The following quantitative limits constitute causes for exclusion from the objective assessment method:

A. To have reached in the previous financial year (2021), a volume of full income derived from the exercise of economic activities **that exceeds the following amounts:**

Regulations:Thirty-second Transitory Provision Law IRPF and art. 32.2 a) Regulation IRPF

- **250,000 euros per year**, considering all operations carried out by the taxpayer, except for agricultural, livestock and forestry operations.

  For these purposes, all transactions shall be taken into account regardless of the recipient of the same, i.e. whether or not there is an obligation to issue an invoice in accordance with the provisions of the Regulation governing invoicing obligations, approved by Royal Decree 1619/2012, of 30 November.

  This calculation does not take into account the volume of income from agricultural, livestock and forestry activities.

- **125,000 euros per year**, when it corresponds to transactions for which they are obliged to issue invoices as the recipient is a businessperson or professional acting as such in accordance with the provisions of Article 2.2.a) of the Regulation governing invoicing obligations.

  > Article 2.2.a) of the Regulation governing invoicing obligations establishes that:"a) Those in which the recipient is a trader or professional acting as such, irrespective of the tax regime to which the trader or professional carrying out the transaction is subject, as well as any others in which the recipient so requires for the exercise of any right of a tax nature.

  If an activity was started in the immediately preceding year, the volume of income shall be increased by one year.

  In no case shall current or capital subsidies or compensation be taken into account, nor shall value added tax and, where applicable, the equivalence surcharge levied on the operation, for those activities that are taxed under the simplified value added tax system.

B. To have exceeded in the previous financial year (2021) the volume of purchases of goods and services the amount of **250,000 euros per year**, excluding acquisitions of fixed assets.

Regulations:Art. 32.2 b) Reglamento IRPF.

> ***Please note**: The volume of purchases from agricultural, livestock and forestry activities is also taken into account in determining this limit.*

In the case of subcontracted works or services, the amount of such works or services shall be taken into account for the calculation of this limit.

If an activity was started in the immediately preceding year, the volume of purchases shall be increased by one year.

Rules for determining the volume of gross income and purchases

In order to determine the volume of gross income and the volume of purchases of goods and services mentioned above, not only the transactions corresponding to the economic activities carried out by the taxpayer, but also those corresponding to those carried out by the spouse, descendants and ascendants, as well as by the entities under the system of attribution of income in which any of the above participate, in which the following circumstances concur, must be taken into account:

- **The economic activities carried out are identical or similar.**

  For these purposes, it will be understood that are identical or similar economic activities classified in the same group in the Economic Activities Tax.

- **There is a common management of such activities, sharing personnel or material resources.**

  In the case of transactions carried out with related entities, as provided for in article 18 of the LIS, they must be valued at their normal market value, which is understood to be the value that would have been agreed by independent persons or entities under conditions of free competition.

  Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

  In these cases, the taxpayer must comply with the documentation obligations for such transactions under the terms and conditions established in articles 13 to 16, Chapter V ("Information and documentation on related entities and transactions") of Title I of the Corporate Income Tax Regulations, approved by Royal Decree 634/2015, of 10 July (BOE of 11 July).

3.2 Other grounds for exclusion from the objective assessment method

a. **To carry out economic activity, wholly or partially, outside Spanish territory.**

   Regulations:Art. 32.2 c) Reglamento IRPF.

   See also art. 3.2 Orden HFP/1335/2021, de 1 de diciembre (BOE de 2 de diciembre).

   For these purposes, it shall be understood that the activities of urban collective and passenger transport by road, transport by autotaxi, transport of goods by road and removal services are, in any case, carried out within Spanish territory.

b. **Have exceeded during the previous year (2021) the maximum specific size** (number of persons employed or number of vehicles or rafts used) set for each activity in Article 3.1.d) of the Order HFP /1335/2021, of 1 December (BOE of 2 December), which are included in the list of activities reproduced in this Chapter.

   Regulations:Art. 34.1 Reglamento IRPF.

In the first year of exercise of the activity, only the number of persons employed, vehicles involved or pans used on the day of commencement of the activity shall be taken into account for these purposes.

Not only the specific magnitude corresponding to the activity carried out by the taxpayer, but also those corresponding to those carried out by the spouse, descendants and ascendants, as well as entities under the system of attribution of income in which any of the aforementioned persons participate, must be computed when the circumstances described above in the "Rules for determining the volume of total income and purchases" are met.

> ***Note**: For the purposes of the application of the objective assessment method, each of the activities listed in the list below are considered to be independent, regardless of whether the activity is carried out in one or more premises or whether it corresponds to one or more groups or headings of the Tax on Economic Activities (IAE) (Art. 38.1 Regulation IRPF).*

c. **Determine the net yield of any economic activity in the direct estimation method, in either of its two modalities.**

Regulations:(Arts.34.2 and 35 Reglamento IRPF.

See also art. 3.1 Orden HFP/1335/2021, de 1 de diciembre (BOE de 2 de diciembre).

The regulations governing the IRPF establish as a general principle the incompatibility of the objective assessment with the direct assessment.In accordance with this principle, taxpayers who determine the net income from any economic activity by the direct assessment method, in any of its modalities, are obliged to determine the net income from all their economic activities by this method, in the corresponding modality.

However, when an activity is started during the year that is not included or for which the objective assessment method is waived, the incompatibility will not take effect for that year with respect to the activities that were previously carried out, but from the following year onwards.

d. **Exclusion from the simplified special scheme of VAT or IGIC**

Regulations:(Arts.34.2 and 36 Reglamento IRPF.

By virtue of the principle of coordination of the objective assessment method with the Value Added Tax (VAT) or with the Canary Islands General Indirect Tax (IGIC), the exclusion of the special simplified regime in the VAT or in the IGIC (IGIC) implies the exclusion of the objective assessment method for all the economic activities carried out by the taxpayer.

Consequences of the exclusion from the objective method of assessment

Regulations:Art. 34.3 Regulation IRPF

Exclusion from the objective assessment method due to any of the aforementioned circumstances

only takes effect in the year immediately following that in which said circumstance occurs and will mean inclusion for the following three years in the scope of application of the simplified form of the direct assessment method, unless this is waived.

Important:*if the volume of gross income or purchases provided for in Article 32.2 of the Regulation of IRPF is exceeded, the taxpayer will be excluded from the scope of application of the objective assessment method for all his economic activities for at least the following three years, regardless of the type of activities carried out in these years.*

Economic activities carried out through entities under the income allocation system

Regulations:Art. 39 Regulation IRPF

The objective assessment method for determining the net income from economic activities carried out through entities under the income attribution system shall be applied regardless of the individual circumstances of their partners, heirs, co-owners or participants, provided that, in addition to the general conditions indicated above for economic activities carried out directly by individuals, the following requirements are met:

- **All partners, heirs, co-owners or participants must be natural persons who are taxpayers of IRPF**.
- **The application of the objective assessment method has not been waived in due time and form.**

  The resignation must be formulated unanimously by all the members, heirs, co-owners or participants of the entity;however, revocation of the waiver may be filed by only one of them.

Important:*for the definition of the scope of application of the objective assessment method to entities under the system of attribution of income, not only the transactions corresponding to the activities carried out by the entity itself, but also those corresponding to those carried out by its partners, heirs, joint owners or participants, their spouses, descendants and ascendants, as well as by other entities under the attribution system in which any of the above persons participate and in which the circumstances expressed in the rules for determining the volume of gross income and purchases concur, must be taken into account.*

Likewise, not only the specific magnitude corresponding to the economic activity carried out by the entity itself under the attribution system, but also those corresponding to those carried out by its partners, heirs, co-owners or participants, must be computed;their spouses, descendants and ascendants;as well as by other entities under the system of attribution of income in which any of the aforementioned persons participate when the circumstances indicated in the rules for determining the volume of total income and purchases are met.

Activities included in the objective estimation method for 2022

List of activities with the indication of the Group or heading of the corresponding Economic Activity Tax (IAE) and the signs or modules envisaged for each activity

Group or epigraph of the Tax on Economic Activities (IAE)	Activity	Maximum magnitude
---	Mussel production in rafts	5 punts (*)
419.1	Bread and pastry industries	6 employees
419.2	Confectionery, bakery and biscuit industries	6 employees
419.3	Frying dough processing industries	6 employees
423.9	Production of crisps, popcorn and similar	6 employees
641	Retail trade in fruits, vegetables and tubers	5 employees
642.1, 2, 3 and 4	Retail trade in meat and offal;of processed meat products and derivatives	5 employees
642.5	Retail trade in eggs, poultry, farmed rabbits, game;and products derived from them	4 employees
642.6	Retail trade in offal from animals of supply, fresh and frozen	5 employees
643.1 and 2	Retail trade in fish and other fishery and aquaculture products and snails	5 employees
644.1	Retail sale of bread, pastry, cakes, confectionery and similar products and of milk and milk products	6 employees
644.2	Bread, special breads and pastries	6 employees
644.3	Retail trade in pastry, pastry and confectionery products	6 employees
644.6	Retail trade of fried masses, with or without covers or fillings, chips, snack products, nuts, candy, chocolate preparations and refreshing drinks	6 employees
647.1	Retail sale of all kinds of food and beverages in shops with a	5 employees

(*) **Any day of the year.**

Group or epigraph of the Tax on Economic Activities (IAE)	Activity	Maximum magnitude
	salesman	
647.2 and 3	Retail trade in any kind of food and beverage in a self-service or mixed manner in establishments with a sales room area of less than 400 square meters	4 employees
651.1	Retail trade in textile product, household fabrics, carpets and similar items and upholstery	4 employees
651.2	Retail trade of all kinds of clothing and headgear	5 employees
651.3 and 5	Retail trade in lingerie, jewelry and specialty clothing	3 employees
651.4	Retail trade in haberdashery and parcels	4 employees
651.6	Retail trade in footwear, leather goods and imitation or substitute products, belts, wallets, bags, suitcases and travel articles in general	5 employees
652.2 and 3	Retail trade in products of drug, perfumery and cosmetics, cleaning, paints, varnishes, solvents, papers and other products for decoration and chemicals, and articles for hygiene and personal hygiene	4 employees
653.1	Retail furniture trade	4 employees
653.2	Retail trade in electrical, electronic, household appliances and other household appliances powered by other energy than electricity, as well as kitchen furniture	3 employees
653.3	Retail trade in household items, hardware, ornament, gift or claim (including jewelry and small appliances)	4 employees
653.4 and 5	Retail trade in building materials, sanitary ware and furniture, doors, windows, shutters, etc.	3 employees
653.9	Retail trade of other household equipment n.e.c.	3 employees
654.2	Retail trade in accessories and spare parts for terrestrial vehicles	4 employees
654.5	Retail trade in all types of machinery (except household, office, medical, orthopedic, optical and photographic appliances)	3 employees
654.6	Retail trade in covers, belts or bandages and air chambers for all	4 employees

(*) **Any day of the year.**

Group or epigraph of the Tax on Economic Activities (IAE)	Activity	Maximum magnitude
	types of vehicles	
659.2	Retail trade of office furniture and office machinery and equipment	4 employees
659.3	Retail trade of medical, orthopaedic, optical and photographic appliances and instruments	3 employees
659.4	Retail sale of books, newspapers, stationery, writing materials, drawing materials and fine arts, except in kiosks located on public thoroughfares	3 employees
659.4	Retail trade in newspapers, magazines and books at kiosks located on the public road	2 employees
659.6	Retail trade in toys, sports articles, clothing sports, footwear and headdress, weapons, cardboard and pyrotechnics	3 employees
659.7	Retail trade in seeds, fertilizers, flowers and plants and small animals	4 employees
662.2	Retail trade in all types of items, including food and beverages, in establishments other than those specified in Group 661 and Section 662.1	3 employees
663.1	Retail trade outside a permanent commercial establishment of food products, including beverages and ice cream	2 employees
663.2	Retail trade outside a permanent commercial establishment of textile and clothing products	2 employees
663.3	Retail trade outside a permanent commercial establishment of footwear, leather and leather goods	2 employees
663.4	Retail trade outside a permanent commercial establishment of drug and cosmetics and chemicals in general	2 employees
663.9	Retail sale of other retail sale of goods n.e.c. outside a fixed establishment	2 employees
671.4	Two fork restaurants	10 employees
671.5	One-fork restaurants	10 employees

(*) Any day of the year.

Group or epigraph of the Tax on Economic Activities (IAE)	Activity	Maximum magnitude
672.1, 2 and 3	Cafeterias	8 employees
673.1	Special category cafés and bars	8 employees
673.2	Other cafés and bars	8 employees
675	Services in kiosks, drawers, barracks or other similar premises	3 employees
676	Services in chocolate, ice-cream and horchata shops	3 employees
681	Lodging service in hotels and motels of one or two stars	10 employees
682	Lodging service in hostels and pensions	8 employees
683	Lodging service in fondas and guest houses	8 employees
691.1	Repair of household electrical goods	3 employees
691.2	Repair of motor vehicles, bicycles and other vehicles	5 employees
691.9	Repair of footwear	2 employees
691.9	Repair of other consumer goods n.e.c. (except shoe repair, restoration of works of art, furniture, antiques and musical instruments)	2 employees
692	Repair of industrial machinery	2 employees
699	Other repairs n.e.c.	2 employees
721.1 and 3	Urban public and passenger transport by road	5 vehicles (*)
721.2	Transportation by taxi	3 vehicles (*)
722	Transport of goods by road	4 vehicles (*)
751.5	Greasing and washing vehicles	5 employees
757	Moving services	4 vehicles (*)

(*) Any day of the year.

Group or epigraph of the Tax on Economic Activities (IAE)	Activity	Maximum magnitude
849.5	Transport of courier and recaderie, when the activity is carried out exclusively with means of own transport	5 vehicles (*)
933.1	Driving instruction for land, water and air vehicles, etc.	4 employees
933.9	Other teaching activities, such as language teaching, dressmaking, typing, shorthand typing, preparation for examinations and competitive examinations and the like n.e.c.	5 employees
967.2	Schools and services for the improvement of sport	3 employees
971.1	Dyeing, dry-cleaning, laundering and ironing of ready-made garments and used clothing and household goods	4 employees
972.1	Women's and men's hairdressing services	6 employees
972.2	Beauty salons and beauty institutes	6 employees
973.3	Document copying services with photocopying machines	4 employees

(*) Any day of the year.

Independent activities and ancillary operations

Regulations:Art. 38 Regulation IRPF

For the purposes of the objective estimation method, economic activities are considered to be **independent** each of those specifically listed in Order HFP/1335/2021, of 1 December (BOE of 2 December) which regulates this method for the financial year 2022.

The determination of the economic operations included in each of the activities listed in the previous point of this section must be carried out in accordance with the rules of the Tax on Economic Activities (IAE) insofar as they are applicable.

> See in this respect Royal Legislative Decree 1175/1990, of 28 September, approving the rates and instruction of the Tax on Economic Activities (BOE of 29 September).

Likewise, each activity shall include the economic operations that are carried out as an accessory activity to the main activity.

For these purposes, an activity is considered to be ancillary to the main activity if its volume of income does not exceed 40 per cent of the volume corresponding to the main activity.

Finally, it should be pointed out that for the calculation of the maximum exclusion magnitude, the

persons employed or vehicles or rafts used to carry out the main activity and any ancillary activity included in the objective assessment method should be taken into account.

The ancillary economic activities that are understood to be included in each of the activities included in the objective estimation method are indicated under the heading "Note" in the Appendix "Annual income per module unit before depreciation applicable in the financial year 2022", which is reproduced in this same Chapter.

Rules for the computation of the maximum exclusion size

General rules

Regulations:See art.3.1.d) Order HFP/1335/2021 of 1 December (BOE of 2 December).

In order to determine for each activity whether or not the magnitude of the activity exceeds the maximum amounts indicated in the above list, the following particularities shall be taken into account:

a. The term "employees" shall include all persons, whether salaried or non-salaried, who actually work in the main activity and in any other ancillary activity included in the scheme.Its amount shall be determined by the weighted average for the period in which the activity was carried out during the immediately preceding year.

Only the following rules shall apply to determine the weighted average:

- only the number of hours worked during the period in which the activity was carried out in the immediately preceding year shall be taken into account.
- A self-employed person , who works at least 1,800 hours/year in the activity, will be counted as .Where the number of working hours per year is less than 1,800, the amount of the unpaid person shall be estimated as the ratio between the number of hours actually worked in the year and 1,800.

  However, the employer is counted as a self-employed person.In those cases in which a dedication of less than 1,800 hours/year can be accredited for objective reasons, such as retirement, incapacity, multiple activities or temporary closure of the farm, the effective time dedicated to the activity will be calculated.In these cases, for the quantification of the tasks of management, organisation and planning of the activity and, in general, those inherent to the ownership of the activity, the employer will be calculated at 0.25 persons/year, except when a higher or lower effective dedication is accredited.
- A person who works the number of hours per worker per year fixed in the corresponding collective agreement or, failing that, 1,800 hours/year, shall be counted as an employee.If the number of working hours per year is lower or higher, the amount of the employee's salary shall be calculated as the ratio between the number of hours actually worked and the number of hours stipulated in the collective agreement or, failing that, 1,800.

b. The quantities "vehicles" and "**bateas**" refer, respectively, to the maximum number of vehicles or bateas used on any day of the year for the main activity and any other ancillary activity included in the method.

> ***Important**:in the first year of the activity, account shall be taken of the number of persons employed or vehicles or pans at the start of the activity.*

When in a calendar year the maximum amount is exceeded in any activity, the taxpayer **will be**

excluded, as from the immediately following year, from the objective assessment method, having to determine their net income by the simplified direct assessment method, provided that the requirements established for this method are met and they do not renounce its application, in which case the normal method of this method will be applicable.

The requirements established for the application of the simplified modality of the direct estimation method, and the effects of waiving it, are discussed in Chapter 7.

Special rules

For the determination of the magnitudes excluding the objective assessment method, not only the specific magnitude corresponding to the economic activities carried out by the taxpayer, but also those corresponding to those carried out by the spouse, descendants and ascendants, as well as by the entities under the system of attribution of income in which any of the above participate, in which the following circumstances concur, must be computed:

a. **The economic activities carried out are identical or similar**.

For these purposes, it will be understood that are identical or similar economic activities classified in the same group in the Economic Activities Tax.

b. That there is a common direction of such activities, sharing personal or material resources.

In the case of entities under the system of attribution of income , not only the specific amount corresponding to the economic activity carried out by the entity itself under the attribution system, but also those corresponding to those carried out by its partners, heirs, co-owners or participants must be computed;their spouses, descendants and ascendants;as well as by other entities under the system of attribution of income in which any of the aforementioned persons participate, in which the aforementioned circumstances concur.

Determination of reduced net earnings

Introduction:Outlines

Regulations;See Annex II and instructions of the Order HFP/1335/2021 of 1 December (BOE of 2 December).

Under the objective estimation method, the transactions required to determine the net income, if any, that is reduced are carried out separately for each activity that is considered to be independent, even if the same taxpayer carries out several activities to which the method is applied.

For 2022, the determination of the reduced annual net yield corresponding to each activity is carried out, once the year has elapsed, by means of the successive operations indicated in the following scheme:

Phase 1:

MODULE UNITS EMPLOYED, USED OR INSTALLED

(x) ANNUAL EARNINGS PER MODULE UNIT (prior to amortisation)

= PREVIOUS NET YIELD

Phase 2

(-) REDUCTION FOR EMPLOYMENT INCENTIVES

(-) REDUCTION FOR INVESTMENT INCENTIVES

= REDUCED NET YIELD

Phase 3

(x) CORRECTIVE INDEXES (depending on the activity and certain circumstances)

= NET EARNINGS FROM MODULES

Phase 4

(-) GENERAL REDUCTION:15 PER 100

(-) SPECIAL REDUCTION FOR ECONOMIC ACTIVITIES IN LORCA20%

(-) SPECIAL REDUCTION FOR ECONOMIC ACTIVITIES ON THE ISLAND OF LA PALMA:20%

(-) EXTRAORDINARY EXPENSES FOR EXCEPTIONAL CIRCUMSTANCES (fires, floods, subsidence, etc, communicated to AEAT in due time and form).

(+) OTHER BUSINESS PERCEPTIONS

= NET INCOME FROM THE ACTIVITY

Phase 5

(-) REDUCTION FOR IRREGULARITY (*) :30%

= REDUCED NET ACTIVITY EARNINGS

(*) Applicable only with respect to the component "Other business income" with a generation period of more than two years or which are classified by regulations as having been obtained in a notoriously irregular manner over time.(Go back)

Phase 1:Determination of prior net income

Regulations:See Annex II and instruction 2.1 of Annex II Order HFP/1335/2021 of 1 December (BOE of 2 December).

The previous net return of the activity is the sum of the products obtained by multiplying the number of units employed, used or installed in the activity of each of the modules, by the annual yield before depreciation assigned to each module unit.

> The annual returns per module unit before depreciation applicable in 2022 for each of the activities included in the objective estimation method are reproduced as appendix at the end of this Chapter.

Therefore, for the determination of the preliminary net yield, the following must be taken into account:

1.Quantification of the number of units employed, used or installed in the activity of the different signs or modules.

The first operation to be carried out in order to determine the preliminary net yield consists of quantifying the number of units employed, used or installed of each of the modules established for each activity considered as independent.

Order HFP/1335/2021, of 1 December (BOE of 2 December), establishes in its Annex II in section 2.1 of its Instructions the rules for quantifying the number of units of the different signs or modules, which we examine below.

Rules for the computation of the modules

Regulations:Instruction 7 for the application of the signs, indexes or modules in the IRPF of Annex II Order HFP/1335/2021, of 1 December (BOE of 2 December).

The Order that develops the objective assessment method establishes a series of rules that the taxpayer must apply to calculate the average of the signs, indices or modules relating to the whole period in which the activity has been carried out during the calendar year in order to calculate the corresponding net yield, when any of the following circumstances occur during the financial year:

- Start of the activity after 1 January of the calendar year.
- Cessation of activity before 31 December of the calendar year.

- Discontinuous exercise of the activity (not including holiday periods).
- There have been variations during the year in the amount of the variables or modules corresponding to the activity.

The calculation of the average of the signs, indices or modules is determined:

a. At **modules "paid staff" and "unpaid staff"** according to hours worked.

b. The **modules "distance travelled" and "electricity consumption**" shall take into account, respectively, kilometres travelled or kilowatt-hours consumed.

c. **In the remaining cases**, depending on the days of effective employment, use or installation, taking into account that these include normal rest days and holidays, as the amounts fixed in the Order are annual in nature.

4º. When the calculated average is not a whole number, it shall be expressed with **two decimal places**.

Modules common to several activities:where there is partial use of a module in the activity or sector of activity, the value to be taken into account shall be that resulting from its pro rata use according to its actual use.If it is not possible to determine this, it shall be allocated equally to each use of the module.

Module "Unemployed personnel".

Regulations:Instruction 2.1.1ª for the application of the signs, indexes or modules in the IRPF of Annex II Order HFP/1335/2021, of 1 December (BOE of 2 December).

Unpaid staff is the **employer**.

They will also be considered as such, his or her **spouse and minor children living with him or her**, when, while actually working in the activity, they do not constitute salaried personnel because they do not meet any of the following requirements :

- Who work regularly and continuously in the business activity.
- That there is a corresponding employment contract.
- They must be affiliated to the general social security scheme.

Rules for the computation of the module "Unemployed personnel".

A. General rules

a. **Entrepreneur:**

The employer shall be counted as a non-employed person.In those cases in which a dedication of less than 1,800 hours/year can be accredited for objective reasons, such as

retirement, incapacity, multiple activities or temporary closure of the farm, the effective time dedicated to the activity will be calculated.

In these cases, for the quantification of the tasks of management, organisation and planning of the activity and, in general, those inherent to the ownership of the activity, the **owner of the activity will be calculated at 0.25 persons/year**, except when a higher or lower effective dedication is accredited.

In the case of the exercise of a seasonal economic activity, the calculation of the unpaid personnel module will be based on the hours dedicated to the activity, which must include those dedicated to the tasks of management, organisation and planning of the activity and, in general, those inherent to the ownership of the activity, which must be valued at least in the proportional part that corresponds to 0.25 person/year and the time period in which the activity is carried out.

b. **Spouse and minor children of the employer:**

The spouse and minor children of the owner of the activity who live with him/her, when they work at least 1,800 hours/year in the activity, will be counted as a non-salaried person.

Where the number of working hours per year is less than 1,800, the amount of the unpaid person shall be estimated as the ratio between the number of hours actually worked in the year and 1,800.

The number of units of the module 'non-salaried personnel' **shall be expressed to two decimal places.**

***Note**: unpaid staff with a degree of disability equal to or greater than 33 per cent shall be counted at 75 per cent.For this purpose, the situation on the date on which the tax becomes chargeable (normally 31 December) shall be taken into account.*

B. Special rule for counting the spouse and minor children of the employer

When the spouse or minor children of the employer are considered to be non-salaried, they will be computed at 50%, provided that the owner of the activity is computed in full, before applying, where applicable, the reduction foreseen for people with disabilities mentioned above, and there is no more than one salaried person.

The 50 per cent reduction shall be applied after having applied, where applicable, the corresponding reduction for a degree of disability equal to or greater than 33 per cent.

Example:Determination of the number of units of the module 'non-salaried personnel' employed in the activity

Mr. R.G.C., who has a recognised degree of disability of 33%, is the owner of a bar in which only he and his spouse work, and both are registered in the Social Security self-employed workers' scheme.

Determine the units of the module "unpaid personnel" employed in the activity in the year 2022 taking into account that, as a consequence of the temporary incapacity of the operator, the

activity was closed for 83 days in 2022.

Solution:

In the absence of the requirement that the spouse of the holder of the activity be affiliated to the general social security scheme, the holder of the activity is considered to be a "self-employed person".

Module "unpaid staff":

a. **Hours not worked:**(83 ÷ 365) x 1,800 hours/year = 409 hours

b. **Hours worked by the incumbent and spouse:** 1,800 - 409 = 1,391 hours each.

c. **Eligible hours:**

- Holder**:**75% s/ 1.391 hours = 1.043 hours
- Spouse:1,391 hours
- Total hours eligible:1.043 + 1.391 = 2.434 hours

Notes:

Headline: the closure of the activity as a consequence of the existence of this objective circumstance (temporary incapacity of the owner) is considered an objective cause that allows a dedication of less than 1,800 hours/year to be accredited.In this case, the effective time dedicated to the activity is 1,391 hours of which 75 per cent will be computed as the taxpayer has a degree of disability of 33 per cent.

Spouse:as the holder of the activity is not counted in full (as the number of working hours per year is less than 1,800 hours) for an objective reason, the spouse does not qualify for the 50% reduction provided for in instruction 2.1.1ª of Annex II of Order HFP/1335/2021.

d. **Calculation No. of units (average):**

2,434 hours ÷ 1,800 hours/year = **1.35 person**

Salaried staff" module

Regulations:Instruction 2.1.2ª for the application of the signs, indexes or modules in the IRPF of Annex II Order HFP/1335/2021, of 1 December (BOE of 2 December).

They have the status of salaried staff:

a. Persons working in the activity who do not have the status of non-wage-earning personnel, including, where applicable, workers contracted through Temporary Employment Agencies (ETT).

b. The spouse and minor children of the owner of the activity who live with him/her, provided that, having the appropriate employment contract and affiliation to the general Social Security system, they work habitually and continuously in the economic activity carried out by the taxpayer.

***Note**: students in specific vocational training who take the compulsory workplace training module shall not be counted as employed persons.In contrast to the above, staff hired as trainees should be counted as salaried staff.*

Rules for the computation of the module "Salaried staff".

The determination of the number of units of the module "employees" is done by applying the following rules:

1º. General rule

a. **If there is a collective agreement**, the person who works the number of hours per worker per year fixed in the collective agreement is counted as an employee.

b. **If there is no collective agreement**, it is estimated that one salaried person is equivalent to 1,800 hours/year.

If the number of hours is **lower or higher** than the number of hours indicated, the employee's pay shall be calculated as the ratio between the number of hours actually worked and the number of hours stipulated in the collective agreement or, failing that, 1,800 hours.

The number of units of the module "paid staff" **shall be expressed to two decimal places**.

***ERTE:**it should be borne in mind that, insofar as the "salaried staff" module is quantified according to the number of hours actually worked annually by each worker in the activity, when a temporary lay-off plan (ERTE) is approved, the annual hours worked by salaried staff must be quantified according to the conditions in which each of them is in the ERTE, calculating exclusively the hours actually worked.Therefore, the hours corresponding to the time in which the employment contract is temporarily suspended (ERTE for suspension of the employment contract) or, where appropriate, the hours that are temporarily reduced (ERTE for reduction of working hours) will NOT be counted.*

2º. 60 per cent of salaried employees **under 19 years of age** and those working under an apprenticeship or training contract.

3º. A 40 per cent share shall be given to employed personnel who is a **person with a degree of disability equal to or greater than 33 per cent**.

In the latter two cases, where an employed person reaches the age of 19 or is recognised as having a degree of disability of 33% or more during the tax period, the computation of 60% or, where applicable, 40% shall be made only **in respect of the part of the period in which either of these circumstances applies**.

***Note**:the 60 per cent and 40 per cent reductions mentioned above are incompatible with each other.*

4º. For those activities where this is indicated, the module "paid staff" is broken down into two modules:

- Salaried manufacturing staff.
- Other salaried staff.

In such cases, the calculation of each of the two modules mentioned above must be carried out separately.Where the same worker performs both manufacturing and non-manufacturing work, the number of units to be counted in each of these modules shall be determined by the number of hours actually worked in each job.If it is not possible to determine this number, the total shall be charged equally to each of these modules.

Example:Determining the number of units in the "salaried personnel" module used in the activity

Mr. A.C.M. is the owner of a retail food and beverage establishment, heading 647.1 of the IAE, who has been determining the net income from his activity using the objective assessment method.

Since 2004, in addition to the owner, two permanent employees over the age of 19 have been working full-time in the establishment.

The following changes have been made to the workforce in the financial year 2022:

- On 1 January, two persons over 19 years of age were hired as full-time apprentices for a period of 6 months, for a total of 900 hours per year each.
- On 2 May, a person with a degree of disability of 33 per cent was hired for an indefinite period of time on a full-time basis, for a total of 1,100 hours per year.

Determine the number of units of the modules "unpaid staff" and "paid staff" for the financial year 2022, assuming that the number of annual hours laid down in the relevant collective agreement is 1,800 hours/year.

Solution:

Module "unpaid staff":

Activity Owner:1.00 person

Total:1,00 person

Salaried staff" module:

2 people employed all year round:2.00 people

2 trainees (60% s/2 x 900/1800):0.60 people

1 person with a degree of disability of 33% (40% s/1,100/1,800):0.24 people

Total:2.84 persons

Module "Floor space".

Regulations:Instruction 2.1.3ª and 4ª for the application of the signs, indexes or modules in the IRPF of Annex II Order HFP/1335/2021, of 1 December (BOE of 2 December).

For the purposes of applying the module, premises are understood to be the constructions, buildings or installations, as well as the surfaces, covered or uncovered, open or not to the public, which are used for the development of the activity.

The unit of the module "Floor area" is the square metre (m^2).

F, letters a), b), c) and h), of the Instruction for the application of the Rates of the Tax on Economic Activities (IAE), approved by Royal Legislative Decree 1175/1990, of 28 September (BOE of 29 September and 1 and 2 October), as well as in the fourth additional provision, letter f), of Law 51/2002, of 27 December, reforming Law 39/1998, of 28 December, Regulating Local Treasuries (BOE of 28 December).

For those activities where this is indicated, one or more of the following modules must be distinguished and determined separately within the size of the premises:

- Independent local area.
- Non-independent local area.
- Surface area of the manufacturing premises.

The unit for each of these modules is also the square metre (m^2).

Definitions

Means:

- **Independent premises**

  The one that has a sales room for customer service.F, letter h), of the Instruction for the application of the rates of the IAE, approved by Royal Legislative Decree 1175/1990, of 28 September.

- **Non-independent premises**

  The one that does not have its own sales room to serve the public because it is located inside other premises, shopping arcade or market.

- **Manufacturing site**

  The premises, or part thereof, devoted to the conduct of manufacturing operations.

Module "Electricity consumption

Regulations:Instruction 2.1.5ª for the application of the signs, indexes or modules in the IRPF of Annex II Order HFP/1335/2021, of 1 December (BOE of 2 December).

Electricity consumption shall be understood to be that billed by the utility company, the unit of which is 100 kilowatts per hour (kw/h).Where a distinction is made on the bill between "active" and "reactive" energy, only the former shall be taken into account.

Electrical power" module

Regulations:Instruction 2.1.6ª for the application of the signs, indexes or modules in the IRPF of Annex II Order HFP/1335/2021, of 1 December (BOE of 2 December).

Electrical power shall be understood as the power contracted with the energy supply company, the unit of which is the contracted kilowatt (kW).

Oven surface" module

Regulations:Instruction 2.1.7ª for the application of the signs, indexes or modules in the IRPF of Annex II Order HFP/1335/2021, of 1 December (BOE of 2 December).

Furnace surface area means the surface area corresponding to the technical characteristics of the furnace.The unit of the module "oven surface" is 100 square decimetres (dm^2).

Module "Tables".

Regulations:Instruction 2.1.8ª for the application of the signs, indexes or modules in the IRPF of Annex II Order HFP/1335/2021, of 1 December (BOE of 2 December).

In bars and cafés, as well as in restaurants, the unit 'table' shall be understood to refer to a table capable of being occupied by four persons.Tables of higher or lower capacity will increase or decrease the amount of the module accordingly.

Tables that are used only during certain periods of the year.The number of units of the module "desks" shall be determined in proportion to the length of the period, counted in days, during which the desks have been used in the course of the year.

Table tops that are occasionally used as tables.One unit of the module "tables" shall be counted for every four persons likely to occupy the tables.Once the number of units has been determined in accordance with this criterion, the number of units shall be pro-rated according to the period, in days, of use of the boards during the year.

Bars adapted to serve meals.These bars shall not be counted for the purpose of determining the number of units of the module "tables".

Number of inhabitants" module

Regulations:Instruction 2.1.9ª for the application of the signs, indexes or modules in the IRPF of Annex II Order HFP/1335/2021, of 1 December (BOE of 2 December).

The number of inhabitants is that of the population of right of the municipality, constituted by the total of residents registered in the municipal register of inhabitants, present and absent.Resident status is acquired at the time of registration.

Vehicle charging" module

Regulations:Instruction 2.1.10ª for the application of the signs, indexes or modules in the IRPF of Annex II Order HFP/1335/2021, of 1 December (BOE of 2 December).

The load capacity of a **vehicle or group of vehicles** shall be equal to the difference between the maximum authorised total mass determined taking into account the possible administrative limitations, if any, stated in the Technical Inspection Cards, with a limit of 40 tonnes, and the sum of the tare weights corresponding to the load-carrying vehicles (unladen weight of the lorry, trailer, semi-trailer and tractor unit), expressed, as appropriate, in kilograms or tonnes, the latter to two decimal places.

In the case of tractor units using different semi-trailers, their tare weight shall be assessed at a maximum of eight tonnes.

Where transport is exclusively by container, the tare weight of the containers shall be assessed at three tonnes.

Module "Places".

Regulations:Instruction 2.1.11ª for the application of the signs, indexes or modules in the IRPF of Annex II Order HFP/1335/2021, of 1 December (BOE of 2 December).

For accommodation service activities, "bed places" shall mean the number of units of accommodation capacity of the establishment.

Module "Seats".

Regulations:Instruction 2.1.12ª for the application of the signs, indexes or modules in the IRPF of Annex II Order HFP/1335/2021, of 1 December (BOE of 2 December).

For the activities of **urban collective and road passenger transport**, "seats" shall mean the number of units shown on the vehicle's technical inspection card, excluding the driver and the guide.

Vehicles specifically adapted for **school transport**.The seat module units of these vehicles shall be counted by the equivalent number of adult seats.For this purpose, every three seats for children under 14 years of age shall be considered to be equivalent to two adult seats.

Module "Amusement machines

Regulations:Instruction 2.1.13ª for the application of the signs, indexes or modules in the IRPF of Annex II Order HFP/1335/2021, of 1 December (BOE of 2 December).

Only amusement machines installed **that are not owned by** of the owner of the activity will be counted.

This magnitude comprises two modules:type "A" machines and type "B" machines in accordance

with the provisions of articles 4 and 5, respectively, of the Regulation on Amusement and Gaming Machines, approved by Royal Decree 2110/1998, of 2 October (BOE of 16 October).

- **Type "A" amusement machine.** Type 'A' machines are those which are purely for leisure or recreational purposes and which are limited to granting the user a period of use or play time in exchange for the price of the game, without being able to award any kind of prize in cash, in kind or in the form of points exchangeable for objects or money.

  Are also included in this group of machines type "A" which offered as the only incentive additional and because of the ability of player the possibility to continue playing the same amount initial in the form of the prolongation of own departure or additional, which in no case may be redeemed for cash or in kind.

  See Article 4(1) and (2) of Royal Decree 2110/1998 of 2 October 1998 approving the Regulation on Amusement and Gaming Machines.

- **Type "B" amusement machine.** Type "B" machines are those which, in exchange for the price of the game, grant the user a time of use or play and, possibly, in accordance with the game programme, a cash prize.

Attention: *It should be borne in mind that the machines owned by the owner constitute an independent activity, classified under heading 969.4 of the Tax on Economic Activities (IAE) and that the said activity is not one of the activities included in the objective assessment method and, therefore, in principle, the income derived from it cannot be determined by this method, but by the direct assessment method.*

Bar length" module

Regulations:Instruction 2.1.15ª for the application of the signs, indexes or modules in the IRPF of Annex II Order HFP/1335/2021, of 1 December (BOE of 2 December).

In cafés and bars where the module "bar length" is assigned, bar shall mean the counter where drinks and food requested by customers are served and supported.

The length of the bar shall be measured on the public side and shall exclude the area reserved for waiter service.Should any toolbars support assistants adosadas to walls, Pillars, etc., are available or not stools, will include your length for the calculation of the module.

The unit of this module is the linear metre (m.l.).The number of units shall be expressed, where appropriate, to two decimal places.

Module "Vehicle Fiscal Power".

Regulations:Instruction 2.1.14ª for the application of the signs, indexes or modules in the IRPF of Annex II Order HFP/1335/2021, of 1 December (BOE of 2 December).

In the activities to which it is assigned, this module is defined by the fiscal power stated on the vehicle's Technical Inspection Card, expressed in fiscal horsepower (FVC).

Distance travelled" module

Regulations:Instruction 7 for the application of the signs, indexes or modules in the IRPF of Annex II Order HFP/1335/2021, of 1 December (BOE of 2 December).

The "distance travelled" by each vehicle involved in the activity is the module assigned to the activity of transport by taxis, and the total number of journeys made in the year must be taken into account.The unit consists of 1,000 km.

2.Amounts of annual yields per module unit before depreciation

In general

For the financial year 2022, the amounts of annual income per module unit before depreciation for each activity are those listed in Annex II of Order HFP/1335/2021 of 1 December (BOE of 2 December) and are included in the "Appendix:Annual returns per module unit before depreciation applicable in the financial year 2022" of this Chapter.

Reduction of the annual module unit yield due to exceptional circumstances

Regulations:Art 37.4.1 and 2 Regulation IRPF.See also Annex III Order HFP/1335/2021 of 1 December (BOE of 2 December).

In normal economic situations, the previous net yield of the activity is determined by multiplying the number of units employed, used or installed in the activity of each of the applicable modules by the annual yield per unit before depreciation assigned to each unit.However, where the following exceptional circumstances occur, the administration may decide to reduce the annual yield per unit in relation to the relevant modules, indicating the period of time to which it applies.These circumstances are grouped under the following headings:

- When the development of economic activity is affected by fires, floods or other exceptional circumstances affecting a given sector or area.
- When the development of the economic activity is affected by fires, floods, subsidence or major breakdowns in industrial equipment, which entail serious alterations or anomalies in the development of the activity.
- When the owner of the activity is located in temporary incapacity and there is no other staff employed.

In the first case, the reduction of the signs, indices or modules must be authorised by the Minister of Finance (currently the Minister of Finance and the Civil Service) and may affect taxpayers in a given sector or area.

In other cases, the interested parties who wish to have the signs, indices or modules reduced must submit, within 30 days of the date on which the alterations or the situation of temporary incapacity occurred, a letter to the Administration or, failing that, to the Delegation of the State Tax Administration Agency, in which they state the fact that these circumstances have occurred,

providing at the same time the evidence deemed appropriate and mentioning, where appropriate, the compensation to be received due to the alterations produced.Once the effectiveness of the same has been accredited, the head of the Administration or Delegation of the State Tax Administration Agency shall agree the reduction of the appropriate modules, with an indication of the period of time to which it is applicable.

Attention: *in the event that the taxpayer is entitled to a reduction in one or more of the modules applicable to the activity, the return shall be completed on the basis of the reduced amounts agreed by the Tax Administration.*

Phase 2:Determination of reduced net income

Regulations:See Annex II and instruction 2.2 of the aforementioned Annex II Order HFP/1335/2021 of 1 December (BOE of 2 December).

The net net yield minated is the result of reducing the net return on the amount of incentives to employment and investment, as follows:

1.Reduction for employment incentives

Calculation of the amount corresponding to this deduction for employment incentives

1.1.Reduction coefficients

In order to determine the amount corresponding to this reduction, the amount of the 'annual yield per unit before depreciation' established for the 'paid staff' module must be multiplied by the corresponding reduction coefficient, which in turn is made up of the sum of the following two coefficients:

- **Coefficient for the increase in the number of employed persons**.
- **Coefficient by brackets of the number of units of the module "paid staff".**

In brief:

Reduction = AR x (Coefficient for increase in the number of employees + Coefficient for brackets)

RA being the amount of the annual output per unit before depreciation of the module 'paid staff' corresponding to the activity concerned**.**

1.2.Determination of the coefficient for the increase in the number of employees

The application of this coefficient is conditional upon compliance with the following requirements:

- In 2022, the number of employees employed in the activity has increased in absolute terms compared to 2021.
- In addition, the number of units in the module 'paid staff' in 2022 is higher than the number of units in the same module in 2021.

If both requirements are met, the positive difference between the number of units in the module 'paid staff' in 2022 and in 2021 shall be multiplied by 0,40.The result obtained is the **coefficient for the increase in the number of employees.**

For these purposes, only the salaried persons counted in Phase 1 will be taken into account, in accordance with the rules previously mentioned for the calculation of the "salaried personnel" module.If the previous year had not been covered by the objective assessment method, the number of units corresponding to that year shall be taken as the number that would have corresponded, in accordance with the rules established for the calculation of "salaried personnel".

Attention: *in no case shall those who have not been taken into account for the purposes of determining the coefficient for the increase in the number of wage-earning employees in order to determine the previous net yield of the activity, such as in the case of specific vocational training students who take the compulsory workplace training module, be taken into account.*

1.3.Determination of the coefficient by bracket of the number of units of the module "paid staff".

The corresponding coefficient from the following table shall be applied to each of the brackets of the number of units of the "salaried staff" module used to determine the previous net yield for the financial year 2022, excluding, where applicable, the positive difference to which the coefficient 0.40 above has been applied:

Tranche	Coefficient
Up to 1.00	0.10
Between 1.01 and 3.00	0.15
Between 3.01 and 5.00	0.20
Between 5.01 and 8.00	0.25
More than 8,00	0.30

The result of the application of the above table is **coefficient by bracket of the number of units of the module "salaried personnel".**

The reduction for employment incentives will be the result of multiplying the amount of the "annual yield per unit before depreciation", established for the "salaried staff" module, by the result of adding the two previous coefficients.

Example:Reduction for employment incentives

Mr A.A.A. carries out the activity of a two-fork restaurant, epigraph 671.4 of IAE.

During the 2021 financial year, 3 full-time permanent employees worked in the activity, each of whom, as a result of the closure of the activity due to the declaration of the state of emergency, worked a total of 1,300 hours/year.In June, an apprentice was hired for a period of 6 months for a total of 600 hours of work.

In the financial year 2022 the staffing situation was as follows:

- The 3 permanent employees remain in the company, working the same annual working hours as in the previous year.However, as a consequence of the capacity limitations decreed in the Autonomous Community, the effective working hours have been 1,500 hours/year for each person employed.
- On 2 January, a worker was hired for an indefinite period for a total of 1,500 hours/year.
- On 1 August, 2 new staff were hired temporarily for a period of 6 months, each totalling 600 hours/year of work.

Determine the reduction for employment incentives for the year 2022, assuming that the number of annual hours established in the corresponding collective bargaining agreement is 1,800.

Solution:

1.Determination of the coefficient for the increase in the number of employees.

a. Increase in the number of employed persons in 2022 compared to 2021 in absolute terms:

- Persons employed in the year 2021:4 people
- Persons employed in the year 2022:6 people
- Increase in the number of employed persons:2 people

b. Increase in the number of units of the module "paid staff" in 2022 compared to 2021:

- Number of units in the “salaried staff” module in 2021:

  (3 x 1,300/1,800) + (60% s/600/1,800) = 2.17 + 0.2 = 2.37 persons

- Number of units in the “salaried staff” module in 2022:

  (4 x 1,500/1,800) + (2 x 600/1,800) = 3.33 + 0.67 = 4 persons

- Increase in the number of units:4 - 2.37 = 1.63 persons

If both requirements are met, the positive difference between the number of units in the module "paid staff" in 2022 compared to 2021 shall be multiplied by 0.40.

Coefficient for the increase in the number of employed persons:0.40 x 1.63 = 0.652

2.Determination of the coefficient for the number of units of the module 'paid staff', excluding the positive difference to which the above coefficient 0.4 has been applied.

4 - 1.63 = 2.37

Tranche	Salaried staff	Coefficient per tranche	Totals
Up to 1.00	1	0.10	0.10
Between 1.01 and 3.00	1.37	0.15	0.2055
Total	**2.37**		**0.3055**

3.Coefficient of reduction:0.652 + 0.3055 = 0.9575

4.Amount of the reduction for employment incentives.

This is the result of multiplying the annual yield per unit before depreciation of the "salaried staff" module (3,709.88) by the reduction coefficient (sum of the coefficient for the increase in the number of salaried staff plus the coefficient for each bracket):0.9575).3,709.88 x 0.9575 = 3,552.21 euros.

2.Reduction for investment incentives

This incentive makes it possible to reduce the previous net yield of the activity by the amount corresponding to the effective depreciation experienced by the tangible or intangible fixed assets assigned to the activity due to operation, use, enjoyment or obsolescence.

Table of depreciation

The amount of effective depreciation is determined using the depreciation table included in Order HFP/1335/2021 of 1 December (BOE of 2 December), which is reproduced below:

Group	Description	Maximum linear coefficient	Maximum period
1	Buildings and similar	5 per 100	40 years
2	Tools, implements, data-processing equipment, computer hardware, software and systems	40 per 100	5 years
3	Mussel platform	10 per 100	12 years

Group	Description	Maximum linear coefficient	Maximum period
4	Boat	10 per 100	25 years
5	Transport equipment and other tangible fixed assets Intangible fixed assets	25 per 100	8 years
6	Intangible fixed assets	15 per 100	10 years

Special rules for the application of the depreciation table

- **The usable depreciation rate can be any percentage between the maximum and the minimum**.The latter percentage is the result of dividing 100 by the maximum period given in the table for each group of elements.
- **The depreciation coefficient is applied to the acquisition price or production cost** if the item has been produced by the company itself, excluding:
  - The residual value, if any, for all items.
  - The value of land for buildings.Where the land value part of the purchase price is not known, this value is determined by apportioning the purchase price between the cadastral values of the land and the building in the year of purchase.
  - El IVA soportado en su adquisición o producción cuando el bien se afecte a una actividad económica incluida en el régimen simplificado del citado impuesto.
- **Depreciation shall be taken on an item-by-item basis**, although in the case of assets in the same Depreciation Table Group, depreciation may be taken on the assets as a whole, provided that the depreciation for each asset can be known at all times.
- **The depreciation of tangible fixed assets** shall begin as soon as they are ready for use and intangible fixed assets as soon as they are ready to produce income.
- **The useful life may not exceed the maximum depreciation period** set out in the table for each type of item.
- In the case of tangible fixed assets which are acquired used, depreciation shall be taken on the purchase price, up to the limit resulting from multiplying by two the amount derived from applying the maximum straight-line depreciation coefficient.
- **In the case of transfer of use of assets with a purchase or renewal option**, when the economic conditions of the transaction leave no reasonable doubt that one or the other option will be exercised, the transferee shall be entitled to deduct, as depreciation, an amount equivalent to the depreciation payments that would correspond to the aforementioned assets, applying the coefficients provided for in the Depreciation Table to the acquisition price or production cost of the asset.

- **Los elementos del inmovilizado material nuevos**, puestos a disposición del contribuyente en el ejercicio 2022, cuyo valor unitario no exceda de 601,01 euros, podrán amortizarse libremente, hasta el límite de 3.005,06 euros anuales.
- In any case, documentary evidence of the acquisition of the depreciable items must be available at and must be duly recorded in the corresponding investment goods register.
- **For acquisitions of new assets between 1 January 2003 and 31 December 2004**, the maximum straight-line depreciation rates applicable shall be the result of multiplying the rates indicated in the table by 1.1.The new ratio thus determined shall be applicable for the useful life of the new assets acquired in that period.

Phase 3:Determining the net income of modules

Regulations:See Annex II and instruction 2.3 of the aforementioned Annex II Order HFP/1335/2021 of 1 December (BOE of 2 December).

The corrective indices indicated below shall apply, where applicable, on the net net net performance of the activity of which the amount is positive

> ***Attention:*** *if the reduced net income from the activity is a negative amount, the corrective indices shall not be applied.*

1.Special corrective indices

Only the following activities are assigned special corrective index:

Retail trade of newspapers, magazines and books in kiosks located on the public highway (IAE:659.4)

Regulations:Instruction 2.3 a.1) Order HFP/1335/2021, of 1 December (BOE of 2 December).

Location of the kiosks	Index applicable
Madrid and Barcelona	1.00
Municipalities with more than 100,000 inhabitants	0.95
Rest of municipalities	0.80

When, because the activity is carried out in several municipalities, it is possible to apply more than one of the above-mentioned rates, a single rate will be applied, which will be that corresponding to the municipality with the largest population.

Activity of transport by autotaxis (IAE epigraph:721.2)

Regulations:Instruction 2.3 a.2) Order HFP/1335/2021, of 1 December (BOE of 2 December).

Population of the municipality in which the activity is carried out	Applicable index
Up to 2,000 inhabitants	0.75
Of 2,001 up to 10,000 inhabitants	0.80
10,001 up to 50,000 inhabitants	0.85
Of 50.001 until 100,000 inhabitants	0.90
More than 100,000 inhabitants	1.00

When, due to the fact that the activity of taxi transport is carried out in several municipalities, there is the possibility of applying more than one of the above-mentioned indexes, only one index will be applied, which will be the one corresponding to the municipality with the largest population.

It should be borne in mind that the Resolution of the Central Economic-Administrative Court (TEAC) of 20 September 2022, Claim number 00-09398-2021, in an extraordinary appeal for the unification of criteria, has indicated that the economic activity of hiring a vehicle with driver via a VTC licence is included in Epigraph 721.2 of IAE, under the heading "Transport by autotaxis" and, therefore, is considered to be included in the objective assessment method of Personal Income Tax (IRPF).

Collective urban and road passenger transport activity (IAE headings:721.1 and 3)

Regulations:Instruction 2.3.a.3) Order HFP/1335/2021 of 1 December (BOE of 2 December).

If the holder has only one vehicle, **the applicable rate is 0.80**.

Freight transport activities by road and removal services (IAE headings:722 and 757)

Regulations:Instruction 2.3 a.4) Order HFP/1335/2021, of 1 December (BOE of 2 December).

Characteristics of the activity	Applicable index
Activity where the operator has only one vehicle at his disposal	0.80
Activity with tractor-trailers and without semi-trailers	0.90
Activity with a single tractor-trailer and without semi-trailers	0.75

Mussel production activity in rafts

Regulations:Instruction 2.3 a.5) Order HFP/1335/2021, of 1 December (BOE of 2 December).

Characteristics of the activity	Applicable index
Single-boat company with no auxiliary vessel	0.75
Single-boat company with a tender of less than 15 gross registered tonnage (GRT).	0.85
Company with a single punt and a 15-30 T.R.B. auxiliary vessel.	0.90
A company with a single vessel and an auxiliary vessel of more than 30 T.R.B.	0.95
Company with two rafts and no auxiliary boat	0.90
A company with two rafts and an auxiliary vessel of less than 15 GRT.	0.95

2.General correction indices

The general correction indices are as follows:

Correction index for small companies

Regulations:Instruction 2.3 b.1) Order HFP/1335/2021, of 1 December (BOE of 2 December).

This corrective index is applicable to companies that meet the following requirements :

1. The owner of the activity must be a natural person.
2. It carries on its business from a single premises.
3. It does not have more than one vehicle used for the activity and its load capacity does not exceed 1,000 kg.
4. At no time during the year 2022 did it have more than two employees in the activity.

If these requirements are met, the amount of the corrective index will be the following, depending on the number of employees and, where applicable, the population of the municipality in which the activity is carried out:

- **If the activity is carried out without salaried staff:**

Population of the municipality in which the activity is carried out	Applicable index
Up to 2,000 inhabitants	0.70
Of 2,001 up to 5,000 inhabitants	0.75

Population of the municipality in which the activity is carried out	Applicable index
More than 5,000 inhabitants	0.80

When, because the activity is carried out in several municipalities, it is possible to apply more than one of the above-mentioned rates, a single rate will be applied, which will be that corresponding to the municipality with the largest population.

- **If the activity is carried out with salaried personnel, up to a maximum of two workers, the rate 0.90** will be applied, regardless of the population of the municipality in which the activity is carried out.

Seasonal corrective index

Regulations:Instruction 2.3 b.2) Order HFP/1335/2021, of 1 December (BOE of 2 December).

For activities that usually take place only during certain days of the year, continuous or alternate, provided that the total does not exceed 180 days per year, a multiplying corrective index will be applied, the amount of which depends on the duration of the season in which the activity is carried out.

Duration of the seasonal	Applicable index
Until 60 days	1.50
From 61 days to 120 days	1.35
From 121 days to 180 days	1.25
More than 180 days (not a seasonal activity)	---

Excess correction index

Regulations:Instruction 2.3 b.3) Order HFP/1335/2021, of 1 December (BOE of 2 December).

If the reduced net yield, rectified, where appropriate, by the application of the above rates, exceeds the amounts indicated for each activity in the following list, **the excess shall be multiplied by the rate of 1.30**.

IAE (Economic activity tax) epigraph	Activity	Amount
--	Mussel production in rafts	40,000.00

IAE (Economic activity tax) epigraph	Activity	Amount
419.1	Bread and bakery industries.	41,602.30
419.2	Confectionery, bakery and biscuit industries	33,760.53
419.3	Frying dough processing industries	19,670.55
423.9	Production of crisps, popcorn and similar	19,670.55
641	Retail trade of fruit, vegetables and tubers.	16,867.67
642.1, 2, 3 and 4	Retail trade in meat and offal;of processed meat products and derivatives	21,635.71
642.5	Retail trade in eggs, poultry, farmed rabbits, game;and products derived therefrom.	20,136.65
642.6	Retail trade in offal from animals of supply, fresh and frozen	16,237.81
643.1 and 2	Retail trade in fish and other fishery and aquaculture products and snails.	24,551.97
644.1	Retail sale of bread, pastry, cakes, confectionery and similar products and of milk and milk products	43,605.26
644.2	Bread, speciality breads and pastries.	42,925.01
644.3	Retail sale of pastry goods, cakes, pastries and confectionery.	33,760.53
644.6	Retail trade in fried dough, with or without toppings or fillings, potato crisps, snack products, nuts, sweets, chocolate preparations and soft drinks.	19,670.55
647.1	Retail sale of all kinds of food and beverages in shops with a salesman	15,822.10
647.2 and 3	Retail trade of any kind of food and beverage products on a self-service or mixed basis in establishments with a sales area of less than 400 square metres.	25,219.62
651.1	Retail trade in textile product, household fabrics, carpets and similar items and upholstery	23,638.67
651.2	Retail trade of all kinds of clothing and headgear	24,848.00
651.3 and 5	Retail trade of lingerie, corsetry and special garments.	19,626.46
651.4	Retail trade in haberdashery and parcels	14,862.05

IAE (Economic activity tax) epigraph	Activity	Amount
651.6	Retail trade in footwear, leather and imitation leather goods or substitutes, belts, wallets, handbags, luggage and travel goods in general.	24,306.32
652.2 and 3	Retail trade of drugstore, perfumery and cosmetic products, cleaning, paints, varnishes, solvents, papers and other products for decoration and chemical products, and articles for personal hygiene and grooming.	25,333.00
653.1	Retail trade in furniture.	30,718.31
653.2	Retail trade in electrical and electronic equipment and appliances, household appliances and other domestic appliances powered by energy other than electricity, as well as kitchen furniture.	26,189.61
653.3	Retail sale of household goods, ironmongery, ornaments, gifts, gifts or promotional items (including costume jewellery and small electrical household appliances).	24,470.09
653.4 and 5	Retail trade in building materials, sanitary ware and furniture, doors, windows, shutters, etc.	26,454.15
653.9	Retail trade of other household equipment n.e.c.	32,765.35
654.2	Retail trade of accessories and spare parts for land vehicles.	32,815.74
654.5	Retail trade of all kinds of machinery (except household, office, medical, orthopaedic, optical and photographic equipment).	31,367.06
654.6	Retail trade of tyres, belts or bands and inner tubes for all types of vehicles, except wholesale trade activities of the aforementioned articles.	26,970.63
659.2	Retail trade of office furniture and office machinery and equipment	30,718.31
659.3	Retail trade of medical, orthopaedic, optical and photographic appliances and instruments	35,524.14
659.4	Retail sale of books, newspapers, stationery, writing materials, drawing materials and fine arts, except in kiosks located on public thoroughfares	25,207.02
659.4	Retail sale of newspapers, periodicals and books from kiosks located on the public highway **(1)**	28,860.22
659.6	Retail trade in toys, sports goods, sports clothing, footwear and headgear, weapons, cartridges and fireworks.	24,948.78
659.7	Retail trade in seeds, fertilisers, flowers and plants and small animals.	23,978.80

IAE (Economic activity tax) epigraph	Activity	Amount
662.2	Retail trade of all kinds of goods, including food and beverages, in establishments other than those specified in Group 661 and 662.1.	16,395.27
663.1	Retail sale of foodstuffs, including beverages and ice cream outside permanent business premises.	14,379.72
663.2	Retail sale of textiles and clothing outside a permanent business establishment.	19,059.58
663.3	Retail trade outside a permanent commercial establishment of footwear, leather and leather goods	17,081.82
663.4	Retail trade outside a permanent business establishment in drugstore and cosmetic articles and chemical products in general.	16,886.56
663.9	Retail sale of other retail sale of goods n.e.c. outside a fixed establishment	18,354.14
671.4	Two fork restaurants	51,617.08
671.5	One-fork restaurants.	38,081.38
672.1,2 y 3	Cafeterias.	39,070.26
673.1	Cafeterias and bars within a special category.	30,586.03
673.2	Other cafeterias and bars.	19,084.78
675	Services in kiosks, booths, huts or other similar premises.	16,596.83
676	Services in chocolate, ice-cream and horchata shops	25,528.25
681	Accommodation services in one- or two-star hotels and motels.	61,512.19
682	Accommodation services in hostels and guesthouses.	32,840.94
683	Lodging services in inns and guesthouses	16,256.70
691.1	Repair of household electrical goods	21,585.33
691.2	Repair of motor vehicles, bicycles and other vehicles.	33,729.04
691.9	Shoe repair **(2)**	16,552.74

IAE (Economic activity tax) epigraph	Activity	Amount
691.9	Repair of other consumer goods n.e.c. (except repair of footwear, restoration of works of art, furniture, antiques and musical instruments). **(3)**	24,803.91
692	Repair of industrial machinery.	30,352.99
699	Other repairs n.e.c.	23,607.18
721.1 and 3	Urban public and passenger transport by road	35,196.62
722	Transport of goods by road.	33,640.86
751.5	Greasing and washing of vehicles.	28,280.74
757	Removal services.	33,640.86
849.5	Courier and messenger transport, when the activity is carried out exclusively with the company's own means of transport.	33,640.86
933.1	Driving instruction for land, water and air vehicles, etc.	47,233.25
933.9	Other teaching activities, such as language teaching, dressmaking, typing, shorthand typing, preparation for examinations and competitive examinations and the like n.e.c.	33,697.55
967.2	Schools and services for the improvement of sport	37,067.30
971.1	Dyeing, dry-cleaning, laundering and ironing of ready-made clothes and used clothing and household goods.	37,224.77
972.1	Hairdressing services for men and women.	18,051.81
972.2	Beauty salons and beauty institutes	26,945.44
973.3	Document copying services with photocopying machines.	24,192.95

Notes to the excess correction index table:

(1) At kiosks on the public highway.**(Go back)**

(2) Shoe repair.**(Go back)**

(3) Repair of other consumer goods n.e.c. (except repair of footwear, restoration of works of art, furniture, antiques and musical instruments).**(Go back)**

Correction index for the start-up of new activities

Regulations:Instruction 2.3 b.4) Order HFP/1335/2021, of 1 December (BOE of 2 December).

a. The **taxpayers who have started new activities**s, may apply in the financial year 2022 **a corrective index of 0.80** if it is the first year of exercise of the activity, **or 0.90** if it is the second year of exercise of the activity.

   For these purposes, the following circumstances must be met in the exercise of the activity:

   - For new activities that commenced on or after 1 January 2021.
   - That they are not seasonal activities.
   - That have not been practiced in the past under another ownership or qualifications.
   - They are donated to local or permanent dedicated exclusively to said activity, with total separation of the rest of business or professional activities that, where relevant, may make the taxpayer.

b. **When the taxpayer is a disabled person**, with a degree of disability equal to or greater than 33 per cent, the applicable corrective indexes will be **0.60 if it is the first year** of exercise of the activity or **0.70 if it is the second year**.

Rules for the application of corrective indices:order of application and incompatibilities

The corrective indices are applied in the order in which they appear in the tax return, provided that they are not incompatible with each other, on the reduced net yield or, where appropriate, on the corrected net yield due to the application of these indices.

The **incompatibilities** between the different corrective indices are as follows:

- The corrective index for small enterprises is not applicable to activities for which special corrective indexes are provided, with the exception of that applicable to the activity of retail sale of newspapers, magazines and books in kiosks located on the public highway (epigraph IAE:659.4).
- Where the corrective index for small enterprises is applicable, the corrective index for excess shall not apply.
- Where the seasonal correction index is applicable, the correction index for the start of new activities shall not apply.

Phase 4:Determination of the net yield of the activity

The determination of the net yield of the activity is the result of reducing the net yield of modules by the amount of the general reductions (where applicable, if applicable, by the amount of the specific reduction for economic activities carried out in the municipality of Lorca) and by the

amount of the extraordinary expenses due to exceptional circumstances.The balance resulting from this operation must be increased by the amount corresponding to other business income.

1.General reduction:15 per 100

Regulations:eighth additional provision Order HFP/1172/2022 of 29 November (BOE of 1 December) and first additional provision Order HFP/1335/2021 of 1 December (BOE of 2 December).

For 2022, a reduction in the net module yield of 15 per cent has been established, applicable in general to all taxpayers who determine the net yield of their activity by the objective assessment method.

> ***Attention:*** *the eighth additional provision of the Order HFP/1172/2022 of 29 November, developing for the year 2023 the objective assessment method of personal income tax, raised from 5 to 15 percent the general reduction provided for in the first additional provision of the Order HFP/1335/2021.*

2.Reduction for economic activities carried out in the municipality of Lorca:20 per 100

Regulations:Fourth additional provision Order HFP/1335/2021, of 1 December (BOE of 2 December).

Once the general reduction has been applied, and only for those taxpayers who carry out their economic activity in the municipality of Lorca and determine the net yield of said activity by the objective assessment method, **may reduce the net yield of modules for 2022 corresponding to such activities by 20 percent**.The reduction should be entered in box ***[1476]*** of the declaration.

3.Reduction for economic activities carried out on the island of La Palma:20 per 100

Regulations:Sixth additional provision Order HFP/1172/2022, of 29 November (BOE of 1 December)

Once the general reduction has been applied, and only for those taxpayers who carry out their economic activity on the island of La Palma and determine the net income from this activity using the objective estimation method, **may reduce the net module income for 2022 corresponding to these activities by 20 percent**.

The reduction should be entered in box ***[0157]*** of the declaration.

> ***Attention:*** *Due to the consequences of the volcanic eruptions on the island of La Palma, the*

additional provision sixth of the Order HFP /1172/2022, of 29 November, which develops the objective assessment method for the year 2023, has established a special reduction for economic activities carried out on the island, similar to that established for the municipality of Lorca, due to the earthquake that took place in that municipality.These reductions will apply in both 2022 and 2023.

4.Extraordinary expenses for exceptional circumstances

Regulations:Art. 37.4.3º Reglamento IRPF.

See also common rule 2 of Annex III Order HFP/1335/2021 of 1 December (BOE of 2 December).

When the development of the activity has been affected by fires, floods, subsidence or other exceptional circumstances, which have determined extraordinary expenses outside the normal process of the exercise of the activity, the interested parties may reduce the resulting net yield by the amount of such expenses.

To this end, taxpayers must inform the Administration or Delegation of the State Tax Administration Agency corresponding to their tax domicile of this circumstance within 30 days of the date on which it occurs, providing, for this purpose, the corresponding justification and mentioning, where appropriate, the compensation to be received as a result of such alterations.The tax administration shall verify the certainty of the reason for the reduction of the yield and the amount of the reduction.

5.Other business perceptions

Regulations:See common rule 3 of Annex III Order HFP/1335/2021 of 1 December (BOE of 2 December).

The net module yield must be increased by the amount corresponding to other business income such as current and capital subsidies.

The criteria for the temporal imputation of current and capital grants are discussed in Chapter 7 of this manual.

Note: *please note that the* ***direct aid to the road transport sector*** *provided for in Articles 25 of Royal Decree-Law 6/2022 of 29 March (BOE of 30 March) and 4 of Royal Decree-Law 14/2022 of 1 August (BOE of 2 August) are taxed as current subsidies.*

Unlike the above, benefits received from the Social Security for temporary incapacity, risk during pregnancy or provisional disability, where applicable, are taxed as income from work.

Covid 19*: the extraordinary economic benefits for cessation or reduction of the economic activity of the self-employed that have been received as a result of the Covid-19 epidemic are*

benefits of the unemployment protection system, whose nature is analogous to the economic benefit for total, temporary or permanent cessation of activity regulated by articles 327 and following of the revised text of the General Law on Social Security, approved by Royal Legislative Decree 8/2015, of 30 October (BOE of 31 October).They are therefore classified as earned income, in accordance with article 17.1 b) of the Law IRPF.

Unlike the above, the aid or subsidies granted by the Autonomous Communities with the aim of favouring the maintenance of the economic activity of the self-employed in view of the effects of the measures adopted to tackle the Covid-19 epidemic, insofar as they are not included in other items of the IRPF and their purpose is to compensate for the decrease in income obtained in the economic activity, are classified as income from economic activities (current subsidies) and must be allocated to the year in which they are granted, unless the criterion of receipts and payments has been chosen for the temporary allocation of the income from the activity.

Phase 5:Determination of the reduced net income from the activity

Regulations:Arts.32.1 Law IRPF and 25 Regulation IRPF

The reduced net income from the activity is the result of reducing the amount of the net income from the activity by the amount equivalent to 30 percent of the concept of "other business income" whose generation period is greater than two years, as well as those that are classified by regulations as being obtained in a notoriously irregular manner over time, when these are taxed in a single tax period.

For these purposes, only the following are considered to have been obtained in a notoriously irregular manner over time, when they are taxed in a single tax period:

- Capital subsidies for the acquisition of elements of tangible fixed non-depreciable/amortisable.
- Compensation and aid for the cessation of economic activities.
- Indemnities received in substitution of economic rights of indefinite duration.

Maximum amount of the returns subject to the reduction:

The amount of the net yield referred to in this paragraph to which this reduction is to be applied may not exceed the amount of **300,000 euros per year**.

> In the event that several irregular forms of income of the same nature are obtained, and that their amount exceeds the limit of €300,000 of the maximum amount on which to apply the reduction of 30 percent, the maximum reduction shall be distributed proportionately between all such income.

Determination of the total reduced net earnings

In order to determine the total reduced net income, the following reduction may be applied to the reduced net income from the activity calculated in accordance with the previous section, the

conditions, amount and limit of which are set out in Chapter 7:

Reduction for the exercise of certain economic activities for taxpayers with non-exempt income of less than 12,000 euros.

Regulations:Art. 32.2.3º of Law IRPF

Case Study

Special category bar (IAE epigraph:673.1), located in rented premises in which, since its opening in 1995, 3 full-time employees have worked with the owner in accordance with the Collective Bargaining Agreement for the sector, which sets a working day of 1,800 hours per year.The holder does not carry out any other economic activity.

In the previous financial year (2021), the activity was suspended for part of the year and of its three workers, one worked 600 hours in the activity returning to ERTE and the other two remained included throughout the year in ERTE .

In the 2022 financial year, the data to be taken into account are as follows.

a. Economic activity was suspended during the month of January and reopened on 1 February.

b. For the month of January, during which the activity was suspended, the holder has received the extraordinary benefit for cessation of activity for an amount of 600 euros.

c. With regard to its three employees who were on ERTE at the beginning of the 2022 financial year, one of them returned to work on 1 February, the other on 15 May, and the third remained on ERTE.The hours worked by each of the workers amounted to 1,650 and 900 hours/year, respectively.

d. The length of the bar is 10 metres and there are 8 tables for four people.

e. The electrical power contracted is 35 kilowatts and a type “B” recreational machine is installed in the premises.

f. Of the fixed assets assigned to the activity, the owner only keeps bills for the coffee machine, a thermal display case, the air conditioning installation and the 8 tables with their chairs.The data recorded in its investment property register is as follows:

Element	Start of use	Cost price	Accumulated depreciation at 12-31-2021
Furniture (tables and chairs)	01-06-2017	1,500 euros	1,500 euros
Coffee maker	01-06-2018	9,400 euros	8,400 euros
Thermal cabinet	01-07-2019	4,000 euros	2,500 euros
Air conditioning installation	01-08-2019	6,600 euros	3,900 euros

g. In order to replace the tables and chairs in the establishment, the owner purchased 8 new tables and 32 new chairs on 1 February 2022 for 2,400.00 euros, without the unit value of any of the furniture exceeding the sum of 601.01 euros.

This furniture was installed in the bar on the 15th of that month.The old furniture was sold for 510,00 euros.

h. On 10 August 2022, a flood occurred in the bar, causing damage amounting to 1,200.00 euros, without the owner's insurance policy covering the aforementioned risk.On 1 September, the owner of the activity presented a written statement to the Administration of the Tax Agency corresponding to its tax address, communicating the aforementioned facts and providing an invoice for the repairs carried out together with the document certifying the flooding issued by the local fire service.The competent services of the Administration of the Tax Agency have verified the certainty of the cause of the extraordinary expense and its amount.

i. The taxpayer has not earned any other income in the year.

Solution

1st Phase:Determination of the previous net earnings.

1.Determination of the number of computable units for each of the modules applicable to the activity.

Module 1.Salaried staff

Preliminary note: paid staff is quantified on the basis of the number of hours actually worked annually by each worker in the activity.

In the case of ERTEs, salaried staff should be valued exclusively for the hours of actual work performed in accordance with the individual conditions affecting each worker.

Therefore, for the purposes of quantifying the "salaried staff" module, salaried staff must be assessed, worker by worker, on the basis of the conditions in which they are in the ERTE, without taking into account the part of the employment contract that is temporarily suspended.

- Worker 1:Reinstated on 1 February

  Eligible hours worked:1,650 hours

- Worker 2:Reinstated on 15 May

  Eligible hours worked:900 hours

- Worker 3

  Computer hours worked:0 hours (as it has been on ERTE all year).

- Total hours (1,650 + 900 + 0) = 2,550 hours/year eligible.

- Calculation of the number of units in the "salaried staff" module (average):2,550 hours worked ÷ 1,800 hours/year = 1.41

Module 2.Unpaid staff:The headline

Preliminary note:in accordance with Instruction 7 for the application of the signs, indices or modules in the IRPF of Order HFP/1335/2021, of 1 December, in order to calculate the period in which the activity has been carried out during the calendar year, the days in which the activity has been suspended (31 days) will not be taken into account, without including in these days the days of holidays and weekly rest.

- Days that can be counted:

  Closing of the activity:31 days

  Total active days (365- 31) = 334 days

- Hours worked:(334 days ÷ 365 days) x 1,800 hours/year = 1,647 hours/year

- Calculation No. of units module "unpaid personnel" (average):1,647 hours worked ÷ 1,800 hours/year = 0, 91

Module 3.Electrical power.Kilowatts contracted:35,00 kW/hour

- Closing of the activity:31 days

  Total days with activity (365 - 30) = 334 days

- Average:35 kW/hour × (334 days ÷ 365 days) = 32,02 kw/hour

Module 4.Tables.Tables for 4 people:8 tables

- Closing of the activity:31 days

  Total active days (365 -30) = 334 days

- Average:8 desks × (334 days ÷ 365 days) = 7.32 desks

Module 5.Bar length.Linear metres:10.00 m.l.

- Closing of the activity:31 days

  Total days with activity (365 - 30) = 334 days

- Average:10 × (334 days ÷ 365 days) = 9,15 bar length

Module 6.Type "A" amusement machines.

The premises do not have any type 'A' amusement machines.Therefore, number of units = 0.00

Module 7.Type "B" amusement machines.

- Closing of the activity:31 days

  Total days with activity (365 - 30) = 334 days

- Average:1 machine × (334 days ÷ 365 days) = 0,91 amusement machines type "B".

2.Application to the number of units of each module of the annual yield per unit before depreciation established in Order HAC/1155/2020 of 25 November (BOE of 4 December).

Module	No. of units	Performance per unit	Output per module
1.Salaried staff	1.41	4,056.30	5,719.38
2.Non-salaried staff	0.91	15,538.66	14,140.18
3.Electrical power	32.02	321.23	10,285.78
4.Tables	7.32	233.04	1,705.85
5.Bar length	9.15	371.62	3,400.32
6.Type “A” machines	0.00	957.39	0.00
7.Type “B” machines	0.91	2,903.66	2,642.33
Previous net earnings (sum)			37,893.84

Note: The severance benefit is considered to be earned income and therefore does not count as income from economic activity.

Phase 2:Determination of the reduced net yield.

1.Employment Incentive Allowance.

a. *Coefficient of reduction due to an increase in the number of employed persons*.

- Increase in the number of employed persons:1 people

Note: The workforce has increased compared to that existing in the financial year 2021, as in that year only 1 of its 3 workers was employed for a few months in the activity, while in 2022 2 of them have been employed, and therefore this coefficient is applied.

-Increase in the number of units of the module "paid staff" in 2022 compared to 2021:

Number of units in the “salaried staff” module in 2021:600 ÷ 1.800 = 0,33

Number of units in the “salaried staff” module in 2022:1.41

Increase in the number of units:1.41- 0.33 = **1.08** persons

If both requirements are met, the positive difference between the number of units in the module "paid staff" in 2022 compared to 2021 shall be multiplied by 0.40.

Coefficient for the increase in the number of employed persons:0,40 x 1,08= 0,432.

b. *Coefficient of reduction by number of units of the module 'paid staff'.*

The tranche coefficient is applied to 0.33 (1.41- 1.08) units of the module as follows:

Up to 1.00:0.33 x 0.10 = 0.033

Coefficient of reduction per tranche:**0.033**

c. *Coefficient of reduction for employment incentives.*

This is the result of adding up the reduction coefficients for the increase in the number of wage-earning persons and for the number of units in the "salaried staff" module:0.432 + 0.033 = **0.465**

d. *Amount of the reduction for employment incentives.*

This is the result of multiplying the retailer coefficient by the annual yield per unit of the "salaried staff" module:0.465 x 4,056.30 = 1,886.18 euros.

2.Investment Incentive Allowance.

Using the amortisation table contained in Order HFP/1335/2021, of 1 December (BOE of 2 December), and applying the maximum linear amortisation coefficients established therein, the amount of the reduction for investment incentives is determined as follows:

Asset-related elements	Acquisition	Maximum coefficient	Depreciation period	Amortisation
Furniture (tables and chairs)	1,500	---	---	--- (2)
Coffee maker	9,400	25%	All year round	1,000(3)
Thermal cabinet	4,000	25%	All year round	1,000
Air conditioning	6,600	25%	All year round	1,650
New tables and chairs	2,400	100%(4)	Irrelevant	2,400
Reduction for investment incentives (sum)				6,050

Note to the table:

(1) The acquisition value of fixed assets does not include the input VAT , as the activity is subject to the simplified regime of VAT.**(Back)**

(2) Despite having been in operation in the company until their disposal, the old tables and chairs should not be depreciated in 2022, as these items were already fully depreciated on 31-12-2021.(Go back)

(3) As the amount that would result from the application of the maximum coefficient is higher than the amount pending amortisation at 31-12-2021, which amounts to 1,000 euros (acquisition value 9,400 - accumulated amortisation 8,400), the amortisation has been made for the latter amount.(Go back)

(4) New tables and chairs can be depreciated freely because their unit value is less than 601.01 euros and because, in addition, the total amount of new assets acquired in 2022 does not exceed 3,005.06 euros.(Go back)

Asset-related elements	Acquisition	Maximum coefficient	Depreciation period	Amortisation
(freely depreciated)				
Reduction for investment incentives (sum)				6,050

Note to the table:

(1) The acquisition value of fixed assets does not include the input VAT , as the activity is subject to the simplified regime of VAT.**(Back)**

(2) Despite having been in operation in the company until their disposal, the old tables and chairs should not be depreciated in 2022, as these items were already fully depreciated on 31-12-2021.(Go back)

(3) As the amount that would result from the application of the maximum coefficient is higher than the amount pending amortisation at 31-12-2021, which amounts to 1,000 euros (acquisition value 9,400 - accumulated amortisation 8,400), the amortisation has been made for the latter amount.(Go back)

(4) New tables and chairs can be depreciated freely because their unit value is less than 601.01 euros and because, in addition, the total amount of new assets acquired in 2022 does not exceed 3,005.06 euros.(Go back)

3.Determination of reduced net income

Previous net earnings:37,893.84

less:Reduction for employment incentives:1,886.18

less:Reduction for investment incentives:6,050.00

equal to:Net return less (37.893,84 - 1.886,18 - 6.050) = 29.957,66

3rd Phase:Determination of the net module earnings.

The corrective index for small enterprises is applicable when the following requirements are met:

- The owner of the activity must be a natural person.
- It carries on its business from a single premises.
- It does not have more than one vehicle used for the activity and its load capacity does not exceed 1,000 kg.
- At no time in 2022 did it have more than two employees.

Therefore:29,957.66 x 0.90 = 26,961.89

4th Phase:Determination of the net activity yield.

The general reduction of 15 percent should be applied first.

Note:the eighth additional provision of Order HFP/1172/2022 of 29 November (BOE of 1 December), as a result of the

current economic situation, raised the general reduction provided for in the first additional provision of Order HFP/1335/2021 of 1 December from 5% to 15% for 2022.

Likewise, since all the requirements established for this purpose have been met, the amount of the extraordinary expenses caused by the flooding on 10 August should be deducted.

Therefore:

Net return on modules = 26,961.89

less:General reduction (15% of 26,961.89) = 4,044.28

less:Extraordinary expenses due to exceptional circumstances:1,200

equal to:Net income from the activity (26.961,89 - 4.044,28 - 1.200) = 21.717,61

5th Phase:Determination of the reduced net earnings of the activity.

1. *Reduction for irregularity*

   As there are no yields with a generation period of more than two years or that are considered to have been obtained in a notoriously irregular manner over time, the reduced net earnings of the activity coincides with that determined in phase 4 above, which amounts to 21,717.61 euros.

   Comments:The capital gains or losses obtained as a result of the transfer of the capital items used for the activity (chairs and tables) must be declared in section F2 of the return.

2. *Reduction for the exercise of certain economic activities*

   As the income from economic activity exceeds 12,000 euros, the reduction in article 32.2.3 is not applicable.of the Law of IRPF.

Determination of the total reduced net yield of the activity.

The total reduced net yield coincides with the total reduced net yield of the activity = **21,717.61**

Appendix:Annual income per module unit before depreciation applicable in 2022

Modules applicable to each of the activities, included in Annex II of the Order HFP/1335/2021, with indication of their corresponding epigraph in the Economic Activities Tax (IAE).

Notes common to all activities:

The net earnings resulting from the application of the signs or modules includes, where appropriate, that derived from the retail trade in tobacco products, carried out under licenses for sale at a premium, including that developed through automatic machines.

The amounts shown under the heading "**Annual earnings per unit**" correspond to the annual earnings per module **unit before depreciation**.

Mussel production in rafts

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	5,500
2	Non-salaried staff	Person	7,500
3	Bateas	Mussel platform	6,700
Note.- The net yield resulting from the application of the above signs or modules includes, where applicable, that derived from the marketing of mussels, the leasing of machinery or boats, as well as the carrying out of stringing, unfolding, harvesting or bagging work for another producer.			
Amount for the purpose of the excess correction index:40,000 euros			

IAE heading:419.1 - Bread and bakery industries

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	6,248.22
2	Non-salaried staff	Person	14,530.89

Module	Definition	Unit	Annual performance per unit (euros)
3	Surface area of the premises	m^2	49.13
4	Surface furnace	100 dm^2	629.86
Amount for the purpose of the excess correction index:41,602.30 euros			

IAE heading:419.2 - Bakery, pastry and cookie industries

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	6,657.63
2	Non-salaried staff	Person	13,485.32
3	Surface area of the premises	m^2	45.35
4	Surface furnace	100 dm^2	541.68
Note.- The net income resulting from the application of the above signs or modules includes, where appropriate, that derived from the manufacture and retail trade of savoury pastry products and pre-cooked dishes, provided that these activities are carried out as an accessory to the main activity.			
Amount for the purpose of the excess correction index:33,760.53 euros			

IAE heading:419.3 - Fried goods processing industries

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	4,238.96
2	Non-salaried staff	Person	12,301.18
3	Surface area of the premises	m^2	25.82
Amount for the purpose of the excess correction index:19,670.55			

IAE heading:423.9 - Production of crisps, popcorn and similar

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	4,390.12
2	Non-salaried staff	Person	12,723.18
3	Surface area of the premises	m^2	26.45
Amount for the purpose of the excess correction index:19,670.55 euros			

IAE heading:641 - Retail sale of fruit, vegetables and tubers

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	2,387.18
2	Non-salaried staff	Person	10,581.66
3	Independent local area	m^2	57.94
4	Non-independent local area	m^2	88.18
5	Loading transport elements	Kilogram	1.01
Amount for the purpose of the excess correction index:16,867.67 euros			

IAE heading:642.1, 2, 3 and 4 - Retail trade in meat and offal;of processed meat products and derivatives

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	2,355.68
2	Non-salaried staff	Person	10,991.07
3	Independent local area	m^2	35.90
4	Non-independent local area	m^2	81.88
5	Electricity consumption	100 kWh	39.05
Note: The net earnings derived from the application of the above signs or modules includes, where applicable, that			

Module	Definition	Unit	Annual performance per unit (euros)
derived from the preparation of ready-made meals, provided that it is carried out as an ancillary activity to the main activity.			
Amount for the purpose of the excess correction index:21,635.71 euros			

IAE heading:642.5 - Retail trade in eggs, poultry, farm rabbits, game;and products derived from them

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	3,382.36
2	Non-salaried staff	Person	11,337.49
3	Electricity consumption	100 kWh	25.19
4	Independent local area	m^2	27.08
5	Non-independent local area	m^2	58.57
Note.- The net yield derived from the application of the above signs or modules includes, where applicable, that derived from roasting chickens, provided that it is carried out as an accessory to the main activity.			
Amount for the purpose of the excess correction index:20,136.65 euros			

IAE heading:642.6 - Retail trade in offal from animals of supply, fresh and frozen

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	2,254.90
2	Non-salaried staff	Person	11,098.14
3	Independent local area	m^2	27.71
4	Non-independent local area	m^2	69.28
5	Electricity consumption	100 kWh	35.90

Module	Definition	Unit	Annual performance per unit (euros)
Amount for the purpose of the excess correction index:16,237.81 euros			

IAE headings:643.1 and 2 - Retail sale of fish, fishery and aquaculture products and snails 643.1 and 2 - Retail sale of fish and other products of fishing and aquaculture and snails

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	3,823.25
2	Non-salaried staff	Person	13,296.36
3	Independent local area	m^2	36.53
4	Non-independent local area	m^2	113.37
5	Electricity consumption	100 kWh	28.98
Amount for the purpose of the excess correction index:24,551.97 euros			

IAE heading:644.1 - retail sale of bread, pastry, cakes, confectionery, biscuits and other baker's wares and of milk and milk products

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff manufacturing	Person	6,248.22
2	Salaried staff	Person	1,058.17
3	Non-salaried staff	Person	14,530.89
4	Area of production premises	m^2	49.13
5	Remaining area of independent premises	m^2	34.01
6	Other non-independent local area	m^2	125.97
7	Surface furnace	100 dm^2	629.86

Module	Definition	Unit	Annual income per unit (euros)
NOTE: The net yield resulting from the application of the above signs or modules includes, where applicable, that derived from the manufacture and retail trade of savoury pastry products and pre-cooked dishes, from the tasting of the products that are the object of their activity accompanied by any type of drinks, coffees, infusions or soluble beverages, catering activities and the retail trade of cheeses, cold meats and sandwiches, as well as lotteries, provided that these activities are carried out as an accessory to the main activity.			
Amount for the purpose of the excess correction index:43,605.26 euros			

IAE heading:644.2 - Bread, special breads and pastries

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff manufacturing	Person	6,134.85
2	Salaried staff	Person	1,039.27
3	Non-salaried staff	Person	14,266.34
4	Area of production premises	m^2	48.50
5	Remaining area of independent premises	m^2	33.38
6	Other non-independent local area	m^2	125.97
7	Surface furnace	100 dm^2	629.86
NOTE: The net income derived from applying the above signs or modules includes, where appropriate, the derivative of lottery marketing, provided that this activity is conducted as ancillary to the main activity.			
Amount for the purpose of the excess correction index:42,925.01 euros			

IAE heading:644.3 - retail sale of pastry goods, cakes, biscuits and other baker's wares

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff manufacturing	Person	6,367.89
2	Salaried staff	Person	1,014.08

Module	Definition	Unit	Annual income per unit (euros)
3	Non-salaried staff	Person	12,912.15
4	Area of production premises	m^2	43.46
5	Remaining area of independent premises	m^2	34.01
6	Other non-independent local area	m^2	113.37
7	Surface furnace	100 dm^2	522.78

NOTE: The net yield resulting from the application of the above signs or modules includes, where applicable, that derived from the manufacture and retail trade of savoury pastry products and pre-cooked dishes, from the tasting of the products that are the object of their activity accompanied by any type of drinks, coffees, infusions or soluble beverages, from the activities of "*catering*" and from the retail trade of cheeses, cold meats and sandwiches, as well as lotteries, provided that this activity is carried out as an accessory to the main activity.

Amount for the purpose of the excess correction index:33,760.53 euros

IAE heading:644.6 - Retail trade of fried goods, with or without covers or fillings, chips, snack products, nuts, sweets, chocolate and soft drinks

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff manufacturing	Person	6,852.88
2	Salaried staff	Person	2,254.90
3	Non-salaried staff	Person	13,214.47
4	Area of production premises	m^2	27.71
5	Remaining area of independent premises	m^2	21.41
6	Other non-independent local area	m^2	36.53

NOTE: The net income derived from applying the above signs or modules includes, where appropriate, the derivative of lottery marketing, provided that this activity is conducted as ancillary to the main activity.

Module	Definition	Unit	Annual income per unit (euros)
Amount for the purpose of the excess correction index:19,670.55 euros			

IAE heading:647.1 - Retail trade in any kind of food and beverage products in establishments with a seller

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	1,026.67
2	Non-salaried staff	Person	10,839.90
3	Surface area of independent premises	m^2	20.15
4	Non-independent premises area	m^2	68.65
5	Electricity consumption	100 kWh	8.81
NOTE: The net income derived from applying the above signs or modules includes, where appropriate, the derivative of lottery marketing, provided that this activity is conducted as ancillary to the main activity.			
Amount for the purpose of the excess correction index:15,822.10 euros			

IAE headings:647.2 and 3 - Retail sale of all kinds of food and beverages in self-service or mixed operations in establishments with a sales area of less than 400 square metres

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	1,788.80
2	Non-salaried staff	Person	10,827.31
3	Surface area of the premises	m^2	23.31
4	Electricity consumption	Kwh	32.75
Note.- The net yield resulting from the application of the above signs or modules includes, where applicable, the yield			

Module	Definition	Unit	Annual performance per unit (euros)
derived from the marketing of lotteries, provided that this activity is carried out as an accessory to the main activity.			
Amount for the purpose of the excess correction index:25.219,62euros			

IAE heading:651.1 - Retail trade in textile products

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	3,010.74
2	Non-salaried staff	Person	13,812.85
3	Electricity consumption	100 kWh	38.42
4	Surface area of independent premises	m^2	35.28
5	Non-independent premises area	m^2	107.07
Amount for the purpose of the excess correction index:23,638.67 euros			

IAE heading:651.2 - Retail trade of all kinds of clothing and headwear

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	2,569.83
2	Non-salaried staff	Person	13,995.51
3	Surface area of the premises	m^2	49.13
4	Electricity consumption	100 kWh	56.69
Amount for the purpose of the excess correction index:24,848 euros			

IAE headings:651.3 and 5 - retail sale of lingerie, corsetry and special clothing 651.3 and 5 - retail sale of lingerie, corsetry and special clothing

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	2,198.21
2	Non-salaried staff	Person	11,998.85
3	Surface area of the premises	m^2	47.87
4	Electricity consumption	100 kWh	75.58
Amount for the purpose of the excess correction index:19,626.46 euros			

IAE heading:651.4 - retail sale of haberdashery and parcels 651.4 - retail sale of haberdashery and parcels

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	1,902.18
2	Non-salaried staff	Person	10,291.93
3	Surface area of the premises	m^2	28.98
4	Electricity consumption	100 kWh	58.57
Amount for the purpose of the excess correction index:14,862.05 euros			

IAE heading:651.6 - Retail trade in footwear, leather goods and imitation or substitute products, belts, wallets, bags, suitcases and travel items in general

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	3,130.41
2	Non-salaried staff	Person	13,453.83
3	Surface area of the premises	m^2	27.71
4	Electricity consumption	100 kWh	52.27
Amount for the purpose of the excess correction index:24,306.32 euros			

IAE headings:652.2 and 3 - Retail trade in products of medication, perfumery and cosmetics, cleaning, paints, varnishes, solvents, papers and other products for decoration and chemicals, and items for hygiene and personal hygiene

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	3,722.48
2	Non-salaried staff	Person	12,786.18
3	Electricity consumption	100 kWh	31.49
4	Surface area of independent premises	m^2	18.27
5	Non-independent premises area	m^2	55.43
Note: The net yield resulting from the application of the above signs or modules includes, where appropriate, that derived from the commercialization of lotteries, provided that this activity is carried out as an accessory to the main activity			
Amount for the purpose of the excess correction index:25,333 euros			

IAE heading:653.1 - Retail trade in furniture

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	4,075.20
2	Non-salaried staff	Person	16,200.02
3	Electricity consumption	100 kWh	50.39
4	Surface area of the premises	m^2	16.38
Amount for the purpose of the excess correction index:30,718.31 euros			

IAE heading:653.2 - Retail trade in electrical, electronic, household appliances and other household appliances powered by energy other than electricity, as well as kitchen furniture

Module	Definition	Unit	Yield ,Annual per Unit (Euro)
1	Salaried staff	Person	2,884.77
2	Non-salaried staff	Person	14,656.86
3	Electricity consumption	100 kWh	100.78
4	Surface area of independent premises	m^2	36.53
5	Non-independent premises area	m^2	113.37
Amount for the purpose of the excess correction index:26,189.61 euros			

IAE heading:653.3 - Retail trade in household items, hardware, decorations, gifts, or claims (including jewellery and small appliances)

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	3,709.88
2	Non-salaried staff	Person	15,116.66
3	Electricity consumption	100 kWh	51.02
4	Surface area of the premises	m^2	21.41
Amount for the purpose of the excess correction index:24,470.09 euros			

IAE headings:653.4 and 5 - retail sale of building materials, sanitary ware and furnishings, doors, windows, shutters, etc.

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	3,061.12
2	Non-salaried staff	Person	16,527.55
3	Electricity consumption	100 kWh	94.48
4	Surface area of the premises	m^2	8.81

Module	Definition	Unit	Annual income per unit (euros)
Amount for the purpose of the excess correction index:26,454.15 euros			

IAE heading:653.9 - Retail trade in other household equipment n.e.c.

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	4,950.71
2	Non-salaried staff	Person	20,061.07
3	Electricity consumption	100 kWh	81.88
4	Surface area of the premises	m^2	39.68
Amount for the purpose of the excess correction index:32,765.35 euros			

IAE heading:654.2 - Retail trade in accessories and spare parts for land vehicles

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	3,098.92
2	Non-salaried staff	Person	17,018.84
3	Electricity consumption	100 kWh	201.55
4	Vehicle tax power	CVF	617.26
Amount for the purpose of the excess correction index:32,815.74 euros			

IAE heading:654.5 - retail trade of all kinds of machinery (except household, office, medical, orthopaedic, optical and photographic equipment) 654.5 - retail trade of all kinds of machinery (except household, office, medical, orthopaedic, optical and photographic equipment)

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	9,422.71
2	Non-salaried staff	Person	18,858.03
3	Electricity consumption	100 kWh	39.05
4	Vehicle tax power	CVF	132.27
Amount for the purpose of the excess correction index:31,367.06 euros			

IAE heading:654.6 - Retail trade in covers

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	2,746.19
2	Non-salaried staff	Person	14,222.25
3	Electricity consumption	100 kWh	119.67
4	Vehicle tax power	CVF	377.92
Amount for the purpose of the excess correction index:26,970.63 euros			

IAE heading:659.2 - Retail trade in office furniture and office machinery and equipment

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	4,157.08
2	Non-salaried staff	Person	16,521.25
3	Electricity consumption	100 kWh	56.69
4	Surface area of the premises	m^2	17.01
Amount for the purpose of the excess correction index:30,718.31 euros			

IAE heading:659.3 - Retail trade of medical, orthopaedic, optical and photographic apparatus and instruments

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	7,174.12
2	Non-salaried staff	Person	19,273.74
3	Electricity consumption	100 kWh	119.67
4	Vehicle tax power	CVF	1,070.76

Note: The net yield resulting from the application of the above signs or modules includes, where applicable, that derived from the service of collecting negatives and other printed photographic material for processing in the laboratories of third parties and the delivery of the corresponding copies and enlargements, provided that this activity is ancillary to the principal activity of retail trade in photographic apparatus and instruments.

Amount for the purpose of the excess correction index:35,524.14 euros

IAE heading:659.4 - Retail trade in books, newspapers, stationery and desk items, and drawing and fine arts items, except in kiosks located on public roads

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	4,648.37
2	Non-salaried staff	Person	17,176.30
3	Electricity consumption	100 kWh	57.94
4	Surface area of the premises	m^2	30.86
5	Vehicle tax power	CVF	535.38

Note: The net yield resulting from the application of the above signs or modules includes, where applicable, that derived from the sale of articles of low value such as sweets, smokers' articles, etc., marketing services for public transport cards, cards for telephone use and other similar items, as well as lotteries, provided that these activities are carried out as ancillary to the main activity.

Amount for the purpose of the excess correction index:25,207.02 euros

IAE heading:659.4 - retail sale of newspapers, periodicals, magazines and books from kiosks located on the public highway

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	3,476.83
2	Non-salaried staff	Person	17,220.39
3	Electricity consumption	100 kWh	403.11
4	Surface area of the premises	m^2	844.02

Note: The net yield resulting from the application of the above signs or modules includes, where applicable, that derived from the sale of articles of little value such as sweets, smokers' articles, etc., outdoor advertising services and the marketing of public transport cards, telephone cards and other similar items, as well as lotteries, provided that these activities are carried out as an accessory to the main activity.
Taxation Management Department

Amount for the purpose of the excess correction index:28,860.22 euros

IAE heading:659.6 - Retail trade in toys, sports items, sports clothes, footwear and apparel, weapons, cardboard and pyrotechnics

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	2,916.26
2	Non-salaried staff	Person	13,258.56
3	Electricity consumption	100 kWh	138.57
4	Surface area of the premises	m^2	32.75

Amount for the purpose of the excess correction index:24,948.78 euros

IAE heading:659.7 - Retail trade in seeds, fertilisers, flowers and plants and small animals

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	4,988.50
2	Non-salaried staff	Person	16,124.43
3	Vehicle tax power	CVF	258.24
Amount for the purpose of the excess correction index:23,978.80 euros			

IAE heading:662.2 - Retail trade in all kinds of items, including food and beverages, in establishments other than those specified in Group 661 and Section 662.1

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	4,868.82
2	Non-salaried staff	Person	9,429.01
3	Electricity consumption	100 kWh	28.98
4	Surface area of the premises	m^2	37.79
Note: The net yield resulting from the application of the above signs or modules includes, where appropriate, that derived from the commercialization of lotteries, provided that this activity is carried out as an accessory to the main activity			
Amount for the purpose of the excess correction index:16.395,27 euros			

IAE heading:663.1 - Retail trade outside a permanent commercial food establishment, including drinks and ice cream

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	1,398.29
2	Non-salaried staff	Person	13,989.21
3	Vehicle tax power	CVF	113.37
Amount for the purpose of the excess correction index:14,379.72 euros			

IAE heading:663.2 - Retail trade outside a permanent commercial establishment of textile and clothing products

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	2,991.84
2	Non-salaried staff	Person	13,982.91
3	Vehicle tax power	CVF	239.34
Amount for the purpose of the excess correction index:19,059.58 euros			

IAE heading:663.3 - retail sale of footwear, hides, skins and leather goods outside a permanent place of business

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	2,613.92
2	Non-salaried staff	Person	11,186.32
3	Vehicle tax power	CVF	151.16
Amount for the purpose of the excess correction index:17,081.82 euros			

IAE heading:663.4 - retail sale of druggist's and cosmetic goods and chemical products in general outside a permanent business establishment 663.4 - retail sale of druggist's and cosmetic goods and chemical products in general

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	3,678.39
2	Non-salaried staff	Person	12,641.30
3	Vehicle tax power	CVF	113.37
Amount for the purpose of the excess correction index:16,886.56 euros			

IAE heading:663.9 - Retail sale outside a permanent business establishment of other goods n.e.c.

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	5,448.29
2	Non-salaried staff	Person	10,537.57
3	Vehicle tax power	CVF	283.44
Amount for the purpose of the excess correction index:18,354.14 euros			

IAE heading:671.4 - Two-fork restaurants

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	3,709.88
2	Non-salaried staff	Person	17,434.55
3	Electrical power	Contracted kW	201.55
4	Tables	Table	585.77
5	Type "A" machines	Machine Type "A"	1,077.06
6	Type "B" nozzles	Machine type "B	3,810.65
NOTE: The net yield resulting from the application of the above signs or modules includes, where applicable, that derived from amusement machines such as billiards, table football, darts, etc., as well as from tape, video, compact disc, ball dispensers, etc., children's games machines, compact disc and music video players, lotteries, sports betting machines and telephone services, provided that they are ancillary to the main activity.			
Amount for the purpose of the excess correction index:51,617.08 euros			

IAE heading:671.5 - One-fork restaurants

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	3,602.80
2	Non-salaried staff	Person	16,174.82
3	Electrical power	Contracted kW	125.97
4	Tables	Table	220.45
5	Type "A" machines	Machine Type "A"	1,077.06
6	Type "B" nozzles	Machine type "B	3,810.65
NOTE: The net yield resulting from the application of the above signs or modules includes, where applicable, that derived from amusement machines such as billiards, table football, darts, etc., as well as from tape, video, compact disc, ball dispensers, etc., children's games machines, compact disc and music video players, lotteries, sports betting machines and telephone services, provided that they are ancillary to the main activity.			
Amount for the purpose of the excess correction index:38,081.38 euros			

IAE headings:672.1, 2 and 3 - Cafes

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	1,448.68
2	Non-salaried staff	Person	13,743.56
3	Electrical power	Contracted kW	478.69
4	Tables	table	377.92
5	Type "A" machines	Machine Type "A"	957.39
6	Type "B" nozzles	Machine type "B	3,747.67
NOTE: The net yield resulting from the application of the above signs or modules includes, where applicable, that derived from amusement machines such as billiards, table football, darts, etc., as well as from tape, video, compact-disc, ball dispensers, etc., children's games machines, compact-disc and music video players, lotteries, sports betting machines and the service of telephone use, provided that they are ancillary to the main activity.			
Amount for the purpose of the excess correction index:39,070.26 euros			

IAE heading:673.1 - Special category cafés and pubs

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	4,056.30
2	Non-salaried staff	Person	15,538.66
3	Electrical power	Contracted kW	321.23
4	Tables	Table	233.04
5	Length of bar	Subway	371.62
6	Type "A" machines	Machine Type "A"	957.39
7	Type "B" nozzles	Machine type "B	2,903.66
NOTE: The net yield resulting from the application of the above signs or modules includes, where applicable, that derived from amusement machines such as billiards, table football, darts, etc., as well as from tape, video, compact-disc, ball dispensers, etc., children's games machines, compact-disc and music video players, lotteries, sports betting machines and the service of telephone use, provided that they are ancillary to the main activity.			
Amount for the purpose of the excess correction index:30,586.03 euros			

IAE heading:673.2 - Other cafés and bars

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	1,643.93
2	Non-salaried staff	Person	11,413.08
3	Electrical power	Contracted kW	94.48
4	Tables	Table	119.67
5	Length of bar	Subway	163.76
6	Type "A" machines	Machine Type "A"	806.23
7	Type "B" nozzles	Machine type "B	2,947.75

Module	Definition	Unit	Annual income per unit (euros)
NOTE: The net yield resulting from the application of the above signs or modules includes, where applicable, that derived from amusement machines such as billiards, table football, darts, etc., as well as from tape, video, compact-disc, ball dispensers, etc., children's games machines, compact-disc and music video players, lotteries, sports betting machines and the service of telephone use, provided that they are ancillary to the main activity.			
Amount for the purpose of the excess correction index:19,084.78 euros			

IAE heading:675 - Services in kiosks, boxes, huts or other similar premises

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	2,802.88
2	Non-salaried staff	Person	14,461.60
3	Electrical power	Contracted kW	107.07
4	Surface area of the premises	m^2	26.45
Note: The net yield resulting from the application of the above signs or modules includes, where appropriate, that derived from the commercialization of lotteries, provided that this activity is carried out as an accessory to the main activity			
Amount for the purpose of the excess correction index:16,596.83 euros			

IAE heading:676 - Services in chocolate, ice-cream and horchata shops

Module	Definition	Unit	Annual income per unit (euros)
1	Salaried staff	Person	2,418.67
2	Non-salaried staff	Person	20,016.97
3	Electrical power	Contracted kW	541.68
4	Tables	Table	220.45

Module	Definition	Unit	Annual income per unit (euros)
5	Type "A" machines	Machine Type "A"	806.23
Note: The net yield resulting from the application of the above signs or modules includes, where applicable, that derived from the activities of making chocolates, ice creams and horchata, the service to the public of ice creams, horchata, chocolates, infusions, coffee and soluble beverages, soft drinks, as well as bakery, pastry, confectionery and confectionery products that are normally accompanied for the tasting of the above products, and amusement machines such as rocking horses, talking animals, etc., as well as the marketing of lotteries, provided that they are carried out as an accessory to the main activity.			
Amount for the purpose of the excess correction index:25,528.25 euros			

IAE heading:681 - Lodging service in hotels and motels of one or two stars

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	6,223.02
2	Non-salaried staff	Person	20,438.98
3	Number of places	Plaza	371.62
Note.- The net yield resulting from the application of the above signs or modules includes, where applicable, the yield derived from the marketing of lotteries, provided that this activity is carried out as an accessory to the main activity.			
Amount for the purpose of the excess correction index:61,512.19 euros			

IAE heading:682 - Lodging services in hostels and pensions

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	5,145.96
2	Non-salaried staff	Person	17,541.62
3	Number of places	Plaza	270.85
Amount for the purpose of the excess correction index:32.840,94 euros			

IAE heading:683 - Lodging services in inns and guest houses

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	4,478.31
2	Non-salaried staff	Person	14,587.57
3	Number of places	Plaza	132.27
Amount for the purpose of the excess correction index:16.256,70 euros			

IAE heading:691.1 - Repair of electrical items for the home

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	4,314.54
2	Non-salaried staff	Person	15,538.66
3	Surface area of the premises	m^2	17.01
Amount for the purpose of the excess correction index:21,585.33 euros			

IAE heading:691.2 - Repair of motor vehicles, bicycles and other vehicles

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	4,157.08
2	Non-salaried staff	Person	17,094.42
3	Surface area of the premises	m^2	27.08
NOTE:The net performance derived from the application of the above signs or modules includes, where appropriate, the derivative of professional activities related to the insurance of the automobile industry, provided that they are developed as an accessory to the main activity.			
Amount for the purpose of the excess correction index:33.729,04 euros			

IAE heading:691.9 - Repair of footwear

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	1,845.50
2	Non-salaried staff	Person	10,014.78
3	Electricity consumption	100 kWh	125.97
Amount for the purpose of the excess correction index:16,552.74 euros			

IAE heading:691.9 - repair of other consumer goods n.e.c. (except repair of footwear, restoration of works of art, furniture, antiques and musical instruments) 691.9 - repair of other consumer goods n.e.c. (except repair of shoes, restoration of works of art, furniture, antiques and musical instruments)

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	4,094.10
2	Non-salaried staff	Person	16,187.42
3	Surface area of the premises	m^2	45.35
Amount for the purpose of the excess correction index:24,803.91 euros			

IAE heading:692 - Repair of industrial machinery

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	4,409.02
2	Non-salaried staff	Person	18,146.29
3	Surface area of the premises	m^2	94.48
Amount for the purpose of the excess correction index:30,352.99 euros			

IAE heading:699 - Other repairs n.e.c.

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	3,703.58
2	Non-salaried staff	Person	15,230.03
3	Surface area of the premises	m^2	88.18
Amount for the purpose of the excess correction index:23,607.18 euros			

IAE heading:721.1 and 3 - Collective urban transport and passenger road transport

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	2,981.02
2	Non-salaried staff	Person	16,016.97
3	Number of seats	Seat	121.40
Amount for the purpose of the excess correction index:35.196,62 euros			

IAE heading:721.2 - Transportation by taxis

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	1,346.27
2	Non-salaried staff	Person	7,656.89
3	Distance travelled	1000 kilometers	45.08
NOTE:The net income resulting from the application of the above signs or modules includes, where applicable, that derived from the provision of advertising services that use the vehicle as a medium, provided that they are carried out as an accessory to the main activity.			
This activity is not covered by the excess correction rate			

IAE heading:722 - Freight transport by road

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	2,728.59
2	Non-salaried staff	Person	10,090.99
3	Vehicle loading	Ton	126.21
NOTE:The net yield resulting from the application of the above signs or modules includes, where applicable, that derived from auxiliary and complementary transport activities, such as transport agencies, warehousing and storage of goods, etc., provided that they are carried out as an accessory to the main activity.			
Amount for the purpose of the excess correction index:33,640.86 euros			

IAE heading:751.5 - Grease and wash vehicles

Module	Definition	Unit	Annual return per unit before (')
1	Salaried staff	Person	4,667.27
2	Non-salaried staff	Person	19,191.86
3	Surface area of the premises	m^2	30.23
Amount for the purpose of the excess correction index:28,280.74 euros			

IAE heading:757 - Moving services

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	2,566.32
2	Non-salaried staff	Person	10,175.13
3	Vehicle loading	Ton	48.08
Amount for the purpose of the excess correction index:33,640.86 euros			

IAE heading:849.5 - Courier and delivery services, where the activity is carried out exclusively by means of own means of transport

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	2,728.59
2	Non-salaried staff	Person	10,090.99
3	Vehicle loading	Ton	126.21
Amount for the purpose of the excess correction index:33,640.86 euros			

IAE heading:933.1 - Driving instruction for land, aquatic, aeronautical, etc. vehicles

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	3,067.42
2	Non-salaried staff	Person	20,596.45
3	Number of vehicles	Vehicle	774.72
4	Vehicle tax power	CVF	258.24
Amount for the purpose of the excess correction index:47,233.25 euros			

IAE heading:933.9 - Other teaching activities, such as languages, dressmaking, typing, shorthand, examination preparation and similar activities n.e.c.

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	1,253.49
2	Non-salaried staff	Person	15,727.62
3	Surface area of the premises	m^2	62.36
Amount for the purpose of the excess correction index:33,697.55 euros			

IAE heading:967.2 - Schools and services of sport improvement

Module	Definition	Unit	Annual yield per unit(euro)
1	Salaried staff	Person	7,035.55
2	Non-salaried staff	Person	14,215.95
3	Surface area of the premises	m^2	34.01
Amount for the purpose of the excess correction index:37.067,30 euro			

IAE heading:971.1 - Dyeing, dry-cleaning, washing and ironing of ready-made clothes and used clothing and household items

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	4,553.90
2	Non-salaried staff	Person	16,773.19
3	Electricity consumption	100 kWh	45.98
Amount for the purpose of the excess correction index:37,224.77 euros			

IAE heading:972.1 - Ladies' and gentlemen's hairdressing services

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	3,161.90
2	Non-salaried staff	Person	9,649.47
3	Surface area of the premises	m^2	94.48
4	Electricity consumption	100 kWh	81.88
NOTE:The net income resulting from the application of the above signs or modules includes, where applicable, that derived from the retail trade of hair cosmetics and hairdressing products, as well as manicure, depilation, pedicure and make-up services, provided that these activities are carried out as an accessory to the main activity.			
Amount for the purpose of the excess correction index:18,051.81 euros			

IAE heading:972.2 - Beauty salons and institutes

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	1,788.80
2	Non-salaried staff	Person	14,896.21
3	Surface area of the premises	m^2	88.18
4	Electricity consumption	100 kwh	55.43
NOTE: The net income resulting from the application of the above signs or modules includes, where applicable, the income derived from the retail trade of cosmetics and beauty products, provided that this trade is limited to the products necessary for the continuation of treatments carried out in the salon.			
Amount for the purpose of the excess correction index:26.945,44 euros			

IAE heading:973.3 - Document copy services with photocopiers

Module	Definition	Unit	Annual performance per unit (euros)
1	Salaried staff	Person	4,125.59
2	Non-salaried staff	Person	17,044.03
3	Electrical power	Contracted kW	541.68
NOTE: The net income resulting from the application of the above signs or modules includes, where applicable, that derived from the services of reproduction of plans and the binding of their work, provided that these activities are carried out on an ancillary basis to the main activity of document copying services using photocopying machines.			
Amount for the purpose of the excess correction index:24,192.95 euros			

Chapter 9.Income from economic activities in objective estimation (I) (agricultural, livestock and forestry activities)

Concept and scope of application

Regulations:(Arts.16.2 b), 31 and the thirty-second transitional provision Ley IRPF;item 32 et seq.Regulation IRPF and Order HFP/1335/2021

The objective assessment method is applicable in the 2022 tax year to agricultural, livestock and forestry activities, including work, services and ancillary activities carried out by the owners of these activities, as well as to the transformation, preparation or manufacture of natural products carried out by the owners of the holdings from which these products are obtained, provided that the circumstances indicated below are met.

Economic activities carried out directly by natural persons

Circumstances that must be met for the application of the objective assessment method

The objective assessment method is applicable in 2022 to agricultural, livestock and forestry activities carried out directly by natural persons in which the following circumstances are met:

1. Activities included in the list contained in the Order HFP/1335/2021, of 1 December (BOE of 2 December), which is reproduced below.

2. The taxpayer who owns the activity has not expressly or tacitly waived, either expressly or tacitly, the application of the objective assessment method or the special regimes:simplified and agriculture, livestock and fishing of the Value Added Tax (VAT) or simplified and agriculture and livestock of the Canary Islands General Indirect Tax (IGIC).

3. The taxpayer does not incur in any cause for exclusion from the objective assessment method.

1.Activities included in the list contained in Order HFP/1335/2021, of 1 December

See section "Agricultural, livestock, forestry and natural product processing activities to which the objective assessment method is applicable in the financial year 2022" in this chapter.

2.Waiver of the application of the objective assessment scheme and of the special simplified VAT or IGIC scheme

Express waiver

Regulations:(Arts.33.1 a) and 4 Reglamento IRPF.See also arts. 1 and 2 Order HFP/1335/2021, of 1 December (BOE of 2 December)

The express renunciation of both the objective estimation method and the special regimes.simplified and agriculture, livestock and fishing from VAT or simplified and agriculture and livestock from IGIC must be carried out, as a general rule, by filing the census declaration in the month of December prior to the start of the calendar year in which it is to take effect.

Exceptionally for the financial year 2022, the Second Additional Provision of Royal Decree-Law 31/2021, of 28 December, amending Law 19/1994, of 6 July, amending the Canary Islands Economic and Fiscal Regime, and setting a new deadline for submitting waivers or revocations of special taxation methods and regimes (BOE of 29 December), allowed the waiver or revocation of the waiver to be exercised until 30 January 2022.However, the resignations or revocations submitted for the year 2022, during the month of December 2021, were understood to have been submitted during the working period.

In the case of commencement of activity, the waiver will be made when the census declaration of commencement of activity is filed.

> The waiver must be presented using form 036 of census declaration of registration, modification and deregistration in the Census of business people, professionals and withholders or form 037 of simplified census declaration of registration, modification and deregistration in the aforementioned Census of business people, professionals and withholders, approved by Order EHA/1274/2007, of 26 April.

Tacit waiver

Regulations:Art. 33.1 b) Reglamento IRPF.See also art. 5 Order HFP/1335/2021 of 1 December (BOE of 2 December).

The waiver of the objective assessment method is deemed to have been made when the return corresponding to the instalment payment for the first quarter of the calendar year in which it is to take effect is filed within the regulatory period (up to 20 April) in the manner established for the direct assessment system.

In the event of starting the activity, the waiver shall be deemed to have been made when the instalment payment corresponding to the first quarter of the exercise of the activity is made within the regulatory period in the manner provided for the direct estimation method.

Consequences of resignation

Regulations:(Arts.33.2 and 3 Regulations IRPF

- **In general**

The renunciation of the objective assessment method in relation to any activity causes, for the purposes of IRPF, that the taxpayer is obliged to be subject to the direct assessment method, in the corresponding modality, for the determination of the net yield of all the activities carried out, for a minimum period of three years.

Once this period has elapsed, it shall be understood to be tacitly extended for each of the following years in which the objective assessment method may be applicable, unless the waiver is formally revoked by in the month of December prior to the start of the calendar year in which it is to take effect.

In any case, if in the year immediately prior to that in which the waiver of the objective assessment method is to take effect, the limits that determine its scope of application are exceeded, said waiver shall be deemed not to have been submitted.

- **Exceptionally**

  Article 10 of Royal Decree-Law 35/2020, of 22 December, on urgent measures to support the tourism, hotel and catering and commerce sector and in tax matters (BOE of 23 December), established special measures regarding waivers for the years 2020 and 2021, allowing waivers in these years from the application of the objective assessment method without being subject to the minimum period of three years of compulsory linkage to the direct assessment method.

  Therefore, taxpayers who renounced the objective assessment method for 2020 are allowed to revoke the renunciation of the objective assessment method before the expiry of the three-year period.This revocation may be submitted in both 2021 and 2022.However, this special revocation period is only applicable to tacit waivers (Art. 33.1.b of the Personal Income Tax Regulation) or, in the case of commencement of business after 1 April 2020, to waivers that were expressly submitted.

  As regards 2021, the revocation of the waiver, before the expiry of the three-year period, can only be made for the tax period 2022.

3.Grounds for exclusion from the objective method of assessment

Regulations:Thirty-second transitory provision Law IRPF and art. 32.2 Regulation IRPF

3.1 Exclusive quantitative limits

The following quantitative limits constitute causes for exclusion from the objective assessment method:

A. Having reached in the previous financial year (2021) a volume of income exceeding 250.000 euros per year, for all agricultural, livestock and forestry activities carried out by the taxpayer.

Regulations:Art. 32.2 a) Regulation IRPF.See also art. 3.1 b) Order HFP/1335/2021, of 1 December (BOE of 2 December).

If the activity was started in the immediately preceding year, the volume of income shall be

increased by one year.

To determine these limits, the following operations will be computed:

- Those that must be recorded in the sales or income register provided for in article 68.7 of the Personal Income Tax Regulations.
- Those to be recorded in the register provided for in Article 40.1 (register of invoices received) of the Regulations of VAT, approved by Royal Decree 1624/1992, of 29 December (BOE of 31 December).

B. Having exceeded in the previous financial year (2021) the volume of purchases of goods and services for all the economic activities carried out by the taxpayer the amount of 250,000.00 euros per year, excluding purchases of fixed assets.

Regulations:Thirty-second Transitory Provision Law IRPF and art. 32.2 b) Regulation IRPF

In the case of subcontracted works or services, the amount of such works or services shall be taken into account for the calculation of this limit.

If an activity was started in the immediately preceding year, the volume of purchases shall be increased by one year.

Note: *el article 60 of Law 22/2021, of 28 December, on the General State Budget for 2022 (BOE of 29 December) has modified, with effect from 1 January 2022, the thirty-second transitory provision of the Law of IRPF, to extend to the 2022 tax period the application of the same quantitative exclusionary limits set for the 2016, 2017, 2018, 2019, 2020 and 2021 financial years.*

Rules for determining the volume of full income and purchases:

In order to determine the volume of gross income and the volume of purchases of goods and services mentioned above, not only the transactions corresponding to the economic activities carried out by the taxpayer, but also those corresponding to those carried out by the spouse, descendants and ascendants, as well as by the entities under the system of attribution of income in which any of the above participate, in which the following circumstances concur, must be taken into account:

- **The economic activities carried out are identical or similar.**
  For these purposes, it will be understood that are identical or similar economic activities classified in the same group in the Economic Activities Tax.
- **There is a common management of such activities, sharing personnel or material resources.**

In the case of transactions with related entities, under the terms of Article 18 of the LIS, they must be valued at their normal market value, which is understood to be the value that would have been agreed by independent persons or entities under conditions of free competition.

Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

In these cases, the taxpayer must comply with the documentation obligations for such transactions under the terms and conditions established in articles 13 to 16, Chapter V ("Information and documentation on related entities and transactions") of Title I of the Corporate Income Tax Regulations, approved by Royal Decree 634/2015, of 10 July (BOE of 11 July).

3.2 Other grounds for exclusion from the objective assessment method

In addition to the quantitative exclusion limits, the following are causes for exclusion from the objective assessment method:

a. **To carry out economic activity, wholly or partially, outside Spanish territory.**

   Regulations:Art. 32.2 c) Regulation IRPF

b. **Determine the net yield of any economic activity under the direct estimation method, in any of its modalities.**

   Regulations:(Arts.34.2 and 35 Regulation IRPF

   However, when an activity is started during the year that is not included or for which the objective assessment method is waived, the exclusion will not take effect for that year with respect to the activities that were previously carried out, but from the following year onwards.

c. **Exclusion from the simplified special scheme of VAT or IGIC**

   Regulations.Art. 36.2 and 4 Regulation IRPF

   Exclusion from the special simplified Value Added Tax or Canary Islands General Indirect Tax regime will entail exclusion from the objective assessment method for all economic activities carried out by the taxpayer.

Consequences of the exclusion from the objective method of assessment

Regulations:Art. 34.3 Regulation IRPF

Exclusion from the objective assessment method due to any of the aforementioned circumstances only takes effect in the year immediately following that in which said circumstance occurs and will mean inclusion for the following three years in the scope of application of the simplified form of the direct assessment method, unless this is waived.

Economic activities carried out through entities under the income allocation system

Regulations:Item 39 Rules of Procedure IRPF

The entities under the income attribution system that carry out agricultural, livestock or forestry activities shall apply the objective assessment method for the determination of the net income from these activities regardless of the circumstances of their individual partners, heirs, co-owners or participants, provided that, in addition to the general conditions indicated above for economic activities carried out by individuals, the following requirements are met:

- **That all partners, heirs, communeros or partakers are natural persons contributing by the IRPF .**
- **The application of the objective assessment method has not been waived in due time and form.**

  The resignation must be formulated unanimously by all the members, heirs, co-owners or participants of the entity;however, revocation of the waiver may be filed by only one of them.

> ***Note:*** *for the definition of the scope of application of the objective assessment method to entities under the income attribution system, not only the transactions corresponding to the activities carried out by the entity itself, but also those corresponding to those carried out by its partners, heirs, co-owners or participants, must be taken into account;their spouses, descendants and ascendants;As well as by other entities in the allocation regime in which any of the above persons participate, in which the circumstances expressed in the Rules for determining the volume of full and purchase returns are concurrent.*

In any case, the net income determined by the entity under the system of attribution of income shall be attributed to the partners, heirs, co-owners or participants, in accordance with the rules or agreements applicable in each case and, if these are not reliably recorded by the Administration, it shall be attributed in equal shares.

Agricultural, livestock, forestry and natural product processing activities to which the objective estimation method is applicable in 2022

Table:List of Activities

Regulations:Order HFP/1335/2021 of 1 December (BOE of 2 December).

Activity	Code
Agriculture or livestock susceptible to be included in the special value added tax scheme for agriculture,	1

Activity	Code
livestock and fisheries	
Forestry eligible for the special Value Added Tax scheme for agriculture, livestock and fisheries	2
Independent livestock farming classified in Division 0 of the Economic Activities Tax (IAE)	3
Livestock breeding, keeping and fattening services	4
Other work, services and ancillary activities carried out by farmers or stockbreeders, which are excluded or not included in the special scheme for agriculture, stockbreeding and fishing. of Value Added Tax	5
Other work, services and ancillary activities carried out by holders of forestry activities, which are excluded or not included in the special scheme for agriculture, stockbreeding and fishing of the Value Added Tax.	6
Use to which the transferor is entitled in agricultural activities carried out under sharecropping arrangements	7
Harvesting that accrues to the transferor in forestry activities carried out under sharecropping	8
Processes of transformation, preparation or manufacture of natural, vegetable or animal products, which require registration under a heading corresponding to industrial activities in the tariffs of IAE and are carried out by the owners of the holdings from which these natural products are directly obtained.	9

Important: *each of the nine activities listed above are considered independent of each other for the purposes of the application of the objective assessment method and, therefore, if several activities are carried out, the net income must be determined separately for each of them.*

Delimitation of each of the activities

The characterisation of each of the aforementioned agricultural, livestock and forestry activities included in the objective assessment method in the financial year 2022 is detailed below.

Attention: *activities numbered 5 and 6 are subject to the objective assessment method only when the combined income attributable to them is less than that corresponding to the main agricultural, stockbreeding or forestry activities*.

Activity 1:Agricultural or livestock likely to be included in the special regime of agriculture, livestock and VAT fisheries

Agricultural and livestock activities are considered for the purpose of applying the objective estimation method those agricultural activities through which natural, plant or animal products are

obtained directly from farms, which are not subjected to processing processes. Processing or manufacturing for whose exercise the discharge is mandatory under an industrial activity heading of the economic activity tax rates (IAE).

Likewise, the objective estimation method considers as a single activity all those of an agricultural or livestock nature developed by the same holder who are susceptible to being included in the special regime of agriculture, livestock and fisheries of the value added tax.

Consequently, in addition to sales or revenues from or related to farms or livestock themselves, the income derived from the performance of other works or ancillary services by third parties with the means ordinarily employed on such holdings is understood to be attributable to this single activity. provided that the amount of these operations did not exceed 20 per 100 in the previous year of the total volume of the operations from all the above-mentioned holdings.

Livestock considered to be included in this activity for the purpose of applying the objective estimation method:

With regard to the livestock farming considered to be included in this activity, it should be clarified that it is that which is not considered to be independent livestock farming, as defined in the epigraph relating to activity 3 (independent livestock farming classified in division 0 of the IAE).

Activity 2:Forest eligible for inclusion in the special regime of agriculture, livestock and VAT fisheries

For the purpose of applying the objective estimation method, this agricultural activity is considered to be forestry activity, through which natural products are obtained directly from the farm, which are not subjected to processes of transformation. Processing or manufacturing for whose exercise the discharge is mandatory under an industrial activity heading of the economic activity tax rates (IAE).

In addition to sales or revenues from or related to forest holdings themselves, the income derived from the performance of other works or ancillary services by third parties with the means ordinarily employed on such holdings is also understood to be attributable to this activity. provided that the amount of these operations did not exceed 20 per 100 in the previous year of the total volume of the operations from all the above-mentioned holdings.

Activity 3:Independant livestock classified in division 0 of the IAE

The concept of independent livestock farming is included in sections One and Two of Rule 3 of the Instruction for the application of the tariffs of Division 0 of the IAE, approved by Royal Legislative Decree 1259/1991, of 2 August (BOE of 6 August), according to which, independent livestock farming activities are considered to be those whose purpose is the exploitation of a group of livestock that is included in one of the following cases:

a. **Grazing or feeding primarily on land that is not farmed or forested by the owner of the livestock.**

For this purpose, in any case, the lands are exploited by the owner of the livestock when any of the following circumstances occur:

- That the owner of the livestock is the cadastral title holder or owner of the land.
- When he carries out, on his own account, activities such as pasture fertilisation, mowing, haymaking, baling, fallowing, harvesting, pruning, pruning, pruning, browsing, cutting, etc., necessary to obtain the hay, straw or fodder with which the livestock is mainly fed.

b. **Livestock stabled outside the farmland**, which is not considered as such, livestock fed mainly with products obtained from the owner's agricultural or forestry holdings, even if the livestock facilities are located outside the land.

c. **Transhumant or transhumant livestock**, which are not considered as such if they are fed primarily on pasture, silage, hay or feed obtained from land farmed by the owner of the livestock.

d. **Livestock fed primarily on feed not produced on the farm where they are reared.**

For these purposes, it is understood that livestock are fed mainly on feed not produced on the farm where they are reared, when the proportion of such feed is more than 50 percent of the total feed consumption, expressed in kilograms.

Distinct sectors within the independent livestock farming activity

However, the consideration of independant livestock as a single activity for the purposes of the objective estimation method, for the application of net yield indices, it is necessary to distinguish between the income derived, or attributable to, from the following types of farms or differentiated sectors:

- Pork, beef cattle, meat sheep, meat goats, poultry and cunniculture.
- Breeding pigs, breeding cattle, milk sheep, milk goats and beekeeping.
- Milk bovine.
- Other livestock activities not expressly covered by other paragraphs.

Activity 4:Breeding, keeping and fattening services of livestock (including poultry)

Livestock breeding, storage and fattening services constitute an activity to which the objective estimation method of the is applicable IRPF .

However, if the provision to third parties of livestock breeding, storage and fattening services is carried out using the means ordinarily used for the development of an own agricultural, livestock or forestry activity under the Special regime for Agriculture, Livestock and Fisheries of the VAT and the volume of income derived from them together with those derived from the other works and ancillary services of the above-mentioned special scheme of the VAT in the previous year it would not have exceeded 20 by 100 of the total volume of the holding, such services will not be

considered as an independant activity for the purpose of applying the objective estimation method, instead, they will be counted as part of the main activity developed with the character of accessories services to it.

Activity 5:Other works, services and ancillary activities carried out by farmers or ranchers, who are excluded or not included in the special scheme for agriculture, livestock and VAT fisheries (REAGP)

No comment can be made on this activity.

Activity 6:Other works, services and ancillary activities carried out by forest owners, who are excluded or not included in the special regime of agriculture, livestock and VAT fisheries (REAGP)

Each of these activities, which are configured as independant for the purpose of applying the objective estimation method, includes the following areas or sectors:

Ancillary works and services provided by farmers, farmers or forest owners who are excluded from REAGP

They have this consideration, those made by farmers, ranchers or holders of forestry activities to third parties with the means they ordinarily use on their own farms.Examples include the following:

- Planting, planting, cultivation, harvesting and transportation.
- Packaging and packaging of products, including drying, cleaning, peeling, cutting, silage, storage and disinfection.
- Technical assistance.
- Leasing of the tools, machinery and facilities normally used for the conduct of their agricultural or livestock activities.
- Elimination of harmful plants and animals, and fumigation of plantations and land.
- The operation of irrigation or drainage facilities.
- Logging, logging, chipping and cutting of trees, cleaning of forests and other complementary services to similar forestry.

The requirement of access determining the inclusion of these in the objective estimation method it is conditioned that the amount obtained by carrying out such works or services, together with that of the ancillary activities mentioned below, is less than that of the main agricultural, livestock and forestry activities.

Otherwise, in the absence of the requirement of access, such jobs and services included in the objective estimation method are not considered.

The exclusion of ancillary work and services from REAGP occurs in those cases where the

turnover for all work and services carried out in the previous financial year (2021), including income from livestock breeding, keeping and fattening services, exceeded 20% of the total volume of operations of the main agricultural, livestock or forestry holding.

If in the financial year 2021 the volume of operations of ancillary works and services did not exceed 20 per cent of the total volume of operations of the main activity, the income derived from the performance of such works and services does not constitute the subject of the activities numbered 5 and 6, but is included as a separate service of the agricultural or livestock (code 1) or forestry (code 2) activity carried out.

Ancillary activities carried out by farmers, farmers or forest owners not included in the REAGP

They have such consideration, agrotourism, crafts, hunting and fishing, as well as other recreational and leisure activities in which the farmer, farmer or holder of the forestry activity participates as a monitor, guide or expert.

If the aforementioned activities are ancillary to the main activity in the sense mentioned above, as they are not included in the special regime for agriculture, livestock and fishing of VAT, they will always and in any case be declared under activity codes 5 or 6, as appropriate.

Activity 7:Use to which the transferor is entitled in agricultural activities carried out under sharecropping arrangements

No comment can be made on this activity.

Activity 8:Harvesting that accrues to the transferor in forestry activities carried out under sharecropping

According to the provisions of the Civil Code, the contract of appearance is governed, inter alia, by those relating to the contract of society.Therefore, to the extent that the assignor assumes a part of the risks and responsibilities arising from the exploitation, the tax regulations give it the consideration of an agricultural entrepreneur or direct grower.

> A sharecropping contract is a contract by virtue of which the owner of a farm or holding temporarily cedes its use and enjoyment, or that of one of its uses, as well as that of the elements of exploitation, livestock, machinery or circulating capital, agreeing with the sharecropping assignee to share the proceeds in equal shares in proportion to their respective contributions.
>
> Both the transferor and the sharecropper are farmers and receive income from business activities when the transferor is involved in the management of means of production and/or human resources.Otherwise, it will be classified as income from real estate capital, as income received from the ownership of a real estate property.

Activity 9:Processes of transformation, processing or manufacture of natural products, plants or animals, which require discharge under an heading corresponding to industrial activities in the tariffs of the IAE and are carried out by the owners of the farms from which these natural products are obtained directly

For the purpose of delimiting the objective scope of this activity, it should be taken into account that acts of mere conservation of the goods, such as pasteurization, refrigeration, freezing, drying, sorting, cleaning, packaging or conditioning, peeling, are not considered as such processes of transformation, processing or manufacture of natural products. peeling, chipping, chipping, disinfection or dissecting.Nor does it consider the process of transformation, the mere procurement of agricultural raw materials that do not require the slaughter of livestock.

In all these cases, the only activity to be declared will be the agricultural or livestock activity, marked with keys 1 or 3, or the forest, marked with key 2, from which the corresponding products are obtained.

The processes of transformation, processing or manufacturing of natural products included in the objective estimation method require that they be carried out exclusively on natural products, plants or animals, obtained by the owners of the farms from which they are obtained.In the event that products purchased from third parties are processed, processed or manufactured, such activity is not included in the objective estimation method.

In the case of forest product transformation, depreciation is not deductible to determine the prior net return of the activity and no other corrective index other than that specific to forest activities is applicable to determine the net yield of modules.

Determination of the net yield

Introduction:Outlines

Regulations:See Annex I and instructions for the application of the signs, indices or modules in the IRPF contained in the same Order HFP/1335/2021, of 1 December (BOE of 2 December), Order HFP/1172/2022, of 29 November and Order HFP /405/2023, of 18 April (BOE of 25 April).

The net yield is the result of the sum of the net yields corresponding to each of the agricultural, livestock and forestry activities carried out by the taxpayer.

The net return for each activity must be obtained by performing the operations outlined below in succession:

Phase 1

INCOME INCOME (including subsidies, allowances and CAP single payment support)

(×) NET RATE OF RETURN

(*) Where the recipient of the single direct payment aid under the CAP has not received income from agricultural or livestock activities, the net rate of return to be applied is 0.56.

= PREVIOUS NET YIELD

Phase 2

(-) REDUCTION FOR THE PURCHASE OF AGRICULTURAL DIESEL:35 PER 100

(-) REDUCTION FOR THE PURCHASE OF FERTILISERS:15 PER 100

(-) DEPRECIATION OF TANGIBLE AND INTANGIBLE FIXED ASSETS (excluding forestry activities)

= REDUCED NET YIELD

Phase 3

(×) CORRECTIVE INDEXES (depending on the type of activity and certain circumstances)

= NET EARNINGS FROM MODULES

Phase 4

(-) GENERAL REDUCTION:25 PER 100

(-) REDUCTION OF YOUNG FARMERS:25 PER 100

(-) SPECIAL REDUCTION FOR ECONOMIC ACTIVITIES ON THE ISLAND OF LA PALMA:20%

(-) EXTRAORDINARY EXPENSES FOR EXCEPTIONAL CIRCUMSTANCES (fires, floods, subsidence, etc., communicated to the AEAT in due time and form).

= NET INCOME FROM THE ACTIVITY

Phase 5

(-) REDUCTION FOR IRREGULARITY:30 PER 100 (Reductions of income generated in more than 2 years or obtained in a notoriously irregular manner)

= REDUCED NET ACTIVITY EARNINGS

Phase 1:Determination of prior net income

Regulations:See Annex I and instruction 2.1 of Annex I Order HFP/1335/2021 of 1 December (BOE of 2 December).

(a) Net income and net rates of return

In general

For the calculation of the preliminary net yield, the income obtained from products or services derived from agricultural, livestock and forestry activities and the "net yield indexes" applicable to each of them must be taken into account.

For this purpose, within each agricultural, livestock and forestry activity considered as independent, the full income from each of the types of products obtained, or services rendered, shall be entered in section D3 of the declaration in the appropriate box numbered 1 to 16 in accordance with the list contained in the table at reproduced in its specific section.

The "net rate of return" applicable in each case shall be applied to this income.For the 2022 financial year, the net yield rates applicable are those listed in the list contained in the table which

appears in this chapter and which reproduce those approved in Annex I and in the second additional provision of Order HFP/1335/2021, of 1 December (BOE of 2 December).

Performance reduction due to exceptional circumstances

Regulations:Art 37.4.1 and 2 Regulation IRPF.See also Annex III Order HFP/1335/2021 of 1 December (BOE of 2 December).

However, in cases where the Minister of Finance (currently the Minister for Finance and the Civil Service) has authorised the reduction of these rates for a given sector or geographical area, because the development of agricultural or livestock farming activities has been affected by fires, floods or other exceptional circumstances, the net yield rates approved in ministerial orders published for this purpose shall be applied.

> In this regard, it should be noted that Article 95 of Royal Decree-Law 20/2022 of 27 December on measures in response to the economic and social consequences of the war in Ukraine and support for the reconstruction of the island of La Palma and other situations of vulnerability provides for the possibility of authorising the reduction of rates for agricultural holdings and activities where damage has occurred as a direct result of the forest fires that took place in the Autonomous Communities of Andalusia, Aragon, the Balearic Islands, the Canary Islands, Castile-Leon, Castile-La Mancha, Catalonia, Valencia, Extremadura, Galicia, Madrid, Murcia, Navarre, the Basque Country and La Rioja during June, July and August 2022, and which are listed in the Annex to the Council of Ministers' Agreement of 23 August 2022.

Likewise, when the development of the activities is affected by fires, floods, subsidence or major breakdowns in the industrial equipment, which entail serious alterations in the development of the activity, the interested parties may request the reduction of the applicable signs, indices or modules at the Administration or Delegation of the Tax Agency corresponding to their tax domicile, within a period of 30 days from the date on which they occur, providing the evidence they consider appropriate and mentioning, where appropriate, the compensation to be received due to such alterations.

Once the effectiveness of these alterations has been demonstrated, the appropriate reduction of the signs, rates or modules may be authorised.

(b) Net rates of yield applicable to products or services derived from agricultural, stock-farming and forestry activities in objective estimation

Regulations:Order HFP/1335/2021 of 1 December (BOE of 2 December).

> ***Note:*** *The following table includes the net yield rates applicable in 2022 with the modifications established in Order HFP/405/2023, of 18 April, which reduces the net yield rates for the 2022 tax period and modifies the corrective rates for fodder acquired from third parties and for crops on irrigated land that use, for this purpose, electrical energy applicable in the objective assessment method of Personal Income Tax for agricultural and livestock activities affected by various exceptional circumstances (BOE of 25 April).*

See the Annex of the reduction of the net yield rates applicable in 2022 to agricultural and livestock farming activities due to exceptional circumstances grouped by Autonomous

Communities, Provinces, territorial areas and activities that appears in the section "Appendix" of this Chapter.

Product code	Types of products or services covered	Net rate of return
1	Pigs for meat	Natural products:0,13 (*) Transformation processes:0.23 (*) The net yield index for the following natural products is reduced to 0.09 by Order HFP/1335/2021: • Poultry • Beef cattle • Cuniculture • Meat pigs • Sheep and goats for meat
2	Sugar beet	
3	Beef cattle, sheep, goats, poultry and rabbits	
4	Forestry activities with an "average felling period" of more than 30 years	
5	Dairy cattle	Natural products:0,14 (*) Transformation processes:0.24 (*) The net yield rates indicated have been reduced by Order HFP/1335/2021.
6	Cereals, citrus fruits, nuts, horticultural products, potatoes, pulses, grapes for table wine without designation of origin, olive products, mushrooms for human consumption and tobacco.	Natural products:0,26 (*) Transformation processes:0.36 (*) The net yield rate for the following natural products is reduced by Order HFP/1335/2021: • Cereals:0.18 • Legumes 0,18 • Nuts:Chestnut:0.18 • Nuts:Almond:0.13 • Olive products:0.13 • Beekeeping:0.13 • Cattle for breeding:0.18 • Breeding pigs:0.18 • Dairy sheep and goats:0.18
7	Breeding pigs, breeding cattle, dairy sheep, dairy goats and bee keeping	
8	Forestry activities with an "average felling period" equal to or less than 30 years	
9	Table grapes, table wine grapes with designation of origin, oilseeds, rice and flowers and ornamentals	Natural products:0,32 (*) Transformation processes:0.42 (*) The net yield index for the following natural products is reduced to 0.22 by
10	Other livestock species not expressly included in other codes	

11	Forestry activity dedicated to the extraction of resin.	Order HFP/1335/2021: • Oilseeds • Equine
12	Roots (except sugar beet), tubers, fodder crops, cotton, non-citrus fruits and other agricultural products not mentioned elsewhere	Natural products:0,37 (*) Transformation processes:0.47 (*) The net yield index for the following natural products is reduced to 0.26 by Order HFP/1335/2021: Non-citrus fruit:Apricot, peach, nectarine
13	Textile plants	Natural products:0.42 Transformation processes:0.52
14	Ancillary activities by farmers, stockbreeders or forest holders	Net performance index:0.42
15	Other ancillary work and services carried out by farmers, stockbreeders or forest holders	Net performance index:0.56
16	Breeding, keeping and fattening services for all types of livestock	Net performance index:0.37

Explanatory note: *the net rates of return corresponding to the heading "Transformation processes" shall only be applied to the activity identified with code 9, "Processes of transformation, elaboration or manufacture of natural, vegetable or animal products, which require registration under a heading corresponding to industrial activities in the tariffs of IAE and are carried out by the owners of the holdings from which these natural products are directly obtained".*

(c) Revenue computation rules for each type of product or service

1.Transformation, processing or manufacturing activities

The value of the natural, vegetable or animal products used in the corresponding production process shall be recorded as income**, in accordance with the market prices** of the same at the time of their incorporation into the said process.Also, where appropriate, the income corresponding to self-consumption, subsidies and compensation shall be included in the terms referred to below.

Note: *if during the year 2022 products produced in years prior to 1998 have been transferred, the value of the natural products used in the production process shall be included as income for the year 2022, according to the market prices of these products at the time of their incorporation into the transformation, processing or manufacturing processes.*

2.Sales or service benefits

It covers all full income, whether in cash or in kind, derived from the delivery of the products constituting the object of the activity, as well as, where appropriate, those resulting from the provision of ancillary work and services to the main activity.

In the case of remuneration in kind, both the tax valuation of such remuneration and the corresponding account income shall be calculated as full income, provided that the holder of the economic activity has not been impacted.

Where consideration is involved and the consideration is significantly lower than the normal market value of the goods sold and services rendered, the valuation of the goods and services rendered shall be at their normal market value.

In economic transactions carried out with a company with which there is a relationship, in the terms provided for in Article 18 of the LIS, the owner of the activity must imperatively carry out the valuation at the normal market value.Fair market value is understood as the value agreed between independent parties.

Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

Related persons or entities:

In order to determine when there is a relationship, the provisions of Article 18.2 of the LISmust be taken into account, in which related persons or entities are considered to be related persons or entities:

- A company and its partners or shareholders.
- A company and its board members or managers, except regarding remuneration for the performance of their duties.
- A company and spouses or others linked to partners or shareholders, advisers or managers by kinship, in a direct or collateral line, by consanguinity or affinity, up to the third degree.
- A company and the advisers or managers of another company, when both companies belong to a group.

In cases where the link is defined on the basis of the relationship of the members or participants with the entity, the shareholding must be equal to or greater than 25 per cent.Managers will be understood to include both de facto and de jure managers.In cases where the relationship is not defined on the basis of the shareholder or unit-holder-entity relationship, the percentage of ownership to be taken into account is 25 per cent.

In these cases, the taxpayer of IRPF must comply with the documentation obligations for related-party transactions under the terms and conditions established in Chapter V (articles 13 to 16) of the Corporate Income Tax Regulations, approved by Royal Decree 634/2015, of 10 July (BOE of 11 July).

Consideration of offsets or deductions from VAT:

a. **In the case of activities included in the special regime for agriculture, livestock and**

fishing of the aforementioned tax, the compensation received must be included among the corresponding income derived from sales or from the provision of work or services.

b. **If the activity is covered by the simplified system of VAT**, the amount of the tax charged will not be counted as revenue.

3.Free self-consumption and assignments

These concepts include the delivery of goods and services whose destination is the particular use or consumption of the activity holder or of the remaining members of his family unit (internal self-consumption), as well as the delivery of goods or services to other people free of charge (external self-consumption).

In either case, the valuation for tax purposes of the income corresponding to these operations must be carried out at the normal market value of the goods or services transferred, or which have been the object of self-consumption.

4.Grants, aid and other transfers received

Current and capital subsidies

In relation to the subsidies received, capital subsidies and flows must be distinguished within them.

- **Capital subsidies** are those whose primary purpose is to favour the installation or carrying out of investments in fixed assets (land, buildings, machinery, installations, etc.).and are recognised as income to the same extent as the depreciation of the fixed assets in which they have been realised.

  However, in cases where the assets are not subject to depreciation, the grant shall be applied as full income for the year in which the asset financed by the grant is disposed of or written off, subject to the 30 per cent reduction for income obtained in a notoriously irregular manner over time.

- **Current subsidies** , which are subsidies normally granted to guarantee a minimum return or to compensate for losses incurred in the activity, are computed in their entirety as income in the period in which the grant is firmly recognised and quantified, regardless of when the subsidy is received, unless the taxpayer has opted for the receipts and payments criterion, in which case they are computed in the period in which they are received.

  Note: *please note that the following are taxed as current subsidies* ***aid granted during 2022*** *to compensate for the increased costs incurred as a result of the invasion of Ukraine and the sanctions imposed on Russia because of it:*

  - *Direct aid to the road transport sector provided for in Articles 25 of Royal Decree-Law 6/2022 of 29 March (BOE of 30 March) and 4 of Royal Decree-Law 14/2022 of 1 August (BOE of 2 August).*
  - *Direct aid to the agricultural sector provided for in Article 33 of Royal Decree-Law 6/2022 of 29 March (BOE of 30 March) and implemented in Royal Decree 428/2022 of*

7 June (BOE 8 June).

- **Grants awarded to finance specific expenditure**:they are charged as income in the same financial year on which the expenses they are financing are accrued.

  See the 18th Standard for Registration and Appraisal of the General Accounting Plan in this regard.

Special rules applicable to certain subsidies or aids

Without prejudice to the peculiarities that may arise from the regulatory rules or the specific conditions of each of them, mention should be made of the treatment applicable, in general, to the following subsidies or aids:

- **Direct aids decoupled from the Common Agricultural Policy** (basic payment, payment for agricultural practices beneficial to the climate and environment, payment for young farmers and, where appropriate, payment under the simplified scheme for small farmers).The amount of the aid shall be accumulated on income from the recipient's crops or holdings in proportion to their respective amounts.

  However, **when the recipient of direct aid has not obtained any income from agricultural and livestock farming activities, the net yield rate to be applied is 0.56**.

  In these cases, in addition to the general reduction of 15% (2022) and the reduction foreseen for young farmers, the corrective rates for agricultural and livestock farming activities, as discussed below, may be applied where appropriate, since the fact that no direct income has been obtained from these activities does not imply, in any case, that no activity has been carried out, given that the receipt of direct aid requires recipients to carry out certain maintenance work on their holdings.Appropriate amortizations may also be undermined.

- **Public aid provided for in Spain's National Framework for Rural Development.**In this case, when the recipient of direct aid has not obtained any income from agricultural and livestock farming activities, the net rate of return to be applied shall be 0.56.

- **Crop or farm interruption subsidies**.If the subsidy or aid is granted for the interruption of a particular crop or livestock production and is intended to compensate for the unearned income, to the amount which, if any, proceed to compute in the year the net yield index for the crop or production previously performed will be applied to it.

- **Subsidies not linked to specific crops or production**.When subsidies are received which are not linked to a specific crop or production, such as set-aside or fallow land, the amount of the subsidy to be taken into account in the financial year shall be distributed among the other crops or holdings cultivated by the farmer or stockbreeder, in proportion to the income from each of them, and subsequently accumulated for the purposes of applying the corresponding net yield rates.

- **Subsidies received for taking out agricultural insurance**.Subsidies received by farmers or ranchers who subscribe to combined agricultural insurance policies, whether received from the State Agricultural Insurance Entity (ENESA) or the Autonomous Communities, should not be included in the income taken as the basis for determining net yield, for the fixing of the net yield indices applicable to each type of crop or product, account was already taken as cost of

insurance what the holder actually pays, after deducting the subsidized part.

- **Insurance claims**.The amount of compensation received from insurance companies as a result of claims that have affected products of the holding, in process or completed, shall be computed within the full income corresponding to the type of crop or production concerned.

  This type of claims or losses does not include the expenses arising from the destruction of animals, so that the **indemnities paid by the insurance to cover the expenses arising from the destruction of animals**, shall not be included in the total volume of income from the activities.

- **Certain subsidies or aid under the Community agricultural policy (CAP)**, as well as other public subsidies or aid intended to compensate for the destruction, in certain circumstances, of assets subject to taxation, are subject to special tax treatment, which can be consulted in Chapter 7 of this manual.

- **Forestry subsidies**.Subsidies granted to those who exploit forest farms managed in accordance with technical plans for forest management, forest management, dasocratic plans or reforestation plans approved by the competent Forest Administration shall not be integrated into the tax base provided that the average production period, according to the species concerned, it is equal to or greater than 20 years.

Note: *benefits received from the Social Security for temporary incapacity, risk during pregnancy or temporary disability, where applicable, will be taxed as income from work.*

Example:Determination of the preliminary net yield of the activity

In 2022, Mrs. M.J.I. received 13,800 euros in income from her apple farm, including the amount received as compensation for VAT (for the purposes of this tax she is covered by the special agricultural, livestock and fisheries regime).

This amount does not include fruit for his own family consumption, which is valued at 30 euros, nor fruit given to friends, whose market value is 200 euros (200 kg at 1 euro/kg).In addition, in 2022 he received 1,800 euros from an insurance company for crop damage caused by a hail storm, as well as 2,200 euros in direct aid decoupled from the Common Agricultural Policy.

Determine the previous net yield of the activity in the financial year 2022.

Solution:

Mrs. M.J.I. shall compute as income the sum of:

- Sale of apples:13,800
- Self-consumption:30
- Free transfers:200
- Compensation on apple harvest:1,800 (*)
- Direct aid decoupled from the CAP:2,200

Sum (13,800 + 30 + 200 + 1,800 + 2,200) = **18,030 euros**

The net rate of return applicable to this income is **0,37**

Previous net yield: (18,030 x 0.37) = **6,671.10 Euros**

Note for the example:

(*) When compensation is received for the loss of farm produce, the amount is not considered as a capital gain or loss, but is included in the full income corresponding to the type of produce damaged or lost.(Go back)

Phase 2:Determination of reduced net income

Regulations: See Annex I and instruction 2.2 of the aforementioned Annex I Order HFP/1335/2021 of 1 December (BOE of 2 December).

The determination of the reduced net yield is the result of deducting from the previous net yield determined in phase 1 above the amounts corresponding to the items discussed below:

Reduction for the purchase of agricultural diesel:35 per 100

Attention: *this reduction is an exceptional measure that may be applied by holders of agricultural and livestock farming activities under objective assessment in the financial years 2022 and 2023 to mitigate the effect produced by the increase in the price of operating inputs in agricultural and livestock farming activities.*

Regulations:Seventh additional provision Order HFP/1172/2022, of 29 November (BOE of 1 December)

Reduction percentage:

35 per cent of the purchase price of the agricultural diesel necessary for the development of agricultural and livestock activities.

Requirements for applying the reduction:

- These are purchases of agricultural diesel oil made in the financial year 2022 and documented by invoices issued in the same financial year.
- That this price is duly documented in the invoices issued for the purchase.
- That these invoices meet the requirements set out in article 6.1 of the Regulation governing invoicing obligations, approved by Royal Decree 1619/2012, of 30 November.

  See the requirements that all invoices and copies thereof must contain in accordance with Article 6(1) of the Regulation governing invoicing obligations, in Chapter 10 of the VAT 2022 Practical Manual ("Formal obligations of VAT taxable persons:Invoices and Register Books", in the section "Invoicing obligations".

Reduction for the purchase of fertilisers:15 per 100

Attention: *this reduction is an exceptional measure that may be applied by holders of agricultural and livestock farming activities under objective assessment in the financial years 2022 and 2023 to mitigate the effect produced by the increase in the price of operating inputs in agricultural and livestock farming activities.*

Regulations:Seventh additional provision Order HFP/1172/2022, of 29 November (BOE of 1 December)

Reduction percentage

15 per cent of the purchase price of the fertilisers necessary for the development of agricultural and livestock activities.

Requirements:

- Fertiliser purchases made in the financial year 2022 and documented by invoices issued in the financial year 2022.
- That this price is duly documented in the invoices issued for the purchase.
- That these invoices meet the requirements set out in article 6.1 of the Regulation governing invoicing obligations, approved by Royal Decree 1619/2012, of 30 November.

  See the requirements that all invoices and copies thereof must contain in accordance with the provisions of Article 6.1 of the Regulation governing invoicing obligations, in chapter 10 of the practical manual VAT 2022 ("Formal obligations of VAT taxable persons:Invoices and Register Books", in the section "Invoicing obligations".

Depreciation of tangible and intangible fixed assets (except forestry activities)

Table of depreciation

The determination of the amounts that, as depreciation of the tangible or intangible fixed assets assigned to the activity, correspond to the effective depreciation suffered by the different elements affected by operation, use, enjoyment or obsolescence, shall be carried out by applying the depreciation table included in Order HFP/1335/2021, of 1 December (BOE of 2 December, which is reproduced below:

Group	Description	Maximum linear coefficient	Maximum period
1	Buildings and similar	5 per 100	40 years

(*) For acquisitions of new assets between 1 January 2003 and 31 December 2004, the maximum straight-line depreciation rates applicable shall be the result of multiplying the rates indicated in the table by 1.1.The new coefficient thus determined will be applicable for the useful life of the new assets acquired in the period indicated above.**(Back)**

Group	Description	Maximum linear coefficient	Maximum period
2	Tools, implements, data-processing equipment, computer hardware, software and systems	40 per 100	5 years
3	Mussel platform	10 per 100	12 years
4	Boat	10 per 100	25 years
5	Transport equipment and other tangible fixed assets	25 per 100	8 years
6	Intangible fixed assets	15 per 100	10 years
7	Bovine, porcine, ovine and caprine stock	22 per 100	8 years
8	Horse cattle and non-citric fruit trees	10 per 100	17 years
9	Citric fruit trees and vineyards	5 per 100	45 years
10	Olive grove	3 per 100	80 years

(*) For acquisitions of new assets between 1 January 2003 and 31 December 2004, the maximum straight-line depreciation rates applicable shall be the result of multiplying the rates indicated in the table by 1.1.The new coefficient thus determined will be applicable for the useful life of the new assets acquired in the period indicated above.**(Back)**

Note: *in the case of forestry activities, no deduction shall be made for depreciation of the tangible and intangible fixed assets relating thereto.*

Special rules for the application of the depreciation table

Regulations: Instructions 2.2 of Annexes I and II Order HFP/1335/2021, of 1 December (BOE of 2 December).

- **The usable depreciation rate can be any percentage between the maximum and the minimum.** The latter percentage is the result of dividing 100 by the maximum period given in the table for each group of elements.
- **The depreciation coefficient is applied to the acquisition price or production cost**, if the item has been produced in-house, excluding:
  - The residual value, if any, for all items.
  - The value of land for buildings.Where the land value part of the purchase price is not known, this value is determined by apportioning the purchase price between the cadastral values of the land and the building in the year of purchase.

- The VAT paid on its acquisition or production when the good is used for an economic activity included in the simplified system of the aforementioned tax.

- **Depreciation shall be taken on an item-by-item basis**, although in the case of assets and liabilities included in the same group of the Depreciation Table, depreciation may be taken on all of them, provided that the depreciation for each asset and liability item can be known at any time.

- L**he assets of the tangible fixed assets** shall be depreciated as soon as they are ready for use and those of the intangible fixed assets as soon as they are ready to produce income.The depreciation period may not exceed the maximum depreciation period set out in the table for each type of item.

- **In the case of tangible fixed assets which are acquired used**, depreciation shall be taken on the purchase price up to the limit resulting from multiplying by two the amount derived from applying the maximum straight-line depreciation coefficient.

- **In the case of the transfer of use of assets with an option to purchase or renew**, when the economic conditions of the transaction leave no reasonable doubt that one or other option will be exercised, the transferee shall be entitled to deduct, by way of depreciation, an amount equivalent to the depreciation payments that would correspond to the aforementioned assets, by applying the coefficients provided for in the depreciation table to the acquisition price or production cost of the asset.

- For **new items of tangible fixed assets**, made available to the taxpayer in 2022 whose unit value does not exceed EUR 601.01, they may be depreciated freely, up to a limit of EUR 3,005.06 per year.

- In any case, documentary evidence of the acquisition of the depreciable items must be available at and must be duly recorded in the corresponding investment goods register.

Phase 3:Determining the net income of modules

Regulations:See Annex I and instruction 2.3 of the aforementioned Annex I Order HFP/1335/2021 of 1 December (BOE of 2 December).

The net module yield is obtained by applying the corrective index or indexes corresponding to the activity to the net yield minus the corrective index or indexes corresponding to the activity.

These corrective rates for the 2022 tax year are:

Table of contents 1.Exclusive use of third-party means of production in agricultural activities

Regulations:Instruction 2.3.a) of Annex I Order HFP /1335/2021, of 1 December

The rate 0.75 shall be applied when agricultural activities are carried out using *exclusively* external means of production, without taking land into account for this purpose.

External means of production are understood to be both labour and capital, with the exception of land and elements permanently attached to it such as wells, trees and buildings forming part of the holding.Therefore, in order for this corrective index to be applicable, the owner must not work personally in the activity (except for management, organisation and planning tasks) but must employ entirely outside labour;in addition, all elements of the holding other than land in the above terms must be provided by third parties.

By way of exception, this rate does not apply in cases of sharecropping and similar arrangements.

Table of contents 2.Use of salaried staff

Regulations:Instruction 2.3.b) of Annex I Order HFP/1335/2021, of 1 December

Where the activity uses salaried staff whose cost exceeds 10 per cent of the total volume of income, the following corrective index shall be applicable in each case, depending on the percentage that the cost of the salaried staff represents in relation to the total volume of income of the activity:

Correction index applicable for the use of salaried staff

Percentage (employee costs/volume of income x 100)	Contents
More than 10 per cent and up to 20 per cent	0.90
More than 20 per cent and up to 30 per cent	0.85
More than 30 per cent and up to 40 per cent	0.80
More than 40%	0.75

For the purpose of determining the rate for the use of employed personnel, the personnel costs and income from forestry and forest product processing activities shall not be taken into account.

Incompatibility with index 1: *this index shall not apply where the yield of the activity has been reduced by index 1 ("Exclusive use of outside means of production in agricultural activities").*

Table of contents 3.For crops grown on leased land

Regulations:Instruction 2.3.c) of Annex I Order HFP/1335/2021, of 1 December

The rate 0,90 shall apply when the crops are cultivated, in whole or in part, on rented land.The reduction shall be applied to that part of the reduced net yield of the activity which derives from these crops (after rectifying, where appropriate, the effect of the application of the above corrective indices).

In order to determine the part of the reduced net yield of the activity on which this rate is to be applied, it is necessary to distinguish the part of the previous net yield of the activity and the depreciation of the fixed assets assigned to the activity corresponding to the crops grown on rented land.

Where it is not possible to delimit this yield, it shall be apportioned on the basis of the percentage of the leased land devoted to each crop in relation to the total area, owned and leased, devoted to that crop.

Table of contents 4.More than 50 per cent of feed purchased from third parties

Regulations:Seventh additional provision and Instruction 2.3.d) of Annex I Order HFP/1172/2022, of 29 November (BOE of 1 December).

Where livestock farming activities are fed with feed and other feed products purchased from third parties, which account for more than 50 percent of the total amount consumed, the income from such activities shall be taxed at the rate of 0.50 in 2022 **.**

For this purpose, the amount of own feed and other products shall be valued at their market value.

> ***Attention:*** *the seventh additional provision of Order HFP//1172/2022 of 29 November (BOE of 1 December), determines that the corrective index of 0.50 for feed purchased from third parties regulated therein for 2023 shall also apply to the 2022 tax period, replacing those provided for in Order HFP/1335/2021 of 1 December (BOE of 2 December).*
>
> *Thus for 2022 reduces to a single index, 0.50, the two initially envisaged in the Order HFP/1335/2021 of 1 December (BOE of 2 December).*

Table of contents 5.Organic farming activities

Regulations:Instruction 2.3.e) of Annex I Order HFP/1335/2021, of 1 December

The index 0.95 will be applied when the production complies with the requirements established in Council Regulation (EC) 834/2007 of 28 June 2007 on organic production and labelling of organic products and repealing Regulation (CEE) No. 2092/1991, in its specific development regulations and in the legal regulations in force in the corresponding Autonomous Communities on organic production and is duly accredited by its organic operator's certificate.

Table of contents 6.Crops on irrigated land using electrical energy for this purpose

Regulations:Seventh additional provision and Instruction 2.3.f) of Annex I Order HFP/1172/2022, of 29 November (BOE of 1 December).

A rate of 0.75 will be applied when the crops are grown, in whole or in part, on land irrigated by

electrical energy, provided that the taxpayer, or the irrigation community in which he participates, is registered in the territorial register corresponding to the excise duties management office referred to in Article 102.2 of Law 38/1992, of 28 December, on Excise Duties.

This rate of 0.75 shall be applied to the **yield from crops grown on land irrigated by electric power.**

When it is not possible delimit said earnings, this rate will be applied on the result of multiplying the earnings from all crops by the percentage that it entails the surface area of the cultivations in irrigated crops using electrical, for this purpose, electricity on the total surface area of agricultural exploitation.

This rate may be applied by any of the following activities that use electrical energy to irrigate their crops, provided that the output comes from agricultural products:

- Agricultural activity susceptible to be included in the special regime for agriculture, livestock and fishing of the Value Added Tax.
- The transferor's share of the benefits accruing to the transferor from agricultural activities carried out under sharecropping.
- Processes of transformation, preparation or manufacture of natural, vegetable or animal products, which require registration under a heading corresponding to industrial activities in the Rates of the Tax on Economic Activities and are carried out by the owners of the holdings from which these natural products are obtained directly.

Attention: *the seventh additional provision of Order HFP//1172/2022, of 29 November (BOE of 1 December), determines that the corrective index for crops on irrigated land that use, for this purpose, electrical energy that is regulated therein for 2023 will also apply to the 2022 tax period, replacing that provided for in Order HFP/1335/2021, of 1 December (BOE of 2 December).*

Thus for 2022 reduces the corrective index for crops on irrigated land from 0.80 to 0.75.

Table of contents 7.As a company whose net income does not exceed 9,447.91 euros.

Regulations:Instruction 2.3.g) of Annex I Order HFP/1335/2021, of 1 December

The corrective index 0.90 will be applied when the sum of the net income minus all the agricultural and livestock activities carried out by the taxpayer does not exceed the sum of 9,447.91 euros per year.

In order to determine the corrective index for companies whose reduced net income does not exceed 9,447.91 euros, reduced net income derived from forestry activities, whether with or without processing, must be excluded.

Incompatibility: *This rate is not applicable in the case of young farmers or agricultural*

employees who are entitled to the special reduction of 25 per cent referred to in the sixth additional provision of the Law of IRPF.

Table of contents 8.Corrective index for certain forestry activities

Regulations:Instruction 2.3.h) of Annex I Order HFP/1335/2021, of 1 December

The corrective index 0.80 shall be applied to yields from the exploitation of forestry estates managed in accordance with technical forest management plans, forest management, forest management, forestry plans or reforestation plans approved by the competent forestry administration, provided that the average production period, depending on the species in question, determined in each case by the competent forestry administration, is equal to or greater than 20 years.

Attention: *only this corrective index may be applied to income from forestry activities.*

Phase 4:Determination of the net yield of the activity

In accordance with the regulations governing the objective assessment method, contained in Annex I and in the first additional provision of Order HFP/1335/2021, of 1 December (BOE of 2 December), the following reductions may be applied to determine the net yield of the activity:

1.General reduction:25 per 100

Regulations:eighth additional provision of Order HFP/1172/2022 of 29 November (BOE of 1 December), first additional provision of Order HFP/1335/2021 of 1 December (BOE of 2 December) and Article 2 of Order HFP/405/2023 of 18 April (BOE of 25 April).

For 2022, the net module yield from agricultural, livestock and forestry activities as well as transformation processes, determined in accordance with phase 3 above, **may be reduced by the percentage of 25 percent**.

Note: *Article 2 of Order HFP/405/2023 of 18 April, reducing for the 2022 tax period the net yield indexes and the general reduction applicable in the objective assessment method of Personal Income Tax for agricultural and livestock activities affected by various exceptional circumstances (BOE of 25 April), raised from 15 to 25 per cent the reduction provided for in first additional provision of Order HFP/1335/2021, which was previously increased from 5 to 15 per cent by eighth additional provision of Order HFP/172/2022 of 29 November, developing for the year 2023 the objective assessment method of Personal Income Tax for agricultural and livestock activities affected by various exceptional circumstances (BOE of 25 April), raised from 15 to 25 per cent the reduction provided for in first additional provision of Order HFP /1335/2021, which was previously increased from 5 to 15 per cent by eighth additional provision of Order HFP / 172/2022 of 29 November, which developed the objective*

assessment method of Personal Income Tax for 2023 (HFP / 172/2022, which was already increased from 5 to 15 per cent).

2.Reduction of young farmers:25 per 100

Regulations:sixth additional provision of Law IRPF and instruction 3 of Annex I Order HFP/1335/2021, of 1 December (BOE of 2 December).

Young farmers (over the age of 18 and under the age of 40) or agricultural wage earners may reduce the net module yield, which results after applying the general reduction, by 25% in each of the tax periods closed during the five years following their first installation as owners of a holding with priority status, carried out under the provisions of Chapter IV of Title I of Law 19/1995, of 4 July, on the Modernisation of Agricultural Holdings, provided that they can prove that they have carried out a plan to improve the holding.

For these purposes, the status of priority holding must be accredited by means of a certificate issued by the corresponding body of the Autonomous Community, or by inclusion in the General Catalogue of Priority Holdings of the Ministry of Agriculture, Fisheries and Food.

See Royal Decree 613/2001 of 8 June 2001 on the improvement and modernisation of the production structures of agricultural holdings (BOE of 9 June 2001).

3.Reduction for economic activities carried out on the island of La Palma:20 per 100

Regulations:sixth additional provision Order HFP/1172/2022, of 29 November (BOE of 1 December)

For those taxpayers who carry out their economic activity on the island of La Palma and determine the net income from this activity using the objective assessment method, **may reduce the net module income for 2022 corresponding to these activities by 20%.**

The reduction should be entered in box ***[0157]*** of the declaration.

***Please note**: Due to the consequences of the volcanic eruptions on the island of La Palma, the sixth additional provision of Order HFP /1172/2022, of 29 November, which develops the objective assessment method for the year 2023, establishes a special reduction for economic activities carried out on the island, similar to that established for the municipality of Lorca, due to the earthquake that took place in that municipality.These reductions will apply in both 2022 and 2023.*

4.Extraordinary expenses for exceptional circumstances

Regulations:See common rule 2 of Annex III Order HFP/1335/2021 of 1 December (BOE of 2 December).

When the development of the activity has been affected by fires, floods, subsidence or other exceptional circumstances that have determined extraordinary expenses outside the normal process of the exercise of the activity, the interested parties may reduce the resulting net yield by the amount of these expenses.For this purpose, taxpayers must have notified the Administration or, failing this, the Tax Agency Delegation, within 30 days of the date on which the circumstance arose, providing the corresponding justification and mentioning, where appropriate, the compensation to be received as a result of such changes, so that the Tax Administration can verify the certainty of the reason for the reduction in income and the amount of the reduction.

> See in this respect Royal Decree-Laws 10/2021 of 18 May adopting urgent measures to alleviate the damage caused by the "Filomena" storm (BOE of 19 May) and 20/2021 of 5 October adopting urgent support measures to repair the damage caused by volcanic eruptions and for the economic and social reconstruction of the island of La Palma (BOE of 6 October).See also Royal Decree-Law 28/2021 of 17 December adopting urgent complementary measures to repair the damage caused by the volcanic eruptions and for the economic and social recovery of the island of La Palma (BOE of 18 December).

Phase 5:Determination of the reduced net income from the activity

Regulations:(Arts.32.1 Law IRPF and 25 Regulation IRPF

In the event that in the development of agricultural activity yields have been obtained whose generation period has been greater than two years or other qualified as regulated as obtained in a notoriously irregular way over time, when imputed in a single tax period, a reduction in net yield of 30 per 100 of these amounts may apply.The result thus obtained is the reduced net return of the activity.

They have the consideration of yields obtained in a notoriously irregular way over time, for the purposes of the application of the aforementioned reduction of 30 per 100, exclusively the following, when imputed in a single tax period:

- Capital subsidies for the acquisition of elements of tangible fixed non-depreciable/amortisable.
- Compensation and aid for the cessation of economic activities.
- Indemnities received in substitution of economic rights of indefinite duration.

The amount of the net yield referred to in this paragraph to which the aforementioned reduction is to be applied **may not exceed the amount of 300,000 euros per year**.

In the event that several irregular forms of income of the same nature are obtained, and that their amount exceeds the limit of €300,000 of the maximum amount on which to apply the reduction of 30 percent, the maximum reduction shall be distributed proportionately between all such income.

Remember:*the profits or losses arising from the alienation or transmission of elements related to economic activity are not included in the yield derived from it, but are taxed with the rest of profits and property losses.*

Determination of the total reduced net earnings

In order to determine the total net yield, the reduced net yield of the activity calculated in accordance with the above paragraph, the following reduction may be applied, the conditions, amount and limit of which are set out in Chapter 7:

Reduction for the exercise of certain economic activities for taxpayers with non-exempt income of less than 12,000 euros.

Regulations:(Art. 32.2.3º Law IRPF)

Case Study

Don L.H.I. is the owner of a rustic farm in which he is dedicated to the activities of agriculture and exploitation of sheep of meat, whose heads feed mainly with the pastures that are produced on the farm itself. activities all of them included in the special regime of agriculture, livestock and fisheries (VAT) value added Tax (VAT).The holder does not carry out any other economic activity.

- The products he grows, all of which are intended for sale, consist of maize and various horticultural products (lettuce, beans and chard).
- In the financial year 2022, the cost of salaried personnel corresponding to one person working full-time in the activity since 2008 amounted to 18,000 euros.The remuneration paid to this employee in the financial year 2022, included in the cost of salaried personnel, amounts to 14,000 euros.
- In that year, the amount of agricultural diesel necessary for the agricultural activity amounted to 6,000 euros, as documented in the fuel invoices kept by the owner.
- Mr LHI opts to allocate the income from his activity in accordance with the collection and payment criteria, according to which, the income corresponding to 2022 recorded in the income register was as follows:

Subject	Cost	Clearing VAT	Total
Proceeds from corn sales	49,000	5,880	54,880
Proceeds from the sale of lambs	27,000	2,835	29,835
Sales revenue horticultural products	17,000	2,040	19,040
Income from work carried out for other farmers under the special scheme for agriculture, livestock farming and fisheries VAT **(1)**	4,760	-- **(2)**	4,760
Total Compatable income (Euro)			**108.515**

Notes to the table:

(1) In the previous year (2021), income from work for other farmers represented only 6 percent of the total volume of income for that year.Consequently, in 2022 said works are considered to be included in the special system for agriculture, livestock and fishing for VAT purposes and do not constitute an independent activity for the purposes of the method of objective estimation of Personal Income Tax, and must be computed as one more differentiated product or service within the only agricultural and livestock activity carried out by the holder.**(Back)**

(2) As the recipients of this work are other farmers who are also covered by the special scheme for agriculture, livestock farming and fisheries of VAT, there is no need to refund compensation for these operations.**(Return)**

- In addition to the above income, Mr LHI has recorded in the aforementioned register another income of 6,250 euros, corresponding to the amount received in 2022 as direct aid decoupled from the Common Agricultural Policy (CAP).
- In turn, his register of investment goods contains the following entries as at 31 December 2021, relating to the fixed assets assigned to the activity for which the owner retains full documentary evidence:

Element	Input in operation	Cost price	Accumulated depreciation at 12-31-2021
Warehouse nave and stable	10-02-2010	36.000 **(1)**	22,000
Towing	10-02-2010	3,155	3,155
Paying machine	10-02-2015	7,500	7,200
Irrigation installation	10-02-2017	2,500	1,015

(1) The recorded acquisition value (depreciable value) does not include the value of the land.**(Back)**

Element	Input in operation	Cost price	Accumulated depreciation at 12-31-2021
Tractor, attachments and implements	10-02-2017	28,800	9,800

(1) The recorded acquisition value (depreciable value) does not include the value of the land.**(Back)**

- Finally, during the financial year 2022 it has acquired various new farming tools for 1,260 euros, without the unit value of any of them exceeding the amount of 601.01 euros.

Solution:

Previous issue:activities carried out.

The activities carried out by Mr. L.H.I. are all included in the special regime for agriculture, livestock and fishing of the Value Added Tax, and therefore, for the purposes of the application of the objective assessment method of the IRPF, it is a single activity, whose identification code is 1 (agriculture or livestock susceptible of being included in the special regime for agriculture, livestock and fishing of the VAT).

1st Phase:Determination of the previous net earnings.

As a preliminary operation, it is necessary to determine the eligible income corresponding to each of the products obtained and services rendered in the exercise of the activity, bearing in mind that the amount of the decoupled direct aid of the Common Agricultural Policy (CAP) must be cumulated with the income from the different crops and holdings, in proportion to their respective amounts, without including for this purpose the income from other work and ancillary services.

Therefore, the computable income will be as follows:

Total income from crops and farms:54.880 (maize) + 29.835 (lambs) + 19.040 (horticultural p.) = 103.755 euros.

Eligible revenue from maize sales

Registered income:54,880

Proportional share of direct aid decoupled from CAP (54,880 ÷ 103,755 x 6,250) = 3,305.86

Eligible income (54.880 + 3.305,86) = 58.185,86

Eligible proceeds from the sale of sheep for meat

Registered income:29,835

Proportional share of direct aid decoupled from CAP (29,835 ÷ 103,755 x 6,250) = 1,797.20

Eligible income (29.835 + 1.797,20) = 31.632,20

Eligible income from the sale of horticultural products

Registered income:19,040

Proportional share of the uncoupled direct aid of the CAP (19.040 ÷ 103.755 x 6.250):1,146.93

Eligible income (19.040 + 1.146,93) = 20.186,93

Eligible income from other ancillary works and services

Registered and computable income:4,760

Applying the corresponding net yield rates to income from each of the products and services, the previous net yield is determined as follows:

Product code	Product/Service Type	Eligible income	Performance index	Base product yield
3	Sheep of meat	31,632.20	0.09	2,846.90
6	Maize	58,185.86	0.18	10473.45
	Horticulture products	20,186.93	0.26	5,248.60
15	Other works and accessories services	4,760.00	0.56	2,665.60
Previous net yield (sum)				**21,234.55**

2nd Phase:Determination of the reduced net earnings.

35 per cent reduction in the purchase price of agricultural diesel *(D.A.7ª Orden HFP /1172/2022, de 29 de noviembre -BOE de 1 de diciembre-)*

In the case of purchases of agricultural diesel necessary for the development of the activity documented by means of the corresponding invoices, this reduction should be applied for the following amount:

35% s/ 6.000 euros (amount of agricultural diesel 2022) = 2.100 euros

Amount of depreciation of fixed assets assigned to the activity.

Using the depreciation table contained in Order HFP/1335/2021, of 1 December (BOE of 2 December), and in accordance with the rules for its application established therein, the amount of depreciation that can be deducted from the previous net yield is determined as follows:

Asset-related elements	Acquisition value	Maximum coefficient	Depreciation period	Amortisation
Warehouse nave and stable	36,000	5%	All year round	1,800
Towing	3.155&	Irrelevant (1)		0
Paying machine	7,500	25%	All year round	300 (2)
Irrigation installation	2,500	25%	All year round	625
Tractor and attachments	28,800	25%	All year round	7,200
Tillage tools	1260	100% (3)	Irrelevant	1260
Total depreciation				**11.185**

Notes to the table:

(1) On 31-12-2022, the trailer was already fully depreciated and therefore no amount should be taken into account for this item in 2022.(Go back)

(2) As the amount that would result from the application of the maximum linear coefficient is higher than the amount to be depreciated at 31-12-2021, which amounts to 300 euros (7,500 - 7,200), the depreciation of the spreader has been effected for the latter amount.(Go back)

(3) They can be freely depreciated because their unit value is less than 601.01 euros and because, in addition, the overall amount of the new assets acquired in 2022 does not exceed 3,005.06 euros.(Go back)

Reduced net yield (summary):

Previous net earnings:21234.55

less:Reduction for the purchase of agricultural diesel:2,100

less:Depreciation of tangible and intangible fixed assets:11185

equal to:Reduced net earnings:7949.55

3rd Phase:Correction indexes and determination of the net yield of modules.

Only the corrective rate for the use of salaried staff, whose cost represents 16 per 100 in respect of the total volume of income (18.000 ÷ 114.765 x 100 = 15,68%), is applicable in this case.

As the percentage is between 10 and 20 per 100, the corrective rate 0,90 should be applied.Therefore:

Net module earnings:(7,949.55 x 0.90) = 7,154.59

4th Phase:Determination of the net activity yield.

- General reduction:25% s/7.154,59 = 1.788,65 euros

  Comment: the eighth additional provision of Order *HFP/1172/2022, of 29 November (BOE of 1 December), raised from 5% to 15% the general reduction provided for in the first additional provision of Order HFP/1335/2021, of 1 December, developing for the year 2022 the objective assessment method of Personal Income Tax and the special simplified system of Value Added Tax.However, in order to take into account the sharp increase in costs borne by the agricultural sector as a result of the war in Ukraine, Article 2 of Order HFP /405/2023 of 18 April reducing for the 2022 tax period the net yield rates and the general reduction applicable in the objective assessment method of personal income tax for agricultural and livestock activities affected by various exceptional circumstances (BOE of 25 April) has raised this general reduction to 25% for agricultural, livestock and forestry activities that determine the net yield by the objective assessment method.*

- In the absence of extraordinary expenses for exceptional circumstances or the right to reduction by young farmers, the net return of the activity is as follows:7.154,59 - 1.788,65 = **5.365,94** euros

5th Phase:Determination of the reduced net earnings of the activity.

Reduction for irregularity

By not counting any kind of performance with generation period of more than two years, nor any obtained in a notoriously irregular way in time, no reduction in this concept should be applied.Therefore:

Reduced net income from the activity = Net income from the activity (5.365,94 euros)

Determination of the total reduced net yield of the activity

Reduction for the exercise of certain economic activities:

As the income from economic activities is less than 12,000 euros, the reduction of article 32.2.3 of the Personal Income Tax Act applies.

As it is less than 8,000 euros (5,365.94 euros), the amount of the reduction to be applied is 1,620 euros.

Therefore:

Net income from the activity = 5,365.94

less:Reduction under Article 32.2.3 of the Personal Income Tax Act = 1,620

equal to:Total reduced net income from the activity = (5.365,94 - 1.620) = **3.745,94**

Appendix:List of natural products, services and ancillary activities carried out by farmers, ranchers and forest owners and income indices applicable for 2022

Agricultural holdings

Note: *the following table includes the net yield rates applicable in 2022 with the modifications established in Order HFP /405/2023, of 18 April, reducing for the 2022 tax period the net yield rates and the general reduction applicable in the objective assessment method of Personal Income Tax for agricultural and livestock activities affected by various exceptional circumstances (BOE of 25 April), which are identified with an asterisk (*).*

Group designation	Products	Index
Grain cereals except rice	Wheat, rye, barley, oats, maize, sorghum, millet, breadfruit, canary seed, spelt, triticale and buckwheat, etc.	(*) 0.18
Grain legumes	Carob beans, vetch, vetch, almonds, lupins, chickpeas, peas, broad beans, beans, lentils, vetch, vetch, yeros, etc.	(*) 0.18
Mushrooms for human consumption	Mushrooms for human consumption	0.26
Citrus fruit	Orange (sweet or bitter), mandarin, lemon, grapefruit, lime, bergamot, etc.	0.26
Grape	Table wine grapes without designation of origin	0.26
	Grapes for table wine with denomination of origin	0.32
	Table grape	0.32
-	Almond	(*) 0.13
	Chestnut	(*) 0.18

Group designation	Products	Index
	Other nuts, except almonds and chestnuts, e.g. hazelnuts, nuts (pistachios, pine nuts), walnuts, etc.	0.26
Oilseeds	Peanut, sunflower, soybean, rapeseed and turnip rape, safflower and castor beans, etc.	(*) 0.22
Rice	Rice	0.32
Olive products	Olives (mill or table olives)	(*) 0,13
Forages	Forage weed plants (fodder turnip, fodder beet, fodder cabbage, fodder pumpkin, fodder carrot, etc.)and other fodder plants (alfalfa, winter cereal fodder, fodder maize, vetch, sainfoin, clover, vallico, fodder bean, sulla and others), etc.	0.37
Roots, tubers (except potato)	Roots, tubers (except potato)	0.37
Non-citrus fruit	Apricot, peach, nectarine	(*) 0.26
	Dessert apple, cider apple, pear, quince, medlar, other pome fruits (acerola, serba and others), cherry, sour cherry, plum and other stone fruits, fig, pomegranate, currant, raspberry, other small fruits and berries (blackcurrant, blackberry, mulberry, etc.), banana, avocado, custard apple, kiwi and other tropical and subtropical fruits (persimmon, prickly pear, date, guava, papaya, mango, lychee, except tropical pineapple).	0.37
Horticultural products	Cabbage, Brussels sprouts, cauliflower, cauliflower, other cabbage, chard, celery, leek, lettuce, endive, spinach, asparagus, endive, cardoon, other leafy vegetables, tomato, artichoke, cucumber, gherkin, aubergine, pepper, pumpkin, courgette, other vegetables grown for their fruit or flower, table beet, carrot, garlic, onion, spring onion, turnip, radish, other vegetables grown for their root, bulb or tuber, green pea, green bean, green bean, other podded vegetables, watermelon, melon, strawberry, strawberry, pineapple and other fruit of non-perennial plants, etc.	0.26
	Sugar beet	0.13
Potato	Potato	0.26
Other agricultural products	Hops, sugar cane, saffron, chicory, paprika, nurseries, etc.	0.37
	Flowers and ornamental plants	0.32
Textile plants	Cotton	0.37

Group designation	Products	Index
	Flax, Hemp	0.42
Tobacco	Tobacco	0.26
Ancillary activities carried out by farmers	Agro-tourism, handicrafts, hunting, fishing and recreational and leisure activities, in which the farmer or livestock farmer participates as a monitor, guide or expert, such as hiking, trekking, ecological routes, etc.	0.42
Other ancillary works and services provided by farmers		0.56

Livestock operations

Note: *the following table includes the net yield rates applicable in 2022 with the modifications established in Order HFP /405/2023, of 18 April, reducing for the 2022 tax period the net yield rates and the general reduction applicable in the objective assessment method of Personal Income Tax for agricultural and livestock activities affected by various exceptional circumstances (BOE of 25 April), which are identified with an asterisk (*).*

Group name	Products	Indexes
Poultry	Meat and eggs from chickens, hens, ducks, pheasants, partridges, quail, etc.	(*) 0.09
Bovine	Meat (intensive)	(*) 0.09
	Meat (extensive)	(*) 0.09
	Milk (intensive)	(*) 0.14
	Milk (extensive)	(*) 0.14
	Breeding (intensive)	(*) 0.18
	Breeding (extensive)	(*) 0.18
Goat	Meat (intensive)	(*)

Group name	Products	Indexes
		0.09
	Meat (extensive)	(*) 0.09
	Milk (intensive)	(*) 0.18
	Milk (extensive)	(*) 0.18
Rabbit farming	Rabbit farming	(*) 0.09
Sheep	Meat (intensive)	(*) 0.18
	Meat (extensive)	(*) 0.18
	Milk (intensive)	(*) 0.18
	Milk (extensive)	(*) 0.18
Pigs	Meat (intensive)	(*) 0.09

Group name	Products	Indexes
	Meat (extensive)	(*) 0.09
	Breeding (intensive)	(*) 0.18
	Breeding (extensive)	(*) 0.18
Ancillary activities carried out by farmers	Agrocutism, crafts, hunting, fishing and, recreational and leisure activities, in which the farmer or farmer participates as a monitor, guide or expert, such as hiking, hiking, ecological routes, etc..	0.42
Breeding, keeping or fattening services of any kind of livestock (including poultry)		0.37
Other ancillary work and services provided by livestock farmers		0.56
Other livestock farming activities not expressly provided for elsewhere	Beekeeping	(*) 0.13
	Fur animals (mink, chinchilla, etc.)	0.32
	Equines	(*) 0.22

Forestry operations

Group designation	Products	Index
Tree species with an average felling period longer than 30 years	Chestnut, birch, ash, maple, cherry, alder, walnut, albar pine (P. Sylvestris), larice pine, fir, Oregon pine, cedar, carrasco pine, canarian pine, piñonero pine, pine pinaster, cypress, beech, oak, oak, oak, cork oak, and other chercineas	0.13
Tree species with a mean short period of 30 years or less	Eucalyptus, colopo, insigne pine and maritime pine	0.26

Group designation	Products	Index
Resin extraction forestry activity		0.32
Ancillary activities by forest holders		0.42
Other works and ancillary services provided by holders of forest holdings		0.56

Annex:Reduction of net yield rates, applicable in 2022, for agricultural and livestock activities affected by exceptional circumstances grouped by Autonomous Communities, Provinces, territorial areas and activities

Regulations:Order HFP/405/2023, of 18 April, reducing for the 2022 tax period the net yield indexes and the general reduction applicable in the objective estimation method of Personal Income Tax for agricultural and livestock activities affected by various exceptional circumstances (BOE of 24 April.Corrigendum (BOE of 9 June)

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Andalucía

All provinces		
Territorial scope	**Activity**	**Net performance index**
All municipalities (except for those listed with a lower index)	Nuts:Almond	0.09

Province:Almería		
Territorial scope	**Activity**	**Net performance index**
All municipal terms	Cereals:Barley and triticale	0.13
	Legumes:Yeros	0.13
	Horticultural products:Watermelon	0.18
	Legumes:Grain	0.13
Municipalities of:Abla, Abrucena, Alboloduy, Alcolea, Alhabia, Alhama de Almería, Alicún, Almócita, Alsodux, Bayárcal, Beires, Bentarique, Canjáyar, Fiñana, Fondón, Gérgal, Huécija, Instinción, Láujar de Andarax, Nacimiento, Ohanes, Padules, Paterna del Río, Rágol, Santa Cruz de Marchena, Terque, Tres Villas (Las), and Íllar.	Olive products	0.09

Province:Almería		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Albox, Alcóntar, Lúcar, Oria and Serón	Cereals:Common wheat	0.13
	Nuts:Almond	0.05
Municipalities of:Cantoria	Sheep and goats for meat	0.07
	Dairy sheep and goats	0.13
Municipalities of:Chirivel, María and Vélez-Rubio	Cereals:Oats, rye and wheat	0.13
	Nuts:Almond	0.05
Municipalities of:Somontín	Cereals:Common wheat	0.13
	Nuts:Almond	0.05
	Sheep and goats for meat	0.05
	Dairy sheep and goats	0.09
Municipalities of:Taberno	Nuts:Almond	0.05
Municipalities of:Vélez-Blanco	Cereals:Wheat	0.09
	Nuts:Almond	0.05

Province:Cadiz		
Territorial scope	**Activity**	**Net performance index**
All municipal terms	Horticultural products:Broccoli	0.13

Province:Cadiz		
Territorial scope	**Activity**	**Net performance index**
	Citrus fruit:Orange	0.18
	Citrus fruit:Mandarin	0.13
	Nuts:Chestnut	0.13
Municipalities of:Alcalá de los Gazules, Benalup-Casas Viejas, Medina Sidonia and Tarifa	Rice	0.11
Municipalities of:Barbate	Rice	0.11
	Potato	0.05
	Horticultural products:Celery, courgette, cauliflower, cauliflower, cabbage, cucumber, leek and carrot	0.18
	Horticultural products:Strawberry	0.18
	Horticultural products:Tomato	0.18
Municipalities of:Conil de la Frontera	Potato	0.05
	Horticultural products:Celery, courgette, cauliflower, cauliflower, cabbage, cucumber, leek and carrot	0.18
	Horticultural products:Strawberry	0.18
	Horticultural products:Tomato	0.18
Municipalities of:Chiclana de la Frontera	Potato	0.05
	Horticultural products:Celery, courgette, cauliflower, cauliflower, cabbage, cucumber, leek and carrot	0.18
	Horticultural products:Strawberry	0.18
	Horticultural products:Tomato	0.18

Province:Cadiz		
Territorial scope	**Activity**	**Net performance index**
	Table grape	0.22
	Grapes for D.O. wine	0.22
Municipalities of:Chipiona, Rota and Sanlúcar de Barrameda	Flowers and ornamental plants	0.22
	Potato	0.13
	Horticultural products:Courgette	0.18
	Horticultural products:Tomato	0.13
	Table grape	0.22
	Grapes for D.O. wine	0.22
Municipalities of:Wait for	Cotton	0.19
Municipalities of:Jerez de la Frontera	Rice	0.11
	Table grape	0.22
	Grapes for D.O. wine	0.22
Municipalities of:Puerto Real, Puerto de Santa María (El) and Trebujena	Table grape	0.22
	Grapes for D.O. wine	0.22
Municipalities of:Vejer de la Frontera	Rice	0.11
	Potato	0.05
	Horticultural products:Courgette and Carrot	0.18
	Horticultural products:Strawberry	0.18
	Horticultural products:Tomato	0.18

Province:Córdoba		
Territorial scope	**Activity**	**Net performance index**
All municipal terms	Citrus fruit:Mandarin	0.13
	Non-citrus fruit	0.19
	Legumes:Dried peas	0.13
Municipalities of:Alcaracejos, Añora, Belalcázar, Belmez, Blázquez (Los), Cardeña, Conquista, Dos Torres, Espiel, Fuente Obejuna, Fuente la Lancha, Granjuela (La), Guijo (El), Hinojosa del Duque, Obejo, Pedroche, Peñarroya-Pueblonuevovo, Pozoblanco, Santa Eufemia, Torrecampo, Valsequillo, Villaharta, Villanueva de Córdoba, Villanueva del Duque, Villanueva del Rey, Villaralto, Villaviciosa de Córdoba y Viso (El)	Olive products	0.05
Municipalities of:Cordoba, Fuente Palmera and Guadalcázar	Cotton	0.13
Municipalities of:Puente Genil	Cotton	0.26

Province:Granada		
Territorial scope	**Activity**	**Net performance index**
All municipal terms	Citrus fruit:Lemon and orange	0.13
	Legumes:Dried beans	0.05
	Horticultural products:Endive	0.13
Municipalities of:Alamedilla, Benalúa de las Villas, Campotéjar, Colomera, Dehesas Viejas, Deifontes, Domingo Pérez de Granada, Gobernador, Guadahortuna, Iznalloz, Montejícar, Montillana, Morelábor, Pedro Martínez, Píñar y Torre-Cardela	Horticultural products:Asparagus	0.05
Municipalities of:Albolote, Alfacar, Algarinejo, Alhendín, Armilla, Atarfe, Beas de Granada, Calicasas, Cenes de la Vega, Chauchina, Churriana de la Vega, Cijuela, Cogollos de la Vega, Cájar, Cúllar Vega, Dílar,	Horticultural products:Asparagus	0.13

Province:Granada		
Territorial scope	**Activity**	**Net performance index**
Dúdar, Fuente Vaqueros, Gabias (Las), Granada, Gójar, Güevéjar, Güéjar Sierra, Huétor Tájar, Huétor Vega, Huétor de Santillán, Jun, Loja, Láchar, Maracena, Moclín, Monachil, Montefrío, Moraleda de Zafayona, Nívar, Ogíjares, Peligros, Pinos Genil, Pinos Puente, Pulianas, Quéntar, Salar, Santa Fe, Valderrubio, Vegas del Genil, Villa de Otura, Villanueva Mesía, Víznar, Zagra, Zubia (La) y Íllora		
Municipalities of:Albondón, Albuñol, Almuñécar, Gualchos, Guájares (Los), Jete, Lentegí, Lújar, Molvízar, Motril, Otívar, Polopos, Rubite, Salobreña, Sorvilán, Torrenueva Costa, Vélez de Benaudalla and Ítrabo	Non-citrus fruit:Avocado	0.19
Municipalities of:Albuñán, Aldeire, Alicún de Ortega, Alquife, Beas de Guadix, Benalúa, Calahorra (La), Cogollos de Guadix, Cortes y Graena, Darro, Dehesas de Guadix, Diezma, Dólar, Ferreira, Fonelas, Gor, Gorafe, Guadix, Huélago, Huéneja, Jérez del Marquesado, Lanteira, Lugros, Marchal, Peza (La), Polícar, Purullena, Valle del Zalabí, Villanueva de las Torres	Cereals:Oats and triticale	0.09
	Cereals:Barley, rye, common wheat and durum wheat	0.05
	Legumes	0.09
Municipalities of:Baza, Caniles, Cortes de Baza, Cuevas del Campo, Cúllar, Freila and Zújar.	Cereals:Oats and barley	0.13
	Cereals:Wheat	0.09
Municipalities of:Benamaurel	Cereals:Oats and barley	0.13
	Cereals:Wheat	0.09
	Sheep and goats for meat	0.07
	Dairy sheep and goats	0.13
Municipalities of:Castilléjar, Castril, Galera, Huéscar, Orce and Puebla de Don Fadrique	Cereals:Oats, rye and wheat	0.09
	Cereals:Barley and triticale	0.05
	Legumes	0.13

Province:Granada		
Territorial scope	**Activity**	**Net performance index**
	Olive products	0.09
Municipalities of:Pinar (El)	Olive products	0.09

Province:Huelva		
Territorial scope	**Activity**	**Net performance index**
All municipal terms	Legumes:Sweet lupin	0.13
	Non-citrus fruit:Plum	0.13
	Citrus fruit:Grapefruit	0.13
Municipalities of:Hinojos	Rice	0.16
Municipalities of:Palma del Condado (La)	Cotton	0.26
Municipalities of:Paterna del Campo and Villarrasa	Cotton	0.13

Province:Jaén		
Territorial scope	**Activity**	**Net performance index**
All municipalities (except those listed with a lower index)	Cotton	0.19
	Cereals:Barley	0.13
	Olive products	0.09
	Non D.O. wine grapes	0.09
Municipalities of:Andújar, Cazalilla, Espeluy, Lupión, Mengíbar and Torredelcampo	Cotton	0.13

Province:Jaén		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Villanueva de la Reina	Cotton	0.07

Province:Malaga		
Territorial scope	**Activity**	**Net performance index**
All municipal terms	Citrus fruit:Mandarin and orange	0.13
	Horticultural products:Green bean	0.18
	Table grape	0.22
	Grapes for raisining	0.06
	Cereals:Rye	0.13
Municipalities of:Alcaucín, Algarrobo, Almáchar, Arenas, Benamargosa, Benamocarra, Borge (El), Canillas de Aceituno, Canillas de Albaida, Comares, Cómpeta, Cútar, Frigiliana, Iznate, Macharaviaya, Nerja, Periana, Riogordo, Salares, Sayalonga, Sedella, Torrox, Viñuela, Vélez-Málaga and Árchez.	Non-citrus fruit:Avocado	0.19
	Grapes for D.O. wine	0.22
Municipalities of:Alhaurín de la Torre, Alhaurín el Grande, Alozaina, Casarabonela, Coín, Cártama, Pizarra and Álora	Cereals:Wheat	0.13
	Non-citrus fruit:Avocado	0.26
Municipalities of:Almogía, Casabermeja, Colmenar, Mijas, Moclinejo, Málaga, Rincón de la Victoria and Totalán.	Non-citrus fruit:Avocado	0.26
Municipalities of:Arriate, Benaoján, Burgo (El), Cuevas del Becerro, Montecorto, Ronda and Serrato	Cereals:Durum wheat	0.13
Municipalities of:Carratraca	Non-citrus	0.26

Province:Malaga		
Territorial scope	**Activity**	**Net performance index**
	fruit:Avocado	
Municipalities of:Estepona	Non-citrus fruit:Avocado	0.26
Municipalities of:Guaro	Cereals:Wheat	0.13
	Non-citrus fruit:Avocado	0.26
	Nuts:Chestnut	0.09
Municipalities of:Monda	Non-citrus fruit:Avocado	0.26
Municipalities of:Ojén	Non-citrus fruit:Avocado	0.26
	Nuts:Chestnut	0.09
Municipalities of:Pujerra	Nuts:Chestnut	0.13
Municipalities of:Tolox	Non-citrus fruit:Avocado	0.26
	Nuts:Chestnut	0.09
Municipalities of:Yunquera	Cereals:Wheat	0.13
	Non-citrus fruit:Avocado	0.26
	Nuts:Chestnut	0.09

Province:Sevilla		
Territorial scope	**Activity**	**Net performance index**
All municipalities (except for those listed with a lower index)	Cereals:Wheat and oats	0.13
	Citrus fruit:Orange and lemon	0.18
	Nuts:Almond	0.05
	Horticultural products:Broccoli	0.09
	Cotton	0.26
Municipalities of:Aznalcázar, Isla Mayor and Puebla del Río (La)	Rice	0.06
Municipalities of:Brenes and Peñaflor	Cotton	0.19
Municipalities of:Cabezas de San Juan (Las), Coria del Río and Dos Hermanas	Rice	0.11
Municipalities of:Lebrija	Rice	0.11
	Grapes for D.O. wine	0.22
Municipalities of:Palacios y Villafranca (Los) and Utrera	Cotton	0.19
	Rice	0.11

Aragon

Huesca

Province:Huesca		
Territorial scope	**Activity**	**Net performance index**
All municipalities (except for those listed with a lower index)	Nuts:Almond	0.09
Municipalities of:Albalate de Cinca, Ballobar, Belver de Cinca, Candasnos, Chalamera, Fraga, Osso de Cinca, Peñalba, Torrente de Cinca, Velilla de Cinca and Zaidín.	Non-citrus fruit:Apricot, cherry, peach and nectarine	0.07
	Non-citrus fruit:Plum	0.19
	Non-citrus fruit:Apple and pear	0.26
Municipalities of:Albalatillo, Alberuela de Tubo, Alcubierre, Capdesaso, Castejón de Monegros, Castelflorite, Lalueza, Lanaja and Peralta de Alcofea	Cereals:Common wheat	0.13
Municipalities of:Albelda	Cereals	0.09
	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Apple and pear	0.13
	Non-citrus fruit:Cherry and plum	0.07
Municipalities of:Albero Alto, Albero Bajo, Alcalá de Gurrea, Alcalá del Obispo, Blecua y Torres, Novales y Piracés	Cereals	0.13
Municipalities of:Alcampell, Alfántega, Altorricón, Azanuy-Alins, Baldellou, Baélls, Binaced, Binéfar, Camporrélls, Castillonroy, Esplús, Monzón, Peralta de Calasanz, Pueyo de Santa Cruz, San Esteban de Litera, San Miguel del Cinca, Tamarite de Litera, Vencillón	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Apple and pear	0.13
	Non-citrus fruit:Cherry and plum	0.07

Province:Huesca		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Alcolea de Cinca	Non-citrus fruit:Apricot and cherry	0.07
	Non-citrus fruit:Plum	0.19
	Non-citrus fruit:Apple and pear	0.26
Municipalities of:Almunia de San Juan	Cereals:Maize	0.13
	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Apple and pear	0.13
	Non-citrus fruit:Cherry and plum	0.07
Municipalities of:Fonz	Non-citrus fruit:Apple	0.26
Municipalities of:Gurrea de Gállego	Cereals:Maize	0.13
	Non-citrus fruit:Cherry	0.26
	Non-citrus fruit:Apple and pear	0.26
Municipalities of:Orchard	Forages:Alfalfa	0.26
Municipalities of:Ilche	Cereals:Barley	0.13
Municipalities of:Monflorite-Lascasas	Cereals:Maize	0.13
Municipalities of:Ontiñena	Cereals:Maize	0.13
	Non-citrus fruit:Apricot and cherry	0.07
	Non-citrus fruit:Plum	0.19

Province:Huesca		
Territorial scope	**Activity**	**Net performance index**
	Non-citrus fruit:Apple and pear	0.26
	Non-citrus fruit:Peach and nectarine	0.07
Municipalities of:Sangarrén	Cereals:Maize	0.09
Municipalities of:Sariñena	Cereals:Common wheat	0.13
	Non-citrus fruit:Peach	0.07
Municipalities of:Seine	Cereals:Common wheat	0.13
	Forages:Alfalfa	0.19
Municipalities of:Senés de Alcubierre and Vicién	Cereals	0.09
Municipalities of:Valfarta	Cereals:Common wheat	0.13
	Non-citrus fruit:Apple	0.26
Municipalities of:Villanueva de Sigena	Cereals:Common wheat	0.13
	Forages:Alfalfa	0.19
	Non-citrus fruit:Apricot, peach, nectarine	0.07
Municipalities of:Sotonera (La)	Non-citrus fruit:Cherry	0.26

Teruel

Province:Teruel		
Territorial scope	**Activity**	**Net performance index**
All municipalities (except for those listed with a lower index)	Olive products	0.09
Municipalities of:Aguatón	Cereals:Triticale	0.13
Municipalities of:Aguaviva	Non-citrus fruit:Plum	0.26
	Non-citrus fruit:Peach and nectarine	0.19
Municipalities of:Alacón, Almohaja, Alobras, Bezas, Cuervo (El), Gea de Albarracín, Jatiel, Loscos, Peracense, Sarrión, Tormón, Torremocha de Jiloca, Veguillas de la Sierra, Villar del Salz	Cereals:Barley	0.13
Municipalities of:Alba, Alloza, Allueva, Bueña, Fuentes Calientes, Singra and Valbona	Cereals:Common wheat	0.13
Municipalities of:Albalate del Arzobispo and Cretas	Non-citrus fruit:Cherry	0.07
	Non-citrus fruit:Plum	0.26
	Non-citrus fruit:Peach and nectarine	0.19
Municipalities of:Albarracín	Cereals:Barley	0.13
	Cereals:Triticale	0.09
Municipalities of:Alcañiz	Cereals:Common wheat	0.13
	Non-citrus fruit:Apricot, peach, nectarine	0.13
	Non-citrus fruit:Cherry	0.07
	Non-citrus fruit:Plum	0.26
	Non-citrus fruit:Pear	0.13
Municipalities of:Alcorisa	Non-citrus fruit:Apricot, peach, nectarine	0.13

Province:Teruel		
Territorial scope	**Activity**	**Net performance index**
	Non-citrus fruit:Cherry	0.07
Municipalities of:Alfambra	Cereals:Barley	0.05
	Cereals:Common wheat and triticale	0.09
Municipalities of:Alpeñés and Castejón de Tornos	Oilseeds:Sunflower	0.16
Municipalities of:Arens de Lledó	Non D.O. wine grapes	0.13
Municipalities of:Argente	Cereals:Triticale	0.09
Municipalities of:Ariño	Cereals:Common wheat	0.09
Municipalities of:Azaila	Cereals:Barley	0.09
	Cereals:Triticale	0.05
Municipalities of:Burbáguena, Báguena and Oliete	Non-citrus fruit:Cherry	0.13
Municipalities of:Bañón, Celadas, Corbalán and Monforte de Moyuela	Cereals:Common wheat and triticale	0.13
Municipalities of:Barrachina, Ferreruela de Huerva and Pancrudo	Oilseeds:Sunflower	0.11
Municipalities of:Berge, Fórnoles, Portellada (La), Ráfales and Valdeltormo	Non-citrus fruit:Cherry	0.07
	Non-citrus fruit:Peach and nectarine	0.19
Municipalities of:White	Cereals:Barley	0.13
	Cereals:Common wheat	0.09
	Oilseeds:Rapeseed	0.16
	Oilseeds:Sunflower	0.11
Municipalities of:Bronchales, Calomarde, Frías de Albarracín,	Cereals:Barley and	0.13

Province:Teruel		
Territorial scope	**Activity**	**Net performance index**
Fuentes Claras, Mora de Rubielos, Pozondón, Puebla de Valverde (La), Tramacastilla, Valdecuenca, Vallecillo (El), Villafranca del Campo y Villar del Cobo	common wheat	
Municipalities of:Calaceite and Valjunquera	Non-citrus fruit:Cherry	0.07
	Non-citrus fruit:Peach and nectarine	0.13
Municipalities of:Calamocha	Non-citrus fruit:Cherry	0.13
	Oilseeds:Sunflower	0.11
Municipalities of:Calanda	Non-citrus fruit:Apricot, peach, nectarine	0.13
	Non-citrus fruit:Cherry	0.07
	Non-citrus fruit:Plum	0.26
Municipalities of:Camañas	Cereals:Barley	0.09
	Cereals:Common wheat	0.13
	Cereals:Triticale	0.05
Municipalities of:Cantavieja	Forages:Alfalfa	0.07
Municipalities of:Cañada de Benatanduz, Iglesuela del Cid (La), Mirambel, Tronchón and Villarluengo	Forages:Alfalfa	0.13
Municipalities of:Castelserás	Non-citrus fruit:Plum	0.26
	Non-citrus fruit:Peach and nectarine	0.13
	Non-citrus fruit:Pear	0.13
Municipalities of:Cella	Cereals:Common wheat	0.13

Province:Teruel		
Territorial scope	**Activity**	**Net performance index**
	Potato	0.18
Municipalities of:Cubla	Cereals:Barley and triticale	0.13
Municipalities of:Cuevas Labradas	Cereals:Barley	0.13
	Cereals:Common wheat and triticale	0.09
Municipalities of:Escorihuela	Cereals:Barley and common wheat	0.13
	Cereals:Triticale	0.09
Municipalities of:Foz-Calanda, Híjar, Lledó, Samper de Calanda and Valdealgorfa	Non-citrus fruit:Peach and nectarine	0.13
Municipalities of:Fresneda (La)	Non-citrus fruit:Apricot	0.13
	Non-citrus fruit:Cherry	0.07
	Non-citrus fruit:Peach and nectarine	0.19
Municipalities of:Ginebrosa (La)	Non-citrus fruit:Peach and nectarine	0.19
Municipalities of:Greeks and Jabaloyas	Cereals:Barley, common wheat, triticale	0.13
Municipalities of:Guadalaviar	Cereals:Barley, common wheat, triticale	0.13
	Potato	0.13
Municipalities of:Mazaleon	Non-citrus fruit:Cherry	0.07
	Non-citrus fruit:Plum	0.26
	Non-citrus fruit:Peach	0.13

Province:Teruel		
Territorial scope	**Activity**	**Net performance index**
	and nectarine	
Municipalities of:Monterde de Albarracín, Moscardón, Noguera de Albarracín, Saldón y Terriente	Cereals:Barley and common wheat	0.13
	Cereals:Triticale	0.05
Municipalities of:Black Eyes	Cereals:Barley	0.13
	Oilseeds:Sunflower	0.11
Municipalities of:Orihuela del Tremedal and Royuela	Cereals:Barley and triticale	0.13
	Cereals:Common wheat	0.09
Municipalities of:Orrios	Cereals:Common wheat	0.05
	Cereals:Triticale	0.09
Municipalities of:Peralejos	Cereals:Barley and triticale	0.09
	Cereals:Common wheat	0.05
Municipalities of:Pozuel del Campo	Oilseeds:Rapeseed and sunflower	0.16
Municipalities of:Puebla de Híjar (La)	Cereals:Barley	0.05
Municipalities of:Rillo and Ródenas	Cereals:Triticale	0.13
	Oilseeds:Sunflower	0.16
Municipalities of:Rubiales	Cereals:Barley	0.13
	Cereals:Common wheat and triticale	0.05
Municipalities of:Santa Eulalia	Cereals:Common wheat	0.13

Province:Teruel		
Territorial scope	Activity	Net performance index
	Cereals:Triticale	0.09
Municipalities of:Toril and Masegoso	Cereals:Barley	0.13
	Cereals:Common wheat	0.09
	Cereals:Triticale	0.05
Municipalities of:Torre los Negros and Torrecilla del Rebollar	Oilseeds:Sunflower	0.06
Municipalities of:Compte Tower	Non-citrus fruit:Apricot	0.13
Municipalities of:Towers of Albarracín	Cereals:Barley and common wheat	0.13
	Potato	0.13
Municipalities of:Urrea de Gaén	Non-citrus fruit:Peach and nectarine	0.19
	Non-citrus fruit:Pear	0.26
Municipalities of:Valderrobres	Non-citrus fruit:Apricot	0.13
	Non-citrus fruit:Cherry	0.07
	Non-citrus fruit:Peach and nectarine	0.19
	Non D.O. wine grapes	0.05

Zaragoza

Province:Zaragoza		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Abanto	Non-citrus fruit:Cherry	0.19
Municipalities of:Acered	Cereals:Wheat	0.09
Municipalities of:Agón, Alcalá de Moncayo, Ambel, Borja, Buste (El), Litago, Tarazona, Trasmoz and Vera de Moncayo	Grapes for D.O. wine	0.16
Municipalities of:Aguarón and Sierra de Luna	Nuts:Almond	0.05
	Olive products	0.09
Municipalities of:Aladrén	Grapes for D.O. wine	0.11
Municipalities of:Alagón	Non-citrus fruit:Plum	0.13
	Non-citrus fruit:Peach and pear	0.19
	Non-citrus fruit:Nectarine	0.07
Municipalities of:Alarba, Aniñón, Miedes de Aragon and Montón	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.13
	Nuts:Almond	0.09
Municipalities of:Alberite de San Juan	Cereals:Durum wheat	0.09
	Grapes for D.O. wine	0.11
Municipalities of:Albeta	Cereals:Barley	0.05
	Olive products	0.09
Municipalities of:Alconchel de Ariza	Cereals:Barley and common wheat	0.05
	Non-citrus fruit:Apricot,	0.07

Province:Zaragoza		
Territorial scope	Activity	Net performance index
	peach, nectarine	
	Non-citrus fruit:Cherry	0.13
Municipalities of:Alfajarín	Cereals:Barley and durum wheat	0.13
	Cereals:Common wheat	0.05
Municipalities of:Alfamén	Cereals:Barley and triticale	0.13
	Non-citrus fruit:Apricot and peach	0.07
	Non-citrus fruit:Cherry and plum	0.07
	Non-citrus fruit:Apple	0.13
	Nuts:Almond	0.05
	Grapes for D.O. wine	0.06
Municipalities of:Alforque	Cereals:Common wheat	0.05
Municipalities of:Alhama de Aragón	Cereals:Common wheat	0.13
	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.13
	Non-citrus fruit:Apple and pear	0.19
	Nuts:Almond	0.05

Province:Zaragoza		
Territorial scope	**Activity**	**Net performance index**
	Olive products	0.05
	Grapes for D.O. wine	0.22
Municipalities of:Almolda (La), Atea, Azuara, Botorrita, Bujaraloz, Cosuenda, Gelsa, Marracos, Uncastillo and Villar de los Navarros	Cereals:Barley	0.13
Municipalities of:Almonacid de la Cuba	Non-citrus fruit:Apple and pear	0.07
	Olive products	0.05
	Non D.O. wine grapes	0.05
Municipalities of:Almonacid de la Sierra	Non-citrus fruit:Apricot	0.07
	Non-citrus fruit:Cherry	0.07
	Non-citrus fruit:Apple and pear	0.07
Municipalities of:Almunia de Doña Godina (La)	Non-citrus fruit:Peach and nectarine	0.07
Municipalities of:Aranda de Moncayo and Cimballa	Cereals:Barley	0.05
	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.13
Municipalities of:Blueberry	Cereals:Common wheat	0.13
	Non-citrus fruit:Apple	0.26
	Nuts:Almond	0.05
	Olive products	0.05

Province:Zaragoza		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Ariza	Cereals:Common wheat and triticale	0.13
	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.13
Municipalities of:Ateca, Bubierca, Cetina, Contamina and Moros	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.13
	Non-citrus fruit:Apple and pear	0.19
	Nuts:Almond	0.05
	Olive products	0.05
	Grapes for D.O. wine	0.22
Municipalities of:Balconchán, Lechón, Mainar, Mallén, Manchones, Muela (La), Romanos, Santed, Trasobares and Villamayor de Gállego	Cereals:Common wheat	0.13
Municipalities of:Bardallur	Cereals:Triticale	0.09
	Non-citrus fruit:Plum	0.07
	Olive products	0.05
Municipalities of:Belmonte de Gracián	Cereals:Barley	0.09
	Cereals:Common wheat	0.13
	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.07

Province:Zaragoza		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Berdejo and Pomer	Cereals:Barley	0.09
	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.13
Municipalities of:Bijuesca	Cereals:Barley, common wheat, triticale	0.05
	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.13
Municipalities of:Biota	Cereals:Durum wheat	0.13
	Nuts:Almond	0.05
Municipalities of:Boquiñeni, Mediana de Aragón, Monegrillo, Pedrola, San Mateo de Gállego and Valmadrid	Cereals:Durum wheat	0.13
Municipalities of:Bordalba, Campillo de Aragón, Monreal de Ariza, Pozuel de Ariza and Sisamón	Cereals:Common wheat	0.13
	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.13
Municipalities of:Brea de Aragón, Cabolafuente, Carenas, Embid de Ariza, Frasno (El), Fuentes de Jiloca, Godojos, Ibdes, Jaraba, Malanquilla, Munébrega, Olvés, Orera, Oseja, Paracuellos de la Ribera, Ruesca, Sediles, Sestrica, Torrehermosa, Torrelapaja, Villalengua y Vilueña (La)	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.13
Municipalities of:Bulbuente	Cereals:Common wheat	0.09
	Olive products	0.09
Municipalities of:Burette	Nuts:Almond	0.05

Province:Zaragoza		
Territorial scope	**Activity**	**Net performance index**
	Olive products	0.05
	Grapes for D.O. wine	0.16
Municipalities of:Cadrete	Cereals:Barley	0.09
Municipalities of:Calatayud	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.07
	Non-citrus fruit:Plum and apple	0.19
Municipalities of:Calatorao	Cereals:Triticale	0.13
	Non-citrus fruit:Plum	0.07
	Non-citrus fruit:Peach and nectarine	0.13
	Olive products	0.05
Municipalities of:Calmarza and Monterde	Cereals:Common wheat	0.09
	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.13
Municipalities of:Cariñena	Non-citrus fruit:Cherry	0.19
	Nuts:Almond	0.05
	Olive products	0.05
Municipalities of:Caspe	Cereals:Barley and durum wheat	0.13

Province:Zaragoza		
Territorial scope	**Activity**	**Net performance index**
	Cereals:Common wheat	0.09
	Non-citrus fruit:Peach and nectarine	0.19
	Olive products	0.05
Municipalities of:Castejón de Alarba	Cereals:Barley and common wheat	0.13
	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.13
Municipalities of:Castejón de las Armas	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.13
	Non-citrus fruit:Plum	0.07
	Non-citrus fruit:Apple and pear	0.19
	Nuts:Almond	0.05
	Olive products	0.05
	Grapes for D.O. wine	0.22
Municipalities of:Cervera de la Cañada	Cereals:Barley	0.09
	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.07
	Nuts:Almond	0.05

Province:Zaragoza		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Clarés de Ribota	Cereals:Barley and triticale	0.05
	Cereals:Common wheat	0.09
	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.13
	Nuts:Almond	0.05
Municipalities of:Elbow	Cereals:Barley	0.09
	Cereals:Durum wheat	0.05
Municipalities of:Codos, Luna, Moneva, Orés and Plasencia de Jalón	Nuts:Almond	0.05
Municipalities of:Cubel	Cereals:Triticale	0.09
Municipalities of:Chiprana	Non-citrus fruit:Peach and nectarine	0.19
	Olive products	0.09
Municipalities of:Daroca	Cereals:Common wheat and triticale	0.13
Municipalities of:Ejea de los Caballeros and Nigüella	Cereals:Common wheat	0.05
	Nuts:Almond	0.05
Municipalities of:Encinacorba	Cereals:Barley	0.13
	Olive products	0.09
Municipalities of:Épila	Cereals:Barley, durum wheat, triticale	0.13

Province:Zaragoza		
Territorial scope	**Activity**	**Net performance index**
	Non-citrus fruit:Apple	0.19
Municipalities of:Escatrón, Lécera and Tosos	Olive products	0.05
Municipalities of:Fabara	Cereals:Durum wheat	0.05
	Non-citrus fruit:Peach and nectarine	0.19
	Olive products	0.09
	Grapes for D.O. wine	0.16
Municipalities of:Farlete	Cereals:Durum wheat	0.09
	Nuts:Almond	0.05
Municipalities of:Fayón and Osera de Ebro	Nuts:Almond	0.05
	Olive products	0.05
Municipalities of:Fuendejalón and Ricla	Nuts:Almond	0.09
Municipalities of:Fuentes de Ebro	Cereals:Barley and durum wheat	0.05
Municipalities of:Gallur	Cereals:Barley	0.09
	Cereals:Common wheat	0.05
Municipalities of:Gotor, Jarque de Moncayo, Maluenda, Torralba de Ribota, Torrijo de la Cañada, Valtorres and Velilla de Jiloca	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.13
	Nuts:Almond	0.05
Municipalities of:Illueca	Cereals:Barley	0.09

Province:Zaragoza		
Territorial scope	**Activity**	**Net performance index**
	Cereals:Common wheat	0.05
	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.13
Municipalities of:Leciñena	Cereals:Durum wheat and triticale	0.13
Municipalities of:Longares	Cereals:Barley	0.05
	Cereals:Triticale	0.13
	Olive products	0.05
Municipalities of:Lucena de Jalón	Non-citrus fruit:Apricot	0.07
Municipalities of:Lumpiaque	Cereals:Triticale	0.13
	Non-citrus fruit:Apple	0.07
	Olive products	0.09
Municipalities of:Maella	Non-citrus fruit:Peach and nectarine	0.19
	Olive products	0.05
Municipalities of:Magallón	Cereals:Barley and durum wheat	0.13
Municipalities of:Mara, Nuévalos and Villalba de Perejil	Cereals:Barley	0.13
	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.13

Province:Zaragoza		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Mequinenza	Cereals:Common wheat	0.13
	Cereals:Durum wheat	0.09
	Non-citrus fruit:Apple	0.07
	Non-citrus fruit:Peach and nectarine	0.13
	Olive products	0.09
Municipalities of:Morata de Jiloca	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.13
	Non-citrus fruit:Apple and pear	0.19
Municipalities of:Morés	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.13
	Nuts:Almond	0.05
	Olive products	0.05
Municipalities of:Nonaspe	Olive products	0.05
	Non D.O. wine grapes	0.09
Municipalities of:Paracuellos de Jiloca	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.13
	Non-citrus fruit:Pear	0.07

Province:Zaragoza		
Territorial scope	Activity	Net performance index
	Nuts:Almond	0.05
Municipalities of:Pastriz and Puebla de Alfindén (La)	Cereals:Durum wheat	0.09
Municipalities of:Perdiguera	Cereals:Barley and durum wheat	0.13
	Cereals:Common wheat	0.09
	Nuts:Almond	0.05
Municipalities of:Pina de Ebro	Cereals:Barley and durum wheat	0.13
	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Nuts:Almond	0.05
Municipalities of:Pleitas	Non-citrus fruit:Apple	0.07
	Olive products	0.05
Municipalities of:Retascón	Cereals:Barley	0.05
Municipalities of:Jalon Wheel	Cereals:Barley	0.05
	Cereals:Common wheat	0.09
	Non-citrus fruit:Apple and peach	0.19
Municipalities of:Salillas de Jalón	Non-citrus fruit:Apple	0.13
Municipalities of:Santa Cruz de Grío	Non-citrus fruit:Cherry	0.07
	Nuts:Almond	0.05

Province:Zaragoza		
Territorial scope	Activity	Net performance index
	Olive products	0.05
Municipalities of:Sástago	Cereals:Common wheat	0.13
	Nuts:Almond	0.05
Municipalities of:Sabiñán	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry and apple	0.13
Municipalities of:Terrer	Cereals:Barley	0.13
	Cereals:Common wheat	0.09
	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.13
Municipalities of:Tierga	Cereals:Barley and common wheat	0.13
	Nuts:Almond	0.05
Municipalities of:Tobed	Non-citrus fruit:Cherry	0.07
Municipalities of:Urrea de Jalón	Non-citrus fruit:Nectarine	0.07
Municipalities of:Utebo	Cereals:Common wheat and durum wheat	0.13
Municipalities of:Val de San Martín	Cereals:Common wheat	0.09
Municipalities of:Villarroya de la Sierra	Cereals:Barley	0.09

Province:Zaragoza		
Territorial scope	**Activity**	**Net performance index**
	Cereals:Common wheat	0.13
	Non-citrus fruit:Apricot, peach, nectarine	0.07
	Non-citrus fruit:Cherry	0.13
Municipalities of:Zaragoza	Cereals:Barley	0.05
	Non-citrus fruit:Apricot	0.07
Municipalities of:Zuera	Cereals:Barley, common wheat and durum wheat	0.13
	Nuts:Almond	0.05

Balears (Illes)

Province:Balearic Islands		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Alaior	Forages	0.19
	Horticultural products:Aubergine and lettuce	0.09
	Horticultural products:Melon and watermelon	0.09
	Horticultural products:Pepper and tomato	0.13
Municipalities of:Ciutadella de Menorca	Forages	0.19
	Horticultural products:Aubergine and lettuce	0.09
	Horticultural products:Onion and carrot	0.05
	Horticultural products:Cabbage and leek	0.05
	Horticultural products:Green bean	0.05
	Horticultural products:Melon	0.13
	Horticultural products:Pepper and tomato	0.13
	Horticultural products:Watermelon	0.09
Municipalities of:Felanitx, Manacor, Petra, Porreres, Sant Joan and Vilafranca de Bonany	Legumes:Pea beans	0.13
	Horticultural products:Aubergine and courgette	0.18
	Horticultural products:Melon and	0.18

Province:Balearic Islands		
Territorial scope	**Activity**	**Net performance index**
	watermelon	
	Horticultural products:Pepper and tomato	0.18
Municipalities of:Castell (Es), Ferreries, Maó-Mahón, Mercadal (Es), Migjorn Gran (Es) and Sant Lluís	Forages	0.19
	Horticultural products:Aubergine and lettuce	0.09
	Horticultural products:Melon	0.13
	Horticultural products:Watermelon	0.09
	Horticultural products:Pepper and tomato	0.13
Municipalities of:Montuïri	Legumes:Pea beans	0.13
Municipalities of:Puigpunyent	Grapes for D.O. wine	0.16
	Non D.O. wine grapes	0.13

Canary Islands

Province:Las Palmas		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Antigua, Betancuria, Oliva (La) and Puerto del Rosario	Other agricultural products:Aloe Vera	0.19
	Sheep and goats for meat	0.07
	Dairy sheep and goats	0.13
	Potato	0.13
	Horticultural products (including tropical pineapple)	0.13
Municipalities of:Arrecife, Haría, San Bartolomé, Teguise, Tinajo, Tías and Yaiza	Grapes for D.O. wine	0.22
Municipalities of:Arucas, Firgas, Moya, Palmas de Gran Canaria (Las), Santa Brígida, Santa María de Guía de Gran Canaria, Teror and Valleseco	Potato	0.13
Municipalities of:Pájara and Tuineje	Other agricultural products:Aloe Vera	0.19
	Potato	0.13
	Horticultural products	0.13

Province:Santa Cruz de Tenerife		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Adeje and Santiago del Teide	Non-citrus fruit	0.26
	Tropical fruits:Banana	0.13
Municipalities of:Arafo	Tropical fruits:Handle	0.07

Province:Santa Cruz de Tenerife		
Territorial scope	**Activity**	**Net performance index**
	Potato	0.09
	Horticultural products	0.09
	Grapes for D.O. wine	0.22
Municipalities of:Candelaria and Güímar	Non-citrus fruit:Avocado	0.07
	Tropical fruits:Handle	0.07
	Potato	0.09
	Horticultural products	0.09
	Grapes for D.O. wine	0.22
Municipalities of:Border	Cuniculture	0.05
	Non-citrus fruit:Apple	0.26
	Tropical fruits:Handle	0.26
	Other agricultural products:Aloe Vera	0.26
	Potato	0.18
	Meat pigs	0.03
Municipalities of:Fuencaliente de la Palma	Tropical fruits:Banana	0.26
Municipalities of:Guía de Isora	Tropical fruits:Banana	0.19
Municipalities of:San Cristóbal de La Laguna	Non-citrus fruit:Avocado	0.19
	Tropical fruits:Banana	0.26
	Potato	0.09
	Horticultural products	0.09
Municipalities of:Llanos de Aridane (Los)	Non-citrus fruit:Avocado	0.19

Province:Santa Cruz de Tenerife		
Territorial scope	**Activity**	**Net performance index**
	Tropical fruits:Banana	0.07
Municipalities of:Paso (El)	Flowers and ornamental plants	0.06
	Non-citrus fruit:Avocado	0.19
	Tropical fruits:Banana	0.26
Municipalities of:Puntagorda	Non-citrus fruit:Avocado	0.19
Municipalities of:Tazacorte	Non-citrus fruit:Avocado	0.13
	Tropical fruits:Banana	0.07
Municipalities of:Tegueste	Non-citrus fruit:Avocado	0.26
	Potato	0.05
	Horticultural products	0.09
Municipalities of:Tijarafe	Non-citrus fruit:Avocado	0.19
	Tropical fruits:Banana	0.26
Municipalities of:Valverde	Cuniculture	0.05
	Non-citrus fruit	0.26
	Non-citrus fruit:Plum and pear	0.19
	Other agricultural products:Aloe Vera	0.26
	Potato	0.05
	Meat pigs	0.03
Municipalities of:Pinar de El Hierro (El)	Cuniculture	0.05
	Non-citrus fruit	0.26
	Potato	0.18

Province:Santa Cruz de Tenerife		
Territorial scope	**Activity**	**Net performance index**
	Meat pigs	0.03

Cantabria

Province:Cantabria		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Valdeolea, Valdeprado del Río and Valderredible	Cereals:Barley	0.13

Castilla-La Mancha

Albacete		
Territorial scope	**Activity**	**Net performance index**
All municipal terms	Nuts:Almond	0.09
	Non-citrus fruit:Apricot	0.13
Municipalities of:Albatana, Alpera, Fuente-Álamo, Higueruela, Montealegre del Castillo, Pozo-Lorente and Tobarra	Grapes for D.O. wine	0.22
	Non D.O. wine grapes	0.18
Municipalities of:Casas de Ves, Cenizate and Villatoya	Nuts:Pistachio	0.18
	Grapes for D.O. wine	0.22
	Non D.O. wine grapes	0.18
Municipalities of:Casas-Ibáñez and Villamalea	Non-citrus fruit:Plum	0.26
	Nuts:Pistachio	0.18
	Grapes for D.O. wine	0.22
	Non D.O. wine grapes	0.18

Ciudad Real		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Albaladejo, Alcubillas, Alhambra, Almedina, Carrizosa, Castellar de Santiago, Cózar, Puebla del Príncipe, Santa Cruz de los Cáñamos,	Nuts:Almond	0.09

Ciudad Real		
Territorial scope	**Activity**	**Net performance index**
Terrinches, Torre de Juan Abad, Torrenueva, Villamanrique and Villanueva de la Fuente.		
Municipalities of:Fuenllana, Montiel, Villahermosa and Villanueva de los Infantes	Cereals	0.13
	Nuts:Almond	0.09

Cuenca		
Territorial scope	**Activity**	**Net performance index**
All municipal terms	Nuts:Almond	0.05
	Oilseeds:Sunflower	0.16

Guadalajara		
Territorial scope	**Activity**	**Net performance index**
All municipal terms	Aromatic plants	0.26
Municipalities of:Albendiego, Alcoroches, Baños de Tajo, Bujalaro, Fuentelsaz, Miedes de Atienza, Pedregal (El) y Tordellego	Cereals:Barley	0.13
Municipalities of:Baides, Huérmeces del Cerro, Riofrío del Llano, Tordesilos	Cereals:Barley and wheat	0.13
Municipalities of:Campisábalos, Castilnuevo, Embid, Horche, Lupiana, Mochales, Pálmaces de Jadraque, Tordelrábano, Torremocha de Jadraque, Torremocha del Campo, Tortuero, Ujados, Valdarachas, Valdelcubo, Valdepeñas de la Sierra, Viana de Jadraque and Yebes.	Cereals:Wheat	0.13
Municipalities of:Casar (El), Fuentelahiguera de Albatages, Galápagos and Valdenuño Fernández	Cereals:Wheat	0.13
	Legumes:Grain	0.09

Guadalajara		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Cifuentes, Masegoso de Tajuña and Sacecorbo	Cereals:Barley and wheat	0.13
	Legumes	0.05
Municipalities of:Sotodosos	Cereals:Barley	0.09
	Cereals:Wheat	0.13

Toledo		
Territorial scope	**Activity**	**Net performance index**
All municipal terms	Oilseeds:Rapeseed	0.16

Castilla y León

Province:Ávila		
Territorial scope	**Activity**	**Net performance index**
All municipalities (except for those with a lower index)	Cereals:Rye	0.13
	Non-citrus fruit:Cherry, plum and pear	0.19
	Non-citrus fruit:Fig	0.13
	Nuts:Walnut	0.05
	Legumes:Lentils and vetch	0.09
	Legumes:Dried peas	0.13
	Horticultural products:Leek	0.13
	Olive products	0.09
Municipalities of:Adanero, Albornos, Aldeaseca, Berlanas (Las), Bernuy-Zapardiel, Blascomillán, Blasconuño de Matacabras, Bohodón (El), Bularros, Cabizuela, Canales, Cantiveros, Cisla, Crespos, Espinosa de los Caballeros, Fontiveros, Fuente el Saúz, Fuentes de Año, Gimialcón, Gutierre-Muñoz, Hernansancho, Langa, Madrigal de las Altas Torres, Maello, Mironcillo, Mirueña de los Infanzones, Monsalupe, Moraleja de Matacabras, Muñogrande, Muñomer del Peco, Muñosancho, Oso (El), Palacios de Goda, Papatrigo, Pozanco, Riocabado, Salvadiós, San Esteban de Zapardiel, San Pascual, Sanchidrián, Santa María del Cubillo, Santo Domingo de las Posadas, Tiñosillos, Tolbaños, Vega de Santa María, Velayos y Villanueva de Gómez	Cereals	0.13
Municipalities of:Arévalo, Collado de Contreras, Mingorría and Viñegra de Moraña	Cereals	0.09
Municipalities of:Barromán and Castellanos de Zapardiel	Cereals	0.13
	Sugar beet	0.09

Province:Ávila		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Candeleda	Sugar beet	0.03
Municipalities of:Nava de Arevalo	Cereals	0.13
	Horticultural products	0.18

Province:Burgos		
Territorial scope	**Activity**	**Net performance index**
All municipalities (except for those with a lower index)	Forages:Alfalfa	0.26
Municipalities of:Abajas, Aguilar de Bureba, Albillos, Altable, Arandilla, Arauzo de Salce, Arauzo de Torre, Arcos, Ausines (Los), Avellanosa de Muñó, Balbases (Los), Barrio de Muñó, Barrios de Bureba (Los), Barrios de Colina, Bañuelos de Bureba, Belbimbre, Berzosa de Bureba, Briviesca, Buniel, Burgos, Busto de Bureba, Cabañes de Esgueva, Caleruega, Carcedo de Burgos, Carrias, Castil de Peones, Castrillo Mota de Judíos, Castrillo de Riopisuerga, Castrillo de la Vega, Castrojeriz, Cayuela, Cebrecos, Celada del Camino, Cerezo de Río Tirón, Ciadoncha, Cilleruelo de Abajo, Cilleruelo de Arriba, Condado de Treviño, Contreras, Covarrubias, Cubillo del Campo, Encío, Estépar, Fontioso, Fuentebureba, Fuentemolinos, Galbarros, Grijalba, Grisaleña, Gumiel de Mercado, Hontangas, Hontoria de Valdearados, Hontoria de la Cantera, Hornillos del Camino, Hortigüela, Huerta de Rey, Humada, Iglesiarrubia, Isar, Itero del Castillo, Lerma, Llano de Bureba, Madrigal del Monte, Mahamud, Mambrillas de Lara, Medina de Pomar, Merindad de C	Cereals	0.13
Municipalities of:Adrada de Haza, Arenillas de Riopisuerga, Arlanzón, Brazacorta, Carcedo de Bureba, Cardeñajimeno, Castrillo del Val, Cavia, Cerratón de Juarros, Ciruelos de Cervera, Cogollos, Espinosa de Cervera, Fresnillo de las Dueñas, Hontanas, Ibeas de Juarros, Junta de Traslaloma, Madrigalejo del Monte, Melgar de Fernamental, Milagros, Miranda de Ebro, Puentedura, Quintanilla de la Mata, Redecilla del Campo, Revilla Vallejera, Salas de los Infantes, Santo Domingo de Silos, Sarracín, Sequera de Haza (La), Torrecilla del Monte, Torrepadre, Trespaderne, Tubilla del Lago, Valdorros, Valle de Tobalina, Villaescusa de Roa, Villagonzalo Pedernales, Villalbilla de Burgos, Villarcayo de Merindad de Castilla la Vieja, Villegas, Zael, Zuñeda y Úrbel del Castillo	Cereals	0.09
Municipalities of:Anguix, Fuentecén, Fuentelcésped, Fuentespina, Horra (La), Olmedillo de Roa, Quemada, Quintana del Pidio, Roa y Valdezate	Grapes for D.O. wine	0.22

Province:Burgos		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Aranda de Duero, Campillo de Aranda, Gumiel de Izán, Haza y Villatuelda	Cereals	0.13
	Grapes for D.O. wine	0.16
Municipalities of:Baños de Valdearados and Sotillo de la Ribera	Cereals	0.13
	Grapes for D.O. wine	0.22
Municipalities of:Cardeñadijo, Vallejera and Valles de Palenzuela	Cereals	0.05
Municipalities of:Coruña del Conde	Cereals	0.09
	Grapes for D.O. wine	0.16
Municipalities of:Mambrilla de Castrejón	Grapes for D.O. wine	0.06
Municipalities of:Merindad de Valdivielso	Forages	0.19
Municipalities of:Pardilla	Cereals	0.05
	Grapes for D.O. wine	0.16
Municipalities of:Peñaranda de Duero	Cereals	0.09
	Grapes for D.O. wine	0.22

Province:León		
Territorial scope	**Activity**	**Net performance index**
All municipalities (except for those with a lower index)	Legumes:Chickpeas	0.13

Province:León		
Territorial scope	**Activity**	**Net performance index**
	and lentils	
	Nuts:Chestnut	0.09
	Non-citrus fruit:Cherry	0.19
	Non-citrus fruit:Plum	0.07
Municipalities of:Almanza, Bercianos del Real Camino, Grajal de Campos, Murias de Paredes, Valdemora, Valderrey, Valdevimbre and Villamejil.	Cereals	0.09
Municipalities of:Antigua (La), Bañeza (La), Burgo Ranero (El), Calzada del Coto, Campazas, Castilfalé, Castrotierra de Valmadrigal, Cea, Corbillos de los Oteros, Escobar de Campos, Fuentes de Carbajal, Gordaliza del Pino, Gordoncillo, Gusendos de los Oteros, Izagre, Joarilla de las Matas, Mansilla de las Mulas, Matadeón de los Oteros, Matanza, Pajares de los Oteros, Quintana y Congosto, Sahagún, San Adrián del Valle, San Cristóbal de la Polantera, Santa Cristina de Valmadrigal, Santa Elena de Jamuz, Santa María del Monte de Cea, Santas Martas, Valderas, Valencia de Don Juan, Vallecillo, Valverde-Enrique, Villabraz, Villadangos del Páramo, Villamol, Villamoratiel de las Matas, Villaornate y Castro, Villaquejida, Villaselán y Villaturiel	Cereals	0.13
Municipalities of:Astorga	Sugar beet	0.03
Municipalities of:Ponferrada	Grapes for D.O. wine	0.16
Municipalities of:San Justo de la Vega	Sugar beet	0.07
Municipalities of:Villamañán	Cereals	0.13
	Grapes for D.O. wine	0.16

Province:Palencia		
Territorial scope	**Activity**	**Net performance index**
All municipalities (except for those with a lower index)	Legumes:Chickpeas	0.13
	Legumes:Grain	0.09
	Forages:Veza	0.19
Municipalities of:Abia de las Torres, Amusco, Astudillo, Boada de Campos, Calzada de los Molinos, Cardeñosa de Volpejera, Cisneros, Espinosa de Cerrato, Fuentes de Valdepero, Loma de Ucieza, Mazuecos de Valdeginate, Monzón de Campos, Osornillo, Palencia, Paredes de Nava, Pino del Río, Pozo de Urama, Requena de Campos, Riberos de la Cueza, San Cebrián de Campos, Santibáñez de Ecla, Valde-Ucieza, Valdeolmillos, Valle del Retortillo, Villaconancio, Villahán, Villalobón, Villamartín de Campos, Villamediana, Villamuera de la Cueza, Villamuriel de Cerrato, Villanueva del Rebollar, Villaprovedo, Villarramiel, Villaturde, Villaumbrales, Villerías de Campos y Villodrigo	Cereals	0.09
Municipalities of:Aguilar de Campoo, Alar del Rey, Alba de Cerrato, Antigüedad, Arconada, Autilla del Pino, Autillo de Campos, Becerril de Campos, Belmonte de Campos, Boadilla de Rioseco, Bustillo del Páramo de Carrión, Capillas, Carrión de los Condes, Castil de Vela, Castrejón de la Peña, Castrillo de Don Juan, Castrillo de Onielo, Castrillo de Villavega, Cervatos de la Cueza, Cevico Navero, Cevico de la Torre, Cobos de Cerrato, Cubillas de Cerrato, Dueñas, Espinosa de Villagonzalo, Frechilla, Fuentes de Nava, Grijota, Guaza de Campos, Herrera de Pisuerga, Herrera de Valdecañas, Hontoria de Cerrato, Hornillos de Cerrato, Hérmedes de Cerrato, Ledigos, Lomas, Magaz de Pisuerga, Meneses de Campos, Micieces de Ojeda, Moratinos, Olmos de Ojeda, Palenzuela, Payo de Ojeda, Perales, Población de Arroyo, Población de Cerrato, Quintanilla de Onsoña, Reinoso de Cerrato, Saldaña, San Mamés de Campos, San Román de la Cuba, Santa Cecilia del Alcor, Santa Cruz de Boedo, Santervás de la Vega, Santoyo, Sotobañado y Priorato,	Cereals	0.13
Municipalities of:Ampudia and Baquerín de Campos	Cereals	0.09
	Forages	0.13
Municipalities of:Castromocho and Pedraza de Campos	Cereals	0.09
	Forages	0.19
Municipalities of:Cordovilla la Real	Cereals	0.05
Municipalities of:Torremormojon	Cereals	0.13

Province:Palencia		
Territorial scope	**Activity**	**Net performance index**
	Forages	0.13

Province:Salamanca		
Territorial scope	**Activity**	**Net performance index**
All municipalities (except for those with a lower index)	Non-citrus fruit:Apple Non-citrus fruit:Pear Non-citrus fruit:Cherry and plum	0.26 0.19 0.13
Municipalities of:Alconada, Aldeaseca de Alba, Almenara de Tormes, Barbadillo, Castellanos de Moriscos, Espino de la Orbada, Gomecello, Martín de Yeltes, Matilla de los Caños del Río, Miranda de Azán, Negrilla de Palencia, Orbada (La), Pajares de la Laguna, Parada de Arriba, Parada de Rubiales, Pedrosillo de Alba, Pedrosillo el Ralo, Pedroso de la Armuña (El), Poveda de las Cintas, Robliza de Cojos, Rollán, Salmoral, Tabera de Abajo, Tarazona de Guareña, Vellés (La), Villares de la Reina and Villaverde de Guareña.	Cereals	0.13
Municipalities of:Aldeanueva de Figueroa, Castellanos de Villiquera, Coca de Alba y San Muñoz	Cereals	0.09
Municipalities of:Pereña de la Ribera	Grapes for D.O. wine	0.16

Province:Segovia		
Territorial scope	**Activity**	**Net performance index**
All municipal terms	Nuts:Walnut	0.09
	Oilseeds:Sunflower	0.16

Province:Segovia		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Adrada de Pirón, Adrados, Alconada de Maderuelo, Aldeasoña, Aldeonte, Anaya, Ayllón, Barbolla, Bercial, Bernardos, Cabañas de Polendos, Cabezuela, Calabazas de Fuentidueña, Campo de San Pedro, Carabias, Carbonero el Mayor, Carrascal del Río, Castro de Fuentidueña, Castroserracín, Coca, Condado de Castilnovo, Corral de Ayllón, Cozuelos de Fuentidueña, Cuevas de Provanco, Donhierro, Escalona del Prado, Escarabajosa de Cabezas, Fuente de Santa Cruz, Fuente el Olmo de Fuentidueña, Fuentepelayo, Fuentepiñel, Fuentesaúco de Fuentidueña, Fuentesoto, Juarros de Voltoya, Laguna de Contreras, Languilla, Lastras de Cuéllar, Lastras del Pozo, Marazuela, Martín Muñoz de la Dehesa, Martín Muñoz de las Posadas, Marugán, Melque de Cercos, Migueláñez, Muñoveros, Nava de la Asunción, Navares de Ayuso, Navas de Oro, Nieva, Olombrada, Ortigosa de Pestaño, Otero de Herreros, Perosillo, Rebollo, Riaguas de San Bartolomé, Riaza, Sacramenia, Samboal, San Cristóbal de la Vega, San Miguel de Bernuy, Sangarc	Cereals	0.13
Municipalities of:Aguilafuente, Aldehuela del Codonal, Armuña, Caballar, Cantalejo, Cuéllar, Domingo García, Duruelo, Fresno de la Fuente, Labajos, Mata de Cuéllar, Membibre de la Hoz, Montejo de Arévalo, Puebla de Pedraza, San Pedro de Gaíllos, Sauquillo de Cabezas, Sebúlcor y Villeguillo	Cereals	0.09
Municipalities of:Quail	Cereals	0.13
	Grapes for D.O. wine	0.22
Municipalities of:Muñopedro	Cereals	0.05
Municipalities of:Rapariegos	Cereals	0.13
	Grapes for D.O. wine	0.16

Province:Soria		
Territorial scope	**Activity**	**Net performance index**
All municipalities (except for those with a lower index)	Cereals:Oats	0.09
	Cereals:Rye and	0.13

Province:Soria		
Territorial scope	**Activity**	**Net performance index**
	triticale	
	Nuts:Almond	0.05
	Legumes:Lentils	0.05
	Legumes:Chickpeas	0.13
	Oilseeds:Rapeseed and sunflower	0.16
Municipalities of:Adradas, Alconaba, Alcubilla de Avellaneda, Aldealafuente, Aldealpozo, Aldealseñor, Alentisque, Aliud, Almajano, Almarza, Almazul, Almenar de Soria, Arancón, Arcos de Jalón, Arévalo de la Sierra, Ausejo de la Sierra, Baraona, Barca, Barcones, Bayubas de Abajo, Bayubas de Arriba, Beratón, Berlanga de Duero, Blacos, Bliecos, Borjabad, Borobia, Buberos, Buitrago, Burgo de Osma-Ciudad de Osma, Cabrejas del Campo, Calatañazor, Candilichera, Carabantes, Caracena, Carrascosa de Abajo, Castilruiz, Cañamaque, Centenera de Andaluz, Cihuela, Coscurita, Cubo de la Solana, Cueva de Ágreda, Deza, Escobosa de Almazán, Espeja de San Marcelino, Frechilla de Almazán, Fuentearmegil, Fuentecambrón, Fuentecantos, Fuentelsaz de Soria, Fuentepinilla, Garray, Golmayo, Gormaz, Gómara, Liceras, Magaña, Maján, Matalebreras, Miño de Medinaceli, Montejo de Tiermes, Morón de Almazán, Nafría de Ucero, Nepas, Nolay, Noviercas, Portillo de Soria, Pozalmuro, Quintana Redonda, Quintanas de Gormaz, Quiñonería, Recuerda, Rell	Cereals	0.13
Municipalities of:Alcubilla de las Peñas, Almaluez, Almazán, Alpanseque, Arenillas, Caltojar, Ciria, Cubilla, Fresno de Caracena, Hinojosa del Campo, Matamala de Almazán, Medinaceli, Momblona, Monteagudo de las Vicarías, Pinilla del Campo, Retortillo de Soria, Serón de Nágima, Suellacabras, Tajueco, Torrubia de Soria, Trévago and Villasayas	Cereals	0.09
Municipalities of:Castillejo de Robledo	Grapes for D.O. wine	0.22
Municipalities of:Fuentelmonge and Fuentestrún	Cereals	0.05
Municipalities of:Langa de Duero	Cereals	0.13
	Grapes for D.O. wine	0.16
Municipalities of:San Esteban de Gormaz	Cereals	0.13

Province:Soria		
Territorial scope	**Activity**	**Net performance index**
	-	0.18
	Grapes for D.O. wine	0.22

Province:Valladolid		
Territorial scope	**Activity**	**Net performance index**
All municipal terms	Legumes:Grain	0.13
	Olive products	0.09
	Horticultural products:Green bean	0.05
	Horticultural products:Leek	0.18
Municipalities of:Adalia, Aguasal, Alcazarén, Almenara de Adaja, Benafarces, Berceruelo, Berrueces, Bocigas, Bolaños de Campos, Brahojos de Medina, Cabreros del Monte, Campaspero, Canillas de Esgueva, Casasola de Arión, Castrillo de Duero, Castrillo-Tejeriego, Castrobol, Castromembibre, Castronuevo de Esgueva, Castroponce, Castroverde de Cerrato, Ceinos de Campos, Cervillego de la Cruz, Cistérniga, Corcos, Corrales de Duero, Cuenca de Campos, Curiel de Duero, Encinas de Esgueva, Esguevillas de Esgueva, Fompedraza, Fontihoyuelo, Fresno el Viejo, Fuensaldaña, Fuente-Olmedo, Gatón de Campos, Herrín de Campos, Hornillos de Eresma, Langayo, Llano de Olmedo, Lomoviejo, Marzales, Mayorga, Medina de Rioseco, Megeces, Melgar de Arriba, Monasterio de Vega, Montemayor de Pililla, Moraleja de las Panaderas, Mudarra (La), Muriel, Olivares de Duero, Olmedo, Olmos de Peñafiel, Palazuelo de Vedija, Peñaflor de Hornija, Piña de Esgueva, Pozuelo de la Orden, Puras, Quintanilla del Molar, Renedo de Esgueva, Roales de Campos, Roturas, R	Cereals	0.13
Municipalities of:Aguilar de Campos, Aldea de San Miguel, Barcial de la Loma, Barruelo del Valle, Becilla de Valderaduey, Bustillo de Chaves, Cabezón de Valderaduey, Castromonte, Gallegos de Hornija, Melgar de Abajo, Mojados, Montealegre de Campos, Mota del Marqués, Mucientes, Olmos de Esgueva, Quintanilla de Arriba, San Pelayo, Santa Eufemia del Arroyo, Unión de Campos (La), Urones de Castroponce, Valdenebro de los Valles, Valdunquillo,	Cereals	0.09

Province:Valladolid		
Territorial scope	**Activity**	**Net performance index**
Valoria la Buena, Vega de Ruiponce, Vega de Valdetronco, Villacarralón, Villafrades de Campos, Villafrechós, Villagómez la Nueva, Villalba de la Loma, Villamuriel de Campos, Villanubla, Villanueva de la Condesa, Villavellid y Villavicencio de los Caballeros		
Municipalities of:Bobadilla del Campo, Medina del Campo and Nueva Villa de las Torres	Cereals	0.13
	-	0.05
Municipalities of:Boecillo	Horticultural products	0.18
Municipalities of:Carpio	-	0.05
Municipalities of:Castronuño	Cereals	0.09
	-	0.05
Municipalities of:Cigales, Manzanillo, Pesquera de Duero, Peñafiel, Piñel de Arriba, Quintanilla de Onésimo and Rubí de Bracamonte.	Cereals	0.13
	Grapes for D.O. wine	0.22
Municipalities of:Fombellida	Cereals	0.13
	-	0.18
Municipalities of:Matapozuelos	-	0.05
	Grapes for D.O. wine	0.11
Municipalities of:Moral de la Reina	Cereals	0.13
	Forages	0.19
Municipalities of:Nava del Rey	Cereals	0.13
	Grapes for D.O. wine	0.16

Province:Valladolid		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Pozal de Gallinas, Serrada and Ventosa de la Cuesta	Grapes for D.O. wine	0.22
Municipalities of:Valdestillas	-	0.05
	Grapes for D.O. wine	0.16

Province:Zamora		
Territorial scope	**Activity**	**Net performance index**
All municipalities (except for those with a lower index)	Cereals:Barley, rye and wheat	0.13
	Forages:Alfalfa	0.26
	Forages:Veza	0.19
	Nuts:Walnut	0.05
	Non-citrus fruit:Pear	0.26
	Horticultural products:Green peas	0.18
	Horticultural products:Pumpkin	0.05
Municipalities of:Algodre, Andavías, Arcenillas, Arquillinos, Aspariegos, Barcial del Barco, Belver de los Montes, Benegiles, Bustillo del Oro, Bóveda de Toro (La), Casaseca de las Chanas, Castrillo de la Guareña, Castrogonzalo, Castronuevo, Cazurra, Cañizo, Cerecinos del Carrizal, Coreses, Cotanes del Monte, Cubillos, Cubo de Tierra del Vino (El), Fuentelapeña, Fuentesaúco, Fuentespreadas, Gema, Losacino, Madridanos, Malva, Matilla la Seca, Molacillos, Monfarracinos, Montamarta, Moraleja del Vino, Morales del Vino, Moreruela de Tábara, Moreruela de los	Cereals	0.13

Province:Zamora		
Territorial scope	**Activity**	**Net performance index**
Infanzones, Pereruela, Pinilla de Toro, Piñero (El), Pobladura de Valderaduey, Pozoantiguo, Pozuelo de Tábara, San Cristóbal de Entreviñas, San Miguel del Valle, Santa Clara de Avedillo, Santa Eufemia del Barco, Santibáñez de Vidriales, Santovenia, Sanzoles, Torres del Carrizal, Vadillo de la Guareña, Valdefinjas, Valdescorriel, Vallesa de la Guareña, Venialbo, Vezdemarbán, Vidayanes, Villabuena del Puente, Villalonso, Villalube, Villanueva de Azoague, Villanuev		
Municipalities of:Almaraz de Duero, Castroverde de Campos, Cerecinos de Campos, Cuelgamures, Fuentes de Ropel, Granja de Moreruela, Guarrate, Maderal (El), Manganeses de la Lampreana, Matilla de Arzón, Olmillos de Castro, Pajares de la Lampreana, Perilla de Castro, Piedrahita de Castro, Prado, Quintanilla del Monte, Quintanilla del Olmo, Revellinos, San Agustín del Pozo, San Cebrián de Castro, San Esteban del Molar, San Martín de Valderaduey, San Miguel de la Ribera, Tapioles, Vega de Villalobos, Villafáfila, Villalba de la Lampreana, Villalobos, Villalpando, Villamayor de Campos, Villamor de los Escuderos, Villar de Fallaves, Villarrín de Campos y Villárdiga	Cereals	0.09
Municipalities of:Ferreras de Abajo, Ferreruela, Losacio, Palacios del Pan, Tábara and Vegalatrave	Cereals	0.05
Municipalities of:Micereces de Tera	Horticultural products	0.13
Municipalities of:Pego (El)	Cereals	0.13
	Horticultural products	0.05
Municipalities of:Toro	Cereals	0.13
	Horticultural products	0.09
Municipalities of:Villanueva de las Peras	-	0.05
	Non D.O. wine grapes	0.05
Municipalities of:Villardondiego	Cereals	0.13
	Sugar beet	0.03

Catalonia

Barcelona

Province:Barcelona		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Aguilar de Segarra, Alpens, Avinyó, Balenyà, Balsareny, Brull (El), Calders, Calldetenes, Castellcir, Castellterçol, Centelles, Esquirol (L''), Folgueroles, Fonollosa, Gaià, Granera, Gurb, Lluçà, Malla, Manlleu, Masies de Roda (Les), Masies de Voltregà (Les), Moià, Monistrol de Calders, Montesquiu, Muntanyola, Navàs, Olost, Oristà, Orís, Perafita, Prats de Lluçanès, Roda de Ter, Rupit i Pruit, Sant Agustí de Lluçanès, Sant Bartomeu del Grau, Sant Boi de Lluçanès, Sant Feliu Sasserra, Sant Hipòlit de Voltregà, Sant Julià de Vilatorta, Sant Martí d'Albars, Sant Martí de Centelles, Sant Pere de Torelló, Sant Quirze Safaja, Sant Quirze de Besora, Sant Sadurní d'Osormort, Sant Vicenç de Torelló, Santa Cecília de Voltregà, Santa Eugènia de Berga, Santa Eulàlia de Riuprimer, Santa Maria de Besora, Santa Maria d´Oló, Seva, Sobremunt, Sora, Taradell, Tavertet, Tavèrnoles, Tona, Torelló, Vic y Vilanova de Sau	Forages	0.26
Municipalities of:Alella and Tiana	Grapes for D.O. wine	0.16
Municipalities of:Argençola, Bellprat, Cabrera d'Anoia, Calaf, Calonge de Segarra, Capellades, Carme, Castellfollit de Riubregós, Castellolí, Copons, Hostalets de Pierola (Els), Igualada, Jorba, Orpí, Pobla de Claramunt (La), Prats de Rei (Els), Rubió, Sant Martí Sesgueioles, Sant Pere Sallavinera, Santa Margarida de Montbui, Santa Maria de Miralles, Torre de Claramunt (La), Vallbona d'Anoia, Veciana, Vilanova del Camí	Forages	0.26
	Grapes for D.O. wine	0.16
Municipalities of:Artés	Cereals	0.13
	Forages	0.19
	Grapes for D.O. wine	0.16
Municipalities of:Avià, Bagà, Berga, Borredà, Capolat, Casserres, Castell de l'Areny, Castellar de n'Hug, Castellar del Riu, Cercs, Espunyola (L''), Fígols, Gironella, Gisclareny, Guardiola de Berguedà, Montclar, Nou de Berguedà (La), Olvan, Pobla de Lillet (La), Pont de Vilomara i Rocafort (El), Quar (La), Sagàs, Saldes, Sant Jaume de Frontanyà, Sant Julià de Cerdanyola, Santa Maria de Merlès, Vallcebre, Vilada, Viver i Serrateix	Forages	0.19
Municipalities of:Avinyonet del Penedès, Cabanyes (Les), Castellet i la Gornal, Castellví de la Marca, Font-rubí, Gelida, Granada (La), Mediona,	Non-citrus fruit	0.26

Province:Barcelona		
Territorial scope	**Activity**	**Net performance index**
Olesa de Bonesvalls, Olèrdola, Pacs del Penedès, Pla del Penedès (El), Pontons, Puigdàlber, Sant Cugat Sesgarrigues, Sant Llorenç d'Hortons, Sant Martí Sarroca, Sant Pere de Riudebitlles, Sant Quintí de Mediona, Sant Sadurní d'Anoia, Santa Fe del Penedès, Santa Margarida i els Monjos, Subirats, Torrelavit, Torrelles de Foix, Vilafranca del Penedès, and Vilobí del Penedès		
Municipalities of:Begues, Marganell, Monistrol de Montserrat, Navarcles and Vilassar de Dalt	Cereals	0.13
Municipalities of:Bruc (El) and Òdena	Forages	0.26
	Nuts:Almond	0.05
	Olive products	0.05
	Grapes for D.O. wine	0.16
Municipalities of:Callús, Cardona, Castellbell i el Vilar, Castellfollit del Boix, Castellgalí, Castellnou de Bages, Manresa, Rajadell, Sallent, Sant Fruitós de Bages, Sant Joan de Vilatorrada, Sant Mateu de Bages, Sant Salvador de Guardiola, Sant Vicenç de Castellet, Santpedor and Súria.	Cereals	0.13
	Forages	0.19
Municipalities of:Llacuna (La), Montmaneu, Pujalt and Sant Martí de Tous	Forages	0.26
	Nuts:Almond	0.05
	Grapes for D.O. wine	0.16
Municipalities of:Masquefa	Forages	0.26
	Olive products	0.05
	Grapes for D.O. wine	0.16
Municipalities of:Montmajor	Forages	0.19
	Legumes:Bean bean	0.09

Province:Barcelona		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Piera	Forages	0.26
	Non-citrus fruit:Peach	0.19
	Olive products	0.05
	Grapes for D.O. wine	0.16
Municipalities of:Puig-reig	Forages	0.19
	Oilseeds:Rapeseed	0.06
Municipalities of:Sabadell	Legumes	0.13
Municipalities of:Torrelles de Llobregat	Non-citrus fruit:Cherry	0.19

Gerona

Province:Gerona		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Agullana, Avinyonet de Puigventós, Biure, Boadella i les Escaules, Cabanes, Cadaqués, Cantallops, Capmany, Cistella, Colera, Darnius, Espolla, Figueres, Garriguella, Jonquera (La), Llançà, Masarac, Mollet de Peralada, Palau-saverdera, Pau, Pedret i Marzà, Peralada, Pont de Molins, Port de la Selva (El), Portbou, Rabós, Roses, Sant Climent Sescebes, Selva de Mar (La), Torroella de Fluvià, Vajol (La), Vilafant, Vilajuïga, Vilamaniscle, Vilanant	Cereals	0.13
	Forages	0.19
	Grapes for D.O. wine	0.22
Municipalities of:Albanyà, Alp, Armentera (L"), Bolvir, Borrassà, Bàscara, Cabanelles, Castelló d'Empúries, Das, Escala (L"), Far d"Empordà (El), Fontanals de Cerdanya, Fortià, Garrigàs, Ger, Isòvol, Lladó, Llívia, Maçanet de Cabrenys, Navata, Ordis, Palau de Santa Eulàlia, Pontós, Puigcerdà, Riumors, Sant Llorenç de la Muga, Sant Miquel de Fluvià, Sant Mori, Sant Pere Pescador, Santa Llogaia d'Àlguema, Saus,	Cereals	0.13
	Forages	0.19

Camallera i Llampaies, Siurana, Urús, Ventalló, Vila-sacra, Vilabertran, Viladamat, Vilamacolum, Vilamalla y Vilaür		
Municipalities of:Albons, Begur, Bellcaire d'Empordà, Bisbal d''Empordà (La), Calonge i Sant Antoni, Castell-Platja d'Aro, Colomers, Corçà, Cruïlles, Monells i Sant Sadurní de l'Heura, Foixà, Fontanilles, Forallac, Garrigoles, Gualta, Jafre, Mont-ras, Palafrugell, Palamós, Palau-sator, Pals, Parlavà, Pera (La), Regencós, Rupià, Sant Feliu de Guíxols, Santa Cristina d'Aro, Serra de Daró, Tallada d''Empordà (La), Torrent, Torroella de Montgrí, Ullastret, Ullà, Ultramort, Vall-llobrega, Verges y Vilopriu	Olive products	0.09
Municipalities of:Amer, Anglès, Brunyola i Sant Martí Sapresa, Cellera de Ter (La), Sant Julià del Llor i Bonmatí, Santa Coloma de Farners and Vilobí d'Onyar	Nuts:Hazelnut	0.13
Municipalities of:Argelaguer, Planes d''Hostoles (Les), Preses (Les), Riudaura, Sant Joan les Fonts and Vall de Bianya (La)	Cereals:Maize	0.13
	Forages	0.26
	Forages:Maize	0.19
Municipalities of:Besalú, Beuda, Montagut i Oix, Sales de Llierca, Sant Ferriol and Tortellà	Forages	0.26
Municipalities of:Campdevànol, Campelles, Camprodon, Gombrèn, Llanars, Llosses (Les), Molló, Ogassa, Pardines, Planoles, Queralbs, Ribes de Freser, Ripoll, Sant Joan de les Abadesses, Sant Pau de Segúries, Setcases, Toses, Vallfogona de Ripollès and Vilallonga de Ter.	Beef cattle	0.07
	Cattle for breeding	0.13
	Forages	0.19
	Sheep and goats for meat	0.07
Municipalities of:Castellfollit de la Roca, Espinelves, Vidrà and Viladrau	Forages	0.26
Municipalities of:Crespià	Nuts:Walnut	0.05
	Other agricultural products:Hops	0.19
Municipalities of:Esponellà	Nuts:Walnut	0.05
	Other agricultural products:Aromatic plants	0.19
Municipalities of:Guils de Cerdanya and Meranges	Cereals	0.13
	Forages	0.26

Municipalities of:Llers and Terrades	Cereals	0.13
	Forages	0.19
	Non-citrus fruit:Apricot	0.19
	Non-citrus fruit:Cherry and plum	0.07
	Grapes for D.O. wine	0.22
Municipalities of:Maià de Montcal	Cereals:Maize	0.13
	Forages	0.26
Municipalities of:Mieres and Vall d'en Bas (La)	Cereals:Maize	0.13
	Forages	0.26
	Forages:Maize	0.19
	Legumes:Bean grain	0.09
Municipalities of:Olot and Santa Pau	Cereals:Maize	0.13
	Forages	0.26
	Forages:Maize	0.19
	Legumes:Bean grain	0.05
Municipalities of:Sant Aniol de Finestres and Sant Feliu de Pallerols	Forages	0.26
	Forages:Maize	0.19
Municipalities of:Sant Jaume de Llierca	Forages	0.26
	Legumes:Bean grain	0.09
Municipalities of:Serinyà	Legumes:Pea beans	0.13

Lleida

Province:Lleida		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Abella de la Conca	Beef cattle	0.07
	Cattle for breeding	0.13
	Cereals	0.09
	Equine	0.16
	Forages	0.13
	Nuts:Almond	0.05
	Legumes	0.05
	Oilseeds	0.11
	Sheep and goats for meat	0.07
	Olive products	0.05
Municipalities of:Baronia de Rialb (La), Tiurana and Àger	Beekeeping	0.09
	Cereals	0.13
	Forages	0.26
	Oilseeds	0.16
Municipalities of:Agramunt, Anglesola, Belianes, Bellpuig, Castellserà, Ciutadilla, Fuliola (La), Guimerà, Maldà, Nalec, Omells de na Gaia (Els), Ossó de Sió, Preixana, Puigverd d'Agramunt, Sant Martí de Riucorb, Tornabous, Tàrrega, Vallbona de les Monges, Verdú and Vilagrassa	Beekeeping	0.09
	Cereals	0.09
	Forages	0.26
	Non-citrus fruit	0.07
	Nuts:Almond	0.05

Province:Lleida		
Territorial scope	**Activity**	**Net performance index**
	Legumes	0.09
	Oilseeds	0.16
	Olive products	0.09
	Grapes for D.O. wine	0.16
Municipalities of:Albesa, Algerri, Artesa de Segre, Balaguer, Camarasa, Castelló de Farfanya, Ivars de Noguera, Menárguens, Montgai, Sentiu de Sió (La), Térmens, Torrelameu, Vallfogona de Balaguer	Non-citrus fruit	0.07
Municipalities of:Aitona, Alamús (Els), Albatàrrec, Alcanó, Alcarràs, Alcoletge, Alfarràs, Alfés, Alguaire, Almacelles, Almatret, Almenar, Alpicat, Artesa de Lleida, Aspa, Benavent de Segrià, Corbins, Gimenells i el Pla de la Font, Granja d"Escarp (La), Llardecans, Lleida, Maials, Massalcoreig, Montoliu de Lleida, Portella (La), Puigverd de Lleida, Rosselló, Sarroca de Lleida, Seròs, Soses, Sudanell, Sunyer, Torre-serona, Torrebesses, Torrefarrera, Torres de Segre, Vilanova de Segrià y Vilanova de la Barca	Beekeeping	0.09
	Cereals	0.13
	Forages	0.26
	Non-citrus fruit	0.07
	Nuts:Almond	0.05
	Legumes	0.13
	Oilseeds	0.16
Municipalities of:Alàs i Cerc, Arsèguel, Cava, Josa i Tuixén, Lles de Cerdanya and Vansa i Fórnols (La)	Forages	0.26
Municipalities of:Albagés (L"), Albi (L"), Bellaguarda, Bovera, Cervià de les Garrigues, Cogul (El), Espluga Calba (L"), Floresta (La), Fulleda, Granadella (La), Granyena de les Garrigues, Juncosa, Omellons (Els), Pobla de Cérvoles (La), Soleràs (El), Tarrés, Torms (Els), Vilosell (El) and Vinaixa	Beekeeping	0.09
	Cereals	0.13
	Forages	0.26
	Non-citrus fruit	0.13
	Nuts:Almond	0.05

Province:Lleida		
Territorial scope	**Activity**	**Net performance index**
	Legumes	0.13
	Oilseeds	0.16
	Grapes for D.O. wine	0.22
Municipalities of:Albesa	Beekeeping	0.09
	Cereals	0.13
	Forages	0.26
	Non-citrus fruit:Apple and pear	0.07
	Nuts:Almond	0.05
	Legumes	0.05
	Oilseeds	0.16
	Beekeeping	0.09
	Cereals	0.13
	Forages	0.26
	Non-citrus fruit:Apple and pear	0.07
	Legumes	0.05
	Oilseeds	0.16
	Grapes for D.O. wine	0.22

Province:Lleida		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Alins, Alt Àneu, Espot, Esterri d'Àneu, Esterri de Cardós, Farrera, Guingueta d"Àneu (La), Lladorre, Llavorsí, Rialp, Soriguera, Sort, Tírvia and Vall de Cardós	Beef cattle	0.07
	Cattle for breeding	0.13
	Equine	0.16
	Forages	0.13
	Sheep and goats for meat	0.07
	Dairy sheep and goats	0.13
Municipalities of:Alòs de Balaguer	Beekeeping	0.09
	Cereals	0.13
	Forages	0.26
	Oilseeds	0.16
	Grapes for D.O. wine	0.16
Municipalities of:Naut Aran	Beekeeping	0.09
	Beef cattle	0.07
	Cattle for breeding	0.13
	Equine	0.16
	Forages	0.13
	Sheep and goats for meat	0.07

Province:Lleida		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Arbeca, Borges Blanques (Les), Castelldans, Juneda and Puiggròs	Beekeeping	0.09
	Cereals	0.13
	Forages	0.26
	Non-citrus fruit	0.13
	Nuts:Almond	0.05
	Legumes	0.13
	Oilseeds	0.16
	Grapes for D.O. wine	0.22
Municipalities of:Pont de Bar (El)	Cereals	0.13
	Forages	0.26
Municipalities of:Arres, Bausen, Bossòst, Bòrdes (Es), Les, Vielha e Mijaran and Vilamòs	Beef cattle	0.07
	Cattle for breeding	0.13
	Equine	0.16
	Forages	0.13
	Sheep and goats for meat	0.07
Municipalities of:Artesa de Segre	Beekeeping	0.09
	Cereals	0.13
	Forages	0.26
	Non-citrus	0.07

Province:Lleida		
Territorial scope	**Activity**	**Net performance index**
	fruit:Apple and pear	
	Legumes	0.05
	Oilseeds	0.16
	Olive products	0.05
	Grapes for D.O. wine	0.16
Municipalities of:Camarasa and Sentiu de Sió (La)	Beekeeping	0.09
	Cereals	0.13
	Forages	0.26
	Non-citrus fruit:Apple and pear	0.07
	Legumes	0.05
	Oilseeds	0.16
Municipalities of:Avellanes i Santa Linya (Les) and Cabanabona	Beekeeping	0.09
	Cereals	0.13
	Forages	0.26
	Legumes	0.09
	Oilseeds	0.16
Municipalities of:Baix Pallars	Beef cattle	0.07
	Cattle for breeding	0.13

Province:Lleida		
Territorial scope	**Activity**	**Net performance index**
	Dairy cattle	0.1
	Equine	0.16
	Forages	0.13
	Forages:Alfalfa	0.13
	Sheep and goats for meat	0.07
	Dairy sheep and goats	0.13
Municipalities of:Balaguer	Beekeeping	0.09
	Cereals	0.13
	Forages	0.26
	Non-citrus fruit:Apple and pear	0.07
	Nuts:Almond	0.05
	Legumes	0.05
	Oilseeds	0.16
	Olive products	0.05
Municipalities of:Barbens, Bell-lloc d'Urgell, Bellvís, Castellnou de Seana, Fondarella, Golmés, Ivars d'Urgell, Linyola, Miralcamp, Mollerussa, Palau d''Anglesola (El), Poal (El), Sidamon, Torregrossa, Vila-sana and Vilanova de Bellpuig	Beekeeping	0.09
	Cereals	0.13
	Forages	0.26
	Non-citrus fruit	0.07

Province:Lleida		
Territorial scope	**Activity**	**Net performance index**
	Nuts:Almond	0.05
	Nuts:Walnut	0.13
	Legumes	0.13
	Oilseeds	0.16
Municipalities of:Vall de Boí (La)	Beef cattle	0.07
	Cattle for breeding	0.13
	Equine	0.16
	Forages	0.19
	Sheep and goats for meat	0.07
	Dairy sheep and goats	0.13
Municipalities of:Bassella and Oliana	Cereals	0.09
	Forages	0.26
Municipalities of:Bellver de Cerdanya, Lladurs, Llobera, Montellà i Martinet, Olius, Prats i Sansor, Prullans and Riu de Cerdanya	Cereals	0.13
	Forages	0.19
Municipalities of:Biosca, Cervera, Estaràs, Granyanella, Granyena de Segarra, Guissona, Ivorra, Massoteres, Montoliu de Segarra, Montornès de Segarra, Oluges (Les), Plans de Sió (Els), Ribera d'Ondara, Sanaüja, Sant Guim de Freixenet, Sant Guim de la Plana, Sant Ramon, Talavera, Tarroja de Segarra, Torrefeta i Florejacs, Torà	Beekeeping	0.09
	Cereals	0.09
	Nuts:Almond	0.05
	Legumes	0.09
	Oilseeds	0.16

Province:Lleida		
Territorial scope	**Activity**	**Net performance index**
	Olive products	0.09
	Grapes for D.O. wine	0.16
Municipalities of:Cabó, Estamariu, Fígols i Alinyà, Organyà, Ribera d'Urgellet, Seu d''Urgell (La), Valls d''Aguilar (Les) and Valls de Valira (Les)	Forages	0.26
Municipalities of:Canejan	Equine	0.16
	Forages	0.13
	Sheep and goats for meat	0.07
Municipalities of:Castellar de la Ribera	Cereals	0.05
	Forages	0.19
Municipalities of:Castelló de Farfanya	Beekeeping	0.09
	Cereals	0.13
	Forages	0.26
	Non-citrus fruit:Apple and pear	0.07
	Legumes	0.05
	Oilseeds	0.16
	Grapes for D.O. wine	0.06
Municipalities of:Clariana de Cardener, Navès and Odèn	Cereals	0.09
	Forages	0.19

Province:Lleida		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Coll de Nargó, Montferrer i Castellbò and Peramola	Cereals	0.13
	Forages	0.26
Municipalities of:Cubells and Ponts	Beekeeping	0.09
	Cereals	0.13
	Forages	0.26
	Legumes	0.05
	Oilseeds	0.16
Municipalities of:Foradada	Beekeeping	0.09
	Cereals	0.13
	Forages	0.26
	Legumes	0.09
	Oilseeds	0.16
	Grapes for D.O. wine	0.11
Municipalities of:Gavet de la Conca	Cereals	0.09
	Equine	0.16
	Forages	0.13
	Nuts:Almond	0.05
	Legumes	0.05
	Oilseeds	0.11

Province:Lleida		
Territorial scope	**Activity**	**Net performance index**
	Sheep and goats for meat	0.07
	Olive products	0.05
	Grapes for D.O. wine	0.11
Municipalities of:Coma i la Pedra (La), Guixers, Gósol and Sant Llorenç de Morunys	Forages	0.19
Municipalities of:Ivars de Noguera and Menàrguens	Beekeeping	0.09
	Cereals	0.13
	Forages	0.26
	Non-citrus fruit:Apple and pear	0.07
	Nuts:Almond	0.05
	Oilseeds	0.16
	Olive products	0.05
Municipalities of:Isona i Conca Dellà	Beef cattle	0.07
	Cattle for breeding	0.13
	Cereals	0.09
	Equine	0.16
	Forages	0.13
	Nuts:Almond	0.05

Province:Lleida		
Territorial scope	**Activity**	**Net performance index**
	Legumes	0.05
	Oilseeds	0.11
	Sheep and goats for meat	0.07
	Dairy sheep and goats	0.13
	Olive products	0.05
	Grapes for D.O. wine	0.11
Municipalities of:Llimiana	Cereals	0.09
	Forages	0.13
	Nuts:Almond	0.05
	Legumes	0.05
	Oilseeds	0.11
	Sheep and goats for meat	0.07
	Olive products	0.05
	Grapes for D.O. wine	0.11
Municipalities of:Molsosa (La)	Cereals	0.13
	Forages	0.19
	Legumes	0.09
	Oilseeds	0.11

Province:Lleida		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Montgai	Beekeeping	0.09
	Cereals	0.13
	Forages	0.26
	Non-citrus fruit:Apple and pear	0.07
	Legumes	0.13
	Oilseeds	0.16
Municipalities of:Oliola	Beekeeping	0.09
	Cereals	0.13
	Forages	0.26
	Nuts:Almond	0.05
	Legumes	0.09
	Oilseeds	0.16
Municipalities of:Os de Balaguer	Beekeeping	0.09
	Cereals	0.13
	Forages	0.26
	Legumes	0.13
	Oilseeds	0.16
	Olive products	0.05
Municipalities of:Conca de Dalt and Tremp	Beef cattle	0.07

Province:Lleida		
Territorial scope	**Activity**	**Net performance index**
	Cattle for breeding	0.13
	Cereals	0.09
	Equine	0.16
	Forages	0.13
	Nuts:Almond	0.05
	Legumes	0.05
	Oilseeds	0.11
	Sheep and goats for meat	0.07
	Olive products	0.05
	Grapes for D.O. wine	0.11
Municipalities of:Pinell de Solsonès	Cereals	0.09
	Forages	0.19
	Oilseeds	0.06
Municipalities of:Pinós and Riner	Cereals	0.13
	Forages	0.19
	Oilseeds	0.16
Municipalities of:Pobla de Segur (La)	Beef cattle	0.07
	Cattle for breeding	0.13

Province:Lleida		
Territorial scope	**Activity**	**Net performance index**
	Cereals	0.09
	Forages	0.13
	Legumes	0.05
	Oilseeds	0.11
	Sheep and goats for meat	0.07
	Olive products	0.05
Municipalities of:Pont de Suert (El) and Vilaller	Beef cattle	0.07
	Cattle for breeding	0.13
	Equine	0.16
	Forages	0.13
	Sheep and goats for meat	0.07
	Dairy sheep and goats	0.13
Municipalities of:Salàs de Pallars	Beef cattle	0.07
	Cattle for breeding	0.13
	Cereals	0.09
	Equine	0.16
	Forages	0.13
	Legumes	0.05

Province:Lleida		
Territorial scope	**Activity**	**Net performance index**
	Oilseeds	0.11
	Sheep and goats for meat	0.07
	Olive products	0.05
	Grapes for D.O. wine	0.11
Municipalities of:Sant Esteve de la Sarga	Beef cattle	0.07
	Cattle for breeding	0.13
	Cereals	0.09
	Equine	0.16
	Forages	0.13
	Legumes	0.05
	Oilseeds	0.11
	Sheep and goats for meat	0.07
	Olive products	0.05
Municipalities of:Sarroca de Bellera and Torre de Cabdella (La)	Beef cattle	0.07
	Cattle for breeding	0.13
	Equine	0.16
	Legumes	0.05
	Sheep and goats	0.07

Province:Lleida		
Territorial scope	**Activity**	**Net performance index**
	for meat	
Municipalities of:Senterada	Beef cattle	0.07
	Cattle for breeding	0.13
	Equine	0.16
	Legumes	0.05
	Sheep and goats for meat	0.07
	Dairy sheep and goats	0.13
Municipalities of:Solsona	Cereals	0.13
Municipalities of:Talarn	Beef cattle	0.07
	Cattle for breeding	0.13
	Cereals	0.09
	Forages	0.13
	Nuts:Almond	0.05
	Legumes	0.05
	Oilseeds	0.11
	Sheep and goats for meat	0.07
	Dairy sheep and goats	0.13

Province:Lleida		
Territorial scope	**Activity**	**Net performance index**
	Olive products	0.05
	Grapes for D.O. wine	0.11
Municipalities of:Térmens and Vallfogona de Balaguer	Beekeeping	0.09
	Cereals	0.13
	Forages	0.26
	Non-citrus fruit:Apple and pear	0.07
	Oilseeds	0.16
Municipalities of:Torrelameu	Non-citrus fruit:Apple and pear	0.07
Municipalities of:Vilanova de l'Aguda	Beekeeping	0.09
	Cereals	0.13
	Forages	0.26
	Legumes	0.13
	Oilseeds	0.16
Municipalities of:Vilanova de Meià	Beekeeping	0.09
	Cereals	0.13
	Forages	0.26
	Oilseeds	0.16
	Grapes for D.O.	0.06

Province:Lleida		
Territorial scope	Activity	Net performance index
	wine	
Municipalities of:Mur Castle	Beef cattle	0.07
	Cereals	0.09
	Forages	0.13
	Nuts:Almond	0.05
	Legumes	0.05
	Oilseeds	0.11
	Sheep and goats for meat	0.07
	Olive products	0.05

Tarragona

Province:Tarragona		
Territorial scope	Activity	Net performance index
Municipalities of:Aiguamúrcia, Alcover, Aleixar (L"), Alió, Almoster, Altafulla, Borges del Camp (Les), Botarell, Bràfim, Cabra del Camp, Cambrils, Canonja (La), Castellvell del Camp, Catllar (El), Creixell, Figuerola del Camp, Garidells (Els), Maspujols, Masó (La), Milà (El), Mont-ral, Mont-roig del Camp, Montbrió del Camp, Montferri, Nou de Gaià (La), Nulles, Pallaresos (Els), Perafort, Pla de Santa Maria (El), Pobla de Montornès (La), Pont d"Armentera (El), Puigpelat, Querol, Renau, Reus, Riba (La), Riera de Gaià (La), Riudoms, Roda de Berà, Rodonyà, Rourell (El), Salomó, Salou, Secuita (La), Tarragona, Torredembarra, Vallmoll, Valls, Vespella de Gaià, Vila-rodona, Vila-seca, Vilabella y Vinyols i els Arcs	Non-citrus fruit	0.19
	Nuts:Carob	0.18
	Nuts:Hazelnut	0.13
Municipalities of:Albinyana, Arboç (L"), Banyeres del Penedès, Bellvei, Bisbal del Penedès (La), Bonastre, Calafell, Cunit, Llorenç del Penedès, Masllorenç,	Non-citrus fruit	0.19

Province:Tarragona		
Territorial scope	**Activity**	**Net performance index**
Montmell (El), Sant Jaume dels Domenys, Santa Oliva and Vendrell (El)	Nuts:Carob and hazelnut	0.18
Municipalities of:Albiol (L''), Alforja, Arbolí, Argentera (L''), Bellmunt del Priorat, Bisbal de Falset (La), Cabacés, Capafonts, Capçanes, Colldejou, Constantí, Cornudella de Montsant, Duesaigües, Falset, Febró (La), Figuera (La), Gratallops, Guiamets (Els), Lloar (El), Margalef, Marçà, Masroig (El), Molar (El), Morell (El), Morera de Montsant (La), Pobla de Mafumet (La), Poboleda, Porrera, Pradell de la Teixeta, Prades, Pratdip, Riudecanyes, Riudecols, Selva del Camp (La), Torre de Fontaubella (La), Torroja del Priorat, Ulldemolins, Vandellòs i l'Hospitalet de l'Infant, Vilallonga del Camp, Vilanova d'Escornalbou, Vilaplana, Vilella Alta (La) y Vilella Baixa (La)	Non-citrus fruit	0.19
	Nuts:Carob	0.18
	Nuts:Almond	0.09
	Nuts:Hazelnut	0.13
Municipalities of:Alcanar, Amposta, Freginals and Galera (La)	Beekeeping	0.09
	Citrus fruit:Mandarin and orange	0.13
	Olive products	0.09
Municipalities of:Aldover, Ametlla de Mar (L''), Masdenverge, Roquetes, Santa Bàrbara, Tivenys, Tortosa and Xerta	Citrus fruit:Mandarin and orange	0.13
	Olive products	0.09
Municipalities of:Alfara de Carles and Sant Jaume d'Enveja	Olive products	0.09
Municipalities of:Arnes, Caseres and Horta de Sant Joan	Nuts:Almond	0.05
	Olive products	0.09
Municipalities of:Ascó	Beekeeping	0.09
	Non-citrus fruit:Cherry and pear	0.26
	Non-citrus fruit:Plum and nectarine	0.13

Province:Tarragona		
Territorial scope	**Activity**	**Net performance index**
	Non-citrus fruit:Peach	0.19
	Nuts:Almond	0.09
	Olive products	0.09
Municipalities of:Barberà de la Conca, Blancafort, Conesa, Espluga de Francolí (L"), Forès, Llorac, Montblanc, Passanant i Belltall, Piles (Les), Pira, Pontils, Rocafort de Queralt, Santa Coloma de Queralt, Sarral, Savallà del Comtat, Senan, Solivella, Vallclara, Vallfogona de Riucorb, Vilanova de Prades, Vilaverd and Vimbodí i Poblet	Non-citrus fruit	0.19
	Nuts:Carob and hazelnut	0.18
	Nuts:Almond	0.09
Municipalities of:Batea, Corbera d'Ebre, Mas de Barberans, Pobla de Massaluca (La), Sant Carles de la Ràpita and Sénia (La)	Beekeeping	0.09
	Olive products	0.09
Municipalities of:Benifallet	Citrus fruit:Mandarin and orange	0.18
	Non-citrus fruit	0.19
	Olive products	0.09
Municipalities of:Benissanet	Non-citrus fruit:Apricot and peach	0.19
	Non-citrus fruit:Cherry and pear	0.26
	Non-citrus fruit:Plum and nectarine	0.13
	Nuts:Almond	0.09
Municipalities of:Bot	Non-citrus fruit:Peach	0.13

Province:Tarragona		
Territorial scope	**Activity**	**Net performance index**
	Olive products	0.09
Municipalities of:Fatarella (La)	Beekeeping	0.09
	Nuts:Almond	0.09
	Olive products	0.05
Municipalities of:Flix and Torre de l''Espanyol (La)	Beekeeping	0.09
	Non-citrus fruit:Apricot and peach	0.19
	Non-citrus fruit:Cherry	0.26
	Non-citrus fruit:Nectarine	0.13
	Nuts:Almond	0.09
Municipalities of:Garcia	Beekeeping	0.09
	Non-citrus fruit:Apricot and plum	0.19
	Non-citrus fruit:Cherry and pear	0.26
	Non-citrus fruit:Peach and nectarine	0.13
	Nuts:Almond	0.09
	Olive products	0.09
	Grapes for D.O. wine	0.22

Province:Tarragona		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Ginestar	Beekeeping	0.09
	Non-citrus fruit:Apricot and cherry	0.19
	Non-citrus fruit:Plum and nectarine	0.13
	Non-citrus fruit:Peach	0.19
	Non-citrus fruit:Pear	0.26
	Nuts:Almond	0.09
Municipalities of:Godall	Beekeeping	0.09
	Cereals:Barley	0.05
	Citrus fruit:Mandarin and orange	0.13
	Olive products	0.09
Municipalities of:Miravet	Citrus fruit:Mandarin and orange	0.18
	Non-citrus fruit:Apricot and peach	0.19
	Non-citrus fruit:Cherry and pear	0.26
	Non-citrus fruit:Plum and nectarine	0.13

Province:Tarragona		
Territorial scope	**Activity**	**Net performance index**
	Nuts:Almond	0.09
Municipalities of:Móra d'Ebre	Beekeeping	0.09
	Non-citrus fruit:Apricot and peach	0.19
	Non-citrus fruit:Cherry and pear	0.26
	Non-citrus fruit:Plum and nectarine	0.13
	Nuts:Almond	0.09
	Grapes for D.O. wine	0.22
Municipalities of:Móra la Nova	Non-citrus fruit:Apricot and peach	0.19
	Non-citrus fruit:Cherry and pear	0.26
	Non-citrus fruit:Plum and nectarine	0.13
	Nuts:Almond	0.09
	Olive products	0.09
Municipalities of:Palma d''Ebre (La)	Non-citrus fruit:Cherry and plum	0.26
	Nuts:Almond	0.09

Province:Tarragona		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Paüls	Non-citrus fruit	0.19
	Olive products	0.09
Municipalities of:Perelló (El) and Prat de Comte	Nuts:Almond	0.09
	Olive products	0.09
Municipalities of:Pinell de Brai (El)	Beekeeping	0.09
Municipalities of:Scraper	Beekeeping	0.09
	Non-citrus fruit:Apricot	0.07
	Non-citrus fruit:Cherry and pear	0.26
	Non-citrus fruit:Peach	0.13
	Nuts:Almond	0.09
	Olive products	0.09
	Grapes for D.O. wine	0.16
Municipalities of:Riba-roja d'Ebre	Beekeeping	0.09
	Non-citrus fruit:Apricot	0.19
	Non-citrus fruit:Peach and nectarine	0.13
	Non-citrus fruit:Pear	0.26

Province:Tarragona		
Territorial scope	**Activity**	**Net performance index**
	Nuts:Almond	0.09
	Olive products	0.09
Municipalities of:Tivissa	Beekeeping	0.09
	Non-citrus fruit:Apricot and peach	0.19
	Non-citrus fruit:Cherry and pear	0.26
	Non-citrus fruit:Nectarine	0.13
	Nuts:Almond	0.09
	Olive products	0.09
Municipalities of:Ulldecona	Beekeeping	0.09
	Cereals:Barley and triticale	0.05
	Citrus fruit:Mandarin and orange	0.13
	Olive products	0.09
Municipalities of:Vilalba dels Arcs	Non-citrus fruit:Cherry	0.26
	Nuts:Almond	0.09
	Olive products	0.09
Municipalities of:Vinebre	Beekeeping	0.09

Province:Tarragona		
Territorial scope	**Activity**	**Net performance index**
	Non-citrus fruit:Apricot and peach	0.19
	Non-citrus fruit:Cherry	0.26
	Non-citrus fruit:Plum and nectarine	0.13
	Nuts:Almond	0.09
	Olive products	0.09
	Grapes for D.O. wine	0.16
Municipalities of:Deltebre	Rice	0.11
Municipalities of:Aldea (L"), Ampolla (L") and Camarles	Rice	0.11
	Citrus fruit:Mandarin and orange	0.13
	Olive products	0.09

Extremadura

All provinces		
Territorial scope	**Activity**	**Net performance index**
All municipal terms	Nuts:Walnut	0.18
	Potato	0.18

Province:Badajoz		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Acedera, Alange, Arroyo de San Serván, Badajoz, Calamonte, Campanario, Casas de Don Pedro, Coronada (La), Don Benito, Don Álvaro, Esparragalejo, Garrovilla (La), Guareña, Lobón, Medellín, Mengabril, Montijo, Mérida, Navalvillar de Pela, Oliva de Mérida, Orellana de la Sierra, Orellana la Vieja, Puebla de Alcocer, Puebla de la Calzada, Rena, San Pedro de Mérida, Santa Amalia, Talavera la Real, Torremayor, Valdetorres, Valverde de Mérida, Villagonzalo, Villanueva de la Serena, Villar de Rena and Zarza (La).	Rice	0.16
	Horticultural products:Tomato	0.18

Province:Cáceres		
Territorial scope	**Activity**	**Net performance index**
All municipal terms	Nuts:Pistachio	0.18
Municipalities of:Abadía, Alagón del Río, Aldeanueva del Camino, Aldehuela de Jerte, Carcaboso, Casas del Monte, Casillas de Coria, Cilleros, Galisteo, Granja (La), Guijo de Coria, Guijo de Granadilla, Madrigal de la Vera, Plasencia, Robledillo de la Vera, Saucedilla, Segura de Toro, Serrejón, Valdeobispo, Vegaviana, Viandar de la Vera and Zarza de Granadilla.	Other agricultural products:Pepper for paprika	0.26
Municipalities of:Alcollarín, Almoharín, Campo Lugar, Escurial, Logrosán, Madrigalejo and Miajadas	Rice	0.16
	Horticultural products:Tomato	0.18

Province:Cáceres		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Aldeanueva de la Vera, Arroyomolinos de la Vera, Garganta la Olla, Gargantilla, Guijo de Santa Bárbara, Pasarón de la Vera and Torremenga.	Non-citrus fruit:Cherry	0.26
	Other agricultural products:Pepper for paprika	0.26
Municipalities of:Barrado, Cabezuela del Valle, Cabrero, Casar de Palomero, Casas del Castañar, Cáceres, Gargüera, Jerte, Navaconcejo, Piornal, Rebollar, Tornavacas, Torno (El) y Valdastillas	Non-citrus fruit:Cherry	0.26
Municipalities of:Casatejada, Collado de la Vera, Coria, Guijo de Galisteo, Holguera, Jarandilla de la Vera, Losar de la Vera, Majadas, Malpartida de Plasencia, Montehermoso, Moraleja, Morcillo, Navalmoral de la Mata, Pueblonuevo de Miramontes, Riolobos, Rosalejo, Talaveruela de la Vera, Talayuela, Tiétar, Toril, Torrejoncillo, Valverde de la Vera and Villanueva de la Vera.	Other agricultural products:Pepper for paprika	0.26
	Tobacco	0.18
Municipalities of:Cuacos de Yuste, Jaraíz de la Vera and Tejeda de Tiétar	Non-citrus fruit:Cherry	0.26
	Other agricultural products:Pepper for paprika	0.26
	Tobacco	0.18

Galicia

Province:Lugo		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Becerreá, Fonsagrada (A) and Nogais (As)	Forages:Maize	0.26
	Nuts:Chestnut	0.13
Municipalities of:Bóveda and Triacastela	Forages:Maize	0.19
Municipalities of:Carballedo, Chantada, Monforte de Lemos and Saviñao (O)	Forages:Maize	0.19
	Grapes for D.O. wine	0.22
Municipalities of:Cervantes	Forages:Maize	0.26
	Nuts:Chestnut	0.05
Municipalities of:Folgoso do Courel	Nuts:Chestnut	0.13
Municipalities of:Guntín, Lugo, Láncara, Palas de Rei and Sarria	Forages:Maize	0.26
Municipalities of:Navia de Suarna	Forages:Maize	0.19
	Nuts:Chestnut	0.05
Municipalities of:Negueira de Muñiz, Pobra do Brollón (A) and Quiroga	Nuts:Chestnut	0.13
	Grapes for D.O. wine	0.22
Municipalities of:Pantón, Ribas de Sil, Sober and Taboada	Grapes for D.O. wine	0.22
Municipalities of:Baralla and Pedrafita do Cebreiro	Forages:Maize	0.19

Province:Orense		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Allariz, Amoeiro, Arnoia (A), Avión, Baltar, Barbadás, Baños de Molgas, Beariz, Blancos (Os), Boborás, Bola (A), Bolo (O), Calvos de Randín, Carballeda de Avia, Carballiño (O), Cartelle, Castrelo do Val, Celanova, Cenlle, Coles, Cortegada, Cualedro, Esgos, Gomesende, Irixo (O), Larouco, Laza, Leiro, Maceda, Maside, Melón, Merca (A), Monterrei, Nogueira de Ramuín, Ourense, Paderne de Allariz, Padrenda, Parada de Sil, Pereiro de Aguiar (O), Peroxa (A), Petín, Piñor, Pontedeva, Porqueira, Punxín, Quintela de Leirado, Rairiz de Veiga, Ramirás, Ribadavia, Riós, Rúa (A), San Amaro, San Cibrao das Viñas, San Cristovo de Cea, Sandiás, Sarreaus, Taboadela, Teixeira (A), Toén, Trasmiras, Verea, Vilamarín, Vilar de Barrio, Vilar de Santos, Vilardevós, Xinzo de Limia, Xunqueira de Ambía y Xunqueira de Espadanedo	Beekeeping	0.05
Municipalities of:Bande, Castro Caldelas, Chandrexa de Queixa, Entrimo, Gudiña (A), Lobeira, Lobios, Manzaneda, Mezquita (A), Montederramo, Muíños, Pobra de Trives (A), San Xoán de Río, Veiga (A), Viana do Bolo and Vilariño de Conso	Beekeeping	0.05
	Beef cattle	0.07
Municipalities of:Barco de Valdeorras (O), Carballeda de Valdeorras and Vilamartín de Valdeorras	Beekeeping	0.05
	Nuts:Chestnut	0.05
	Grapes for D.O. wine	0.06
Municipalities of:Castrelo de Miño, Oímbra and Verín	Beekeeping	0.05
	Grapes for D.O. wine	0.06
Municipalities of:Rubiá	Beekeeping	0.05
	Nuts:Chestnut	0.05

Madrid (Community of)

Province:Madrid		
Territorial scope	**Activity**	**Net performance index**
All municipal terms	Olive products	0.09

Murcia Region

Murcia		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Eagles	Horticultural products:Melon	0.18
	Horticultural products:Watermelon	0.13
Municipalities of:Albudeite	Non-citrus fruit:Apricot	0.19
	Non-citrus fruit:Plum	0.13
Municipalities of:Alhama de Murcia	Horticultural products:Cabbage-cabbage	0.18
Municipalities of:Bullas	Non-citrus fruit:Apricot	0.07
	Non-citrus fruit:Cherry	0.26
	Non-citrus fruit:Peach	0.19
	Nuts:Almond	0.05
	Grapes for D.O. wine	0.22
	Non D.O. wine grapes	0.18
Municipalities of:River Fields	Non-citrus fruit:Apricot	0.13
	Non-citrus fruit:Plum	0.19
Municipalities of:Caravaca de la Cruz	Cereals	0.13
	Non-citrus fruit:Apricot	0.07
	Nuts:Almond	0.09
Municipalities of:Cartagena	Potato	0.18
Municipalities of:Cehegín and Moratalla	Non-citrus fruit:Apricot	0.07

Murcia		
Territorial scope	**Activity**	**Net performance index**
	Nuts:Almond	0.09
Municipalities of:Fuente Álamo de Murcia	Horticultural products:Chard	0.05
	Horticultural products:Lettuce	0.18
Municipalities of:Jumilla	Non-citrus fruit:Apricot	0.19
	Non-citrus fruit:Pear	0.26
Municipalities of:Mazarrón	Horticultural products:Lettuce	0.18
Municipalities of:Mula	Citrus fruit:Lemon and orange	0.18
	Non-citrus fruit:Apricot, cherry and plum	0.07
	Non-citrus fruit:Peach	0.13
	Non-citrus fruit:Nectarine	0.19
Municipalities of:Murcia	Horticultural products:Chard and pepper	0.18
Municipalities of:Pliego	Citrus fruit:Lemon, mandarin and grapefruit	0.13
	Citrus fruit:Orange	0.18
	Non-citrus fruit:Apricot	0.13
	Non-citrus fruit:Peach and nectarine	0.19
Municipalities of:Alcázares (Los), San Javier and San Pedro del Pinatar	Horticultural products:Pepper	0.18
Municipalities of:Torre-Pacheco	Horticultural products:Pepper	0.13
Municipalities of:Totana	Horticultural products:Cauliflower	0.13
Municipalities of:Union (La)	Horticultural products:Artichoke	0.18

Murcia		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Santomera	Horticultural products:Endive	0.13

La Rioja

La Rioja		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Agoncillo, Albelda de Iregua, Alberite, Alcanadre, Arrúbal, Ausejo, Clavijo, Corera, Daroca de Rioja, Entrena, Fuenmayor, Galilea, Hornos de Moncalvillo, Lagunilla del Jubera, Lardero, Leza de Río Leza, Logroño, Medrano, Murillo de Río Leza, Nalda, Navarrete, Ocón, Redal (El), Ribafrecha, Santa Engracia del Jubera, Sojuela, Sorzano, Sotés, Villamediana de Iregua	Non-citrus fruit:Cherry	0.13
	Non-citrus fruit:Plum and peach	0.19
	Non-citrus fruit:Apple and pear	0.26
Municipalities of:Aguilar del Río Alhama, Aldeanueva de Ebro, Alfaro, Arnedo, Autol, Bergasa, Bergasillas Bajera, Calahorra, Cervera del Río Alhama, Grávalos, Herce, Igea, Pradejón, Quel, Rincón de Soto, Santa Eulalia Bajera, Tudelilla, Villar de Arnedo (El), Villarroya	Non-citrus fruit:Cherry	0.26
	Non-citrus fruit:Plum	0.19
	Non-citrus fruit:Apple and pear	0.26
Municipalities of:Arnedillo, Cornago, Enciso, Munilla, Muro de Aguas, Navajún, Préjano, Robres del Castillo, Valdemadera, Zarzosa	Non-citrus fruit:Plum	0.19

Region of Valencia

All provinces

All provinces		
Territorial scope	**Activity**	**Net performance index**
All municipal terms	Potato, sweet potato and tigernut	0.18

Alicante

Province:Alicante		
Territorial scope	**Activity**	**Net performance index**
All municipalities (except for those listed with a lower index)	Non-citrus fruit:Apricot and plum	0.13
	Non-citrus fruit:Cherry	0.19
Municipalities of:Agost, Fondó de les Neus (El)/Hondón de las Nieves, Hondón de los Frailes, Novelda y Romana (La)	Non-citrus fruit:Peach and nectarine	0.13
	Table grape	0.22
Municipalities of:Agres and Ibi	Non-citrus fruit:Cherry and plum	0.07
	Non-citrus fruit:Peach and nectarine	0.07
	Nuts:Almond	0.05
Municipalities of:Alcocer de Planes	Non-citrus fruit:Cherry and plum	0.07
	Non-citrus fruit:Apple and pear	0.07
	Non-citrus fruit:Peach and nectarine	0.07

Province:Alicante		
Territorial scope	**Activity**	**Net performance index**
	Nuts:Almond	0.05
	Olive products	0.05
	Grapes for D.O. wine	0.11
	Non D.O. wine grapes	0.09
Municipalities of:Alcoleja and Alqueria d'Asnar (L')	Non-citrus fruit:Cherry	0.07
	Non-citrus fruit:Apple and pear	0.07
	Non-citrus fruit:Peach and nectarine	0.07
	Nuts:Almond	0.05
	Olive products	0.05
Municipalities of:Alcoy/Alcoi	Cereals:Oats, barley, wheat, triticale	0.09
	Non-citrus fruit:Cherry and plum	0.07
	Non-citrus fruit:Apple	0.07
	Non-citrus fruit:Peach and nectarine	0.07
	Nuts:Almond	0.05
Municipalities of:Alfafara	Non-citrus fruit:Apricot	0.07
	Non-citrus fruit:Cherry and plum	0.07
	Non-citrus fruit:Peach and nectarine	0.07
	Nuts:Almond	0.05

Province:Alicante		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Alfàs del Pi (L'')	Non-citrus fruit:Medlar	0.26
Municipalities of:Algueña, Elda, Gata de Gorgos and Senija	Table grape	0.22
Municipalities of:Alicante/Alacant	Non-citrus fruit:Peach and nectarine	0.19
Municipalities of:Almudaina	Table olives	0.05
	Non-citrus fruit:Apricot	0.07
	Non-citrus fruit:Cherry and plum	0.07
	Non-citrus fruit:Apple	0.07
	Non-citrus fruit:Peach and nectarine	0.07
	Nuts:Almond	0.05
	Olive products	0.05
Municipalities of:Aspe	Non-citrus fruit:Plum	0.07
	Non-citrus fruit:Peach and nectarine	0.13
	Table grape	0.22
Municipalities of:Balls and Benilloba	Non-citrus fruit:Apricot	0.07
	Non-citrus fruit:Cherry and plum	0.07
	Non-citrus fruit:Apple and pear	0.07
	Non-citrus fruit:Peach and nectarine	0.07
	Nuts:Almond	0.05

Province:Alicante		
Territorial scope	**Activity**	**Net performance index**
	Olive products	0.05
Municipalities of:Banyeres de Mariola, Campo de Mirra/Camp de Mirra (El) and Castalla	Non-citrus fruit:Apricot	0.07
	Non-citrus fruit:Cherry	0.13
	Non-citrus fruit:Peach and nectarine	0.07
	Nuts:Almond	0.09
Municipalities of:Benasau	Table olives	0.05
	Non-citrus fruit:Cherry and plum	0.07
	Non-citrus fruit:Peach and nectarine	0.07
	Non-citrus fruit:Pear	0.07
	Nuts:Almond	0.05
	Olive products	0.05
Municipalities of:Beneixama and Onil	Non-citrus fruit:Apricot	0.07
	Non-citrus fruit:Cherry	0.13
	Nuts:Almond	0.09
Municipalities of:Beniarrés	Table olives	0.05
	Non-citrus fruit:Apricot	0.07
	Non-citrus fruit:Khaki	0.07
	Non-citrus fruit:Cherry and plum	0.07
	Non-citrus fruit:Peach and	0.07

Province:Alicante		
Territorial scope	**Activity**	**Net performance index**
	nectarine	
	Non-citrus fruit:Apple and pear	0.07
	Nuts:Almond	0.05
	Olive products	0.05
	Grapes for D.O. wine	0.06
	Non D.O. wine grapes	0.05
Municipalities of:Benifallim	Table olives	0.05
	Non-citrus fruit:Apricot and cherry	0.07
	Non-citrus fruit:Apple and pear	0.07
	Nuts:Almond	0.05
	Olive products	0.05
Municipalities of:Benillup	Non-citrus fruit:Apricot	0.07
	Non-citrus fruit:Cherry and plum	0.07
	Non-citrus fruit:Peach and nectarine	0.07
	Nuts:Almond	0.05
	Olive products	0.05
	Grapes for D.O. wine	0.06
	Non D.O. wine grapes	0.05

Province:Alicante		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Benimarfull, Gorga, Muro de Alcoy and Quatretondeta	Non-citrus fruit:Apricot	0.07
	Non-citrus fruit:Cherry and plum	0.07
	Non-citrus fruit:Apple and pear	0.07
	Non-citrus fruit:Peach and nectarine	0.07
	Nuts:Almond	0.05
	Olive products	0.05
	Grapes for D.O. wine	0.06
	Non D.O. wine grapes	0.05
Municipalities of:Benimassot and Millena	Non-citrus fruit:Cherry and plum	0.07
	Non-citrus fruit:Apple and pear	0.07
	Non-citrus fruit:Peach and nectarine	0.07
	Nuts:Almond	0.05
	Olive products	0.05
	Grapes for D.O. wine	0.06
	Non D.O. wine grapes	0.05
Municipalities of:Biar	Non-citrus fruit:Apricot	0.07
	Non-citrus fruit:Cherry	0.07
	Non-citrus fruit:Apple	0.07

Province:Alicante		
Territorial scope	**Activity**	**Net performance index**
	Non-citrus fruit:Peach and nectarine	0.07
	Non-citrus fruit:Pear	0.13
	Nuts:Almond	0.09
Municipalities of:Cañada	Non-citrus fruit:Cherry	0.07
	Non-citrus fruit:Apple	0.19
	Non-citrus fruit:Peach and nectarine	0.07
	Nuts:Almond	0.09
Municipalities of:Cocentaina	Table olives	0.05
	Non-citrus fruit:Apricot	0.07
	Non-citrus fruit:Khaki	0.07
	Non-citrus fruit:Cherry and plum	0.07
	Non-citrus fruit:Apple and pear	0.07
	Non-citrus fruit:Peach and nectarine	0.07
	Nuts:Almond and walnut	0.05
	Olive products	0.05
	Grapes for D.O. wine	0.06
	Non D.O. wine grapes	0.05
Municipalities of:Confrides	Non-citrus fruit:Cherry	0.07

Province:Alicante		
Territorial scope	**Activity**	**Net performance index**
	Nuts:Almond	0.05
Municipalities of:Facheca	Non-citrus fruit:Cherry	0.07
	Nuts:Almond	0.05
	Olive products	0.05
Municipalities of:Famorca	Nuts:Almond	0.05
	Olive products	0.05
Municipalities of:Gaianes	Non-citrus fruit:Apricot	0.07
	Non-citrus fruit:Cherry and plum	0.07
	Non-citrus fruit:Apple and pear	0.07
	Non-citrus fruit:Peach and nectarine	0.07
	Nuts:Almond	0.05
	Olive products	0.05
	Grapes for D.O. wine	0.11
	Non D.O. wine grapes	0.09
Municipalities of:Jijona/Xixona	Non-citrus fruit:Cherry and plum	0.07
	Non-citrus fruit:Apple	0.07
Municipalities of:Lorcha/Orxa (L")	Non-citrus fruit:Cherry and plum	0.07
	Non-citrus fruit:Apple	0.07

Province:Alicante		
Territorial scope	**Activity**	**Net performance index**
	Non-citrus fruit:Peach and nectarine	0.07
	Nuts:Almond	0.05
	Olive products	0.05
Municipalities of:Monforte del Cid	Non-citrus fruit:Cherry	0.07
	Non-citrus fruit:Peach and nectarine	0.13
	Non-citrus fruit:Pear	0.07
	Table grape	0.22
Municipalities of:Monóvar/Monòver	Non-citrus fruit:Apricot	0.07
	Non-citrus fruit:Peach and nectarine	0.07
	Nuts:Almond	0.05
	Table grape	0.22
Municipalities of:Penàguila	Table olives	0.05
	Non-citrus fruit:Apricot	0.07
	Non-citrus fruit:Cherry and plum	0.07
	Non-citrus fruit:Apple and pear	0.07
	Non-citrus fruit:Peach and nectarine	0.07
	Nuts:Almond and hazelnut	0.05
	Olive products	0.05

Province:Alicante		
Territorial scope	**Activity**	**Net performance index**
	Grapes for D.O. wine	0.06
	Non D.O. wine grapes	0.05
Municipalities of:Petrer	Non-citrus fruit:Peach and nectarine	0.13
	Nuts:Almond	0.05
	Table grape	0.22
Municipalities of:Pinós (El)/Pinoso	Non-citrus fruit:Apricot	0.07
	Non-citrus fruit:Peach and nectarine	0.07
	Non-citrus fruit:Pear	0.07
	Nuts:Almond	0.05
	Table grape	0.22
Municipalities of:Plans	Table olives	0.05
	Non-citrus fruit:Apricot	0.07
	Non-citrus fruit:Cherry and plum	0.07
	Non-citrus fruit:Apple and pear	0.07
	Non-citrus fruit:Peach and nectarine	0.07
	Nuts:Almond	0.05
	Olive products	0.05
	Grapes for D.O. wine	0.06

Province:Alicante		
Territorial scope	**Activity**	**Net performance index**
	Non D.O. wine grapes	0.05
Municipalities of:Salinas	Non-citrus fruit:Apricot	0.07
	Non-citrus fruit:Cherry	0.13
	Non-citrus fruit:Peach and nectarine	0.07
	Non-citrus fruit:Pear	0.07
	Nuts:Almond	0.09
Municipalities of:Sax	Non-citrus fruit:Apricot	0.07
	Non-citrus fruit:Cherry	0.13
	Non-citrus fruit:Plum	0.07
	Non-citrus fruit:Peach and nectarine	0.07
	Nuts:Almond	0.09
Municipalities of:Tàrbena	Non-citrus fruit:Cherry	0.07
Municipalities of:Tollos	Non-citrus fruit:Cherry	0.07
	Non-citrus fruit:Peach and nectarine	0.07
	Nuts:Almond	0.05
	Olive products	0.05
Municipalities of:Vall d'Alcalà (La)	Non-citrus fruit:Cherry	0.07
	Olive products	0.05
Municipalities of:Vall d''Ebo (La)	Olive products	0.05

Province:Alicante		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Vall de Gallinera	Non-citrus fruit:Apricot	0.07
	Non-citrus fruit:Cherry and plum	0.07
Municipalities of:Villena	Non-citrus fruit:Apricot	0.07
	Non-citrus fruit:Khaki	0.07
	Non-citrus fruit:Cherry	0.13
	Non-citrus fruit:Peach and nectarine	0.07
	Nuts:Almond	0.09
	Table grape	0.22
Municipalities of:Pilar de la Horadada	Horticultural products:Pumpkin	0.18
	Horticultural products:Pepper	0.13
	Horticultural products:Watermelon	0.18

Castellón

Province:Castellón		
Territorial scope	**Activity**	**Net performance index**
All municipalities (except for those listed with a lower index)	Non-citrus fruit:Cherry	0.26
	Olive products	0.05

Province:Castellón		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Albocàsser, Altura, Ares del Maestrat, Atzeneta del Maestrat, Azuébar, Bejís, Benafer, Benafigos, Benlloc, Cabanes, Catí, Caudiel, Chodos/Xodos, Chóvar, Cinctorres, Coves de Vinromà (Les), Forcall, Jérica, Oropesa del Mar/Orpesa, Palanques, Rossell, Sierra Engarcerán, Teresa, Toro (El), Torre d''En Besora (La), Torre d''en Doménec (La), Torás, Tírig, Useras/Useres (Les), Vall d'Alba, Vilafamés, Vilanova d'Alcolea, Vilar de Canes, Villores, Vistabella del Maestrat, Viver y Xert	Nuts:Almond	0.05
Municipalities of:Alcalà de Xivert, Algimia de Almonacid, Benicarló, Canet lo Roig, Castellnovo, Cervera del Maestre, Costur, Figueroles, Pobla de Benifassà (La), San Rafael del Río, Sant Jordi/San Jorge, Santa Magdalena de Pulpis, Segorbe, Soneja and Torreblanca	Nuts:Almond	0.09
Municipalities of:Benassal	Nuts:Almond	0.05
	Nuts:Hazelnut	0.13
Municipalities of:Castillo de Villamalefa, Cortes de Arenoso, Llucena/Lucena del Cid, Ludiente, Villahermosa del Río, Zucaina	Nuts:Almond	0.09
	Mushrooms for human consumption	0.09
Municipalities of:Culla	Nuts:Almond	0.09
	Nuts:Hazelnut	0.13
Municipalities of:Jana (La)	Non-citrus fruit:Cherry	0.07
	Nuts:Almond	0.09
Municipalities of:Peníscola/Peñíscola	Horticultural products:Broccoli	0.18
Municipalities of:Salzadella (La), Sant Mateu and Serratella (La)	Non-citrus fruit:Cherry	0.07
	Nuts:Almond	0.05
Municipalities of:Vinaròs	Nuts:Almond	0.09

Province:Castellón		
Territorial scope	Activity	Net performance index
	Horticultural products:Broccoli	0.13

Valencia

Province:Valencia		
Territorial scope	Activity	Net performance index
All municipalities (except for those listed with a lower index)	Non-citrus fruit:Apricot and plum	0.07
	Non-citrus fruit:Peach and nectarine	0.19
	Non-citrus fruit:Khaki	0.19
	Olive products	0.09
Municipalities of:Ademuz	Non-citrus fruit:Apple	0.26
	Nuts:Almond	0.05
Municipalities of:Ador, Albal, Almiserà, Almoines, Alqueria de la Comtessa (L''), Barx, Bellreguard, Beniarjó, Beniflá, Benirredrà, Castellonet de la Conquesta, Daimús, Font d''En Carròs (La), Guardamar de la Safor, Llocnou de Sant Jeroni, Rafelcofer, Real de Gandia (El), Rocafort, Simat de la Valldigna, Tavernes Blanques and Xeraco	Citrus fruit:Mandarin and orange	0.18
Municipalities of:Agullent, Alcublas, Alpuente, Andilla, Aras de los Olmos, Benagéber, Calles, Casas Altas, Casas Bajas, Castielfabib, Chelva, Cheste, Dos Aguas, Fontanars dels Alforins, Higueruelas, Jalance, Jarafuel, Montroi/Montroy, Palomar (El), Puebla de San Miguel, Requena, Sinarcas, Torrebaja, Tuéjar, Vallanca, Venta del Moro, Villar del Arzobispo, Villargordo del Cabriel, Yesa (La), Yátova	Nuts:Almond	0.05
Municipalities of:Alaquàs, Paiporta, Picanya, Torrent and Xirivella	Horticultural products:Artichoke and	0.18

Province:Valencia		
Territorial scope	**Activity**	**Net performance index**
	onion	
Municipalities of:Albalat dels Sorells, Albuixech, Burjassot and Vinalesa	Citrus fruit:Mandarin and orange	0.18
	Horticultural products:Artichoke and onion	0.18
Municipalities of:Alborache	Non-citrus fruit:Cherry	0.07
	Non-citrus fruit:Pear	0.26
	Nuts:Almond	0.05
	Table grape	0.11
	Grapes for D.O. wine	0.22
	Non D.O. wine grapes	0.18
Municipalities of:Alboraia/Alboraya	Citrus fruit:Mandarin	0.18
	Horticultural products:Artichoke and onion	0.18
	Horticultural products:Green bean	0.18
Municipalities of:Alcàsser and Picassent	Citrus fruit:Mandarin, orange and grapefruit	0.18
	Horticultural products:Onion	0.18
Municipalities of:Alcúdia (L'), Benimodo, Carlet, Chulilla, Llombai, Losa del Obispo, Sant Joanet, Senyera and Vilamarxant	Non-citrus fruit:Khaki	0.13
Municipalities of:Alcúdia de Crespins (L'), Cerdà, Granja de la	Citrus fruit:Mandarin	0.13

Province:Valencia		
Territorial scope	**Activity**	**Net performance index**
Costera (La), Llocnou d'En Fenollet, Llosa de Ranes (La), Manuel, Novelé/Novetlè, Torrella and Vallés	Citrus fruit:Orange	0.18
	Non-citrus fruit:Khaki	0.07
	Olive products	0.05
Municipalities of:Aldaia	Citrus fruit:Mandarin and orange	0.05
	Non-citrus fruit:Khaki	0.07
	Horticultural products:Artichoke	0.18
Municipalities of:Alfafar, Beniparrell, Catarroja, Massanassa and Silla	Citrus fruit:Mandarin and orange	0.18
	Horticultural products:Onion	0.18
Municipalities of:Alfauir, Benifairó de la Valldigna, Gandia, Miramar, Nàquera/Náquera, Oliva, Palma de Gandía, Palmera, Piles, Potries, Rótova, Tavernes de la Valldigna, Vilallonga/Villalonga and Xeresa.	Citrus fruit:Mandarin, orange and grapefruit	0.18
Municipalities of:Alfara del Patriarca	Citrus fruit:Mandarin and orange	0.18
	Horticultural products:Artichoke and onion	0.18
	Horticultural products:Green bean	0.18
Municipalities of:Alfarp, Benissoda, Bufali and Olleria (L")	Non-citrus fruit:Khaki	0.07
Municipalities of:Aielo de Rugat, Alfarrasí, Benicolet, Bèlgida, Carrícola, Castelló de Rugat, Llutxent, Montaverner, Montitxelvo/Montichelvo, Otos, Pinet, Pobla del Duc (La), Quatretonda, Rugat, Salem and Terrateig	Citrus fruit:Mandarin and orange	0.18
	Non-citrus fruit:Khaki	0.07
	Non-citrus fruit:Peach	0.13

Province:Valencia		
Territorial scope	**Activity**	**Net performance index**
	and nectarine	
	Nuts:Almond	0.05
Municipalities of:Almàssera, Massalfassar, Massamagrell and Pobla de Farnals (La)	Citrus fruit:Mandarin and orange	0.18
	Horticultural products:Artichoke and onion	0.18
	Horticultural products:Green bean	0.18
Municipalities of:Almussafes	Horticultural products:Cabbage and other cabbages	0.18
	Horticultural products:Endive and lettuce	0.18
	Horticultural products:Spinach	0.18
Municipalities of:Anna, Bolbaite, Enguera and Navarrés	Non-citrus fruit:Khaki	0.07
	Olive products	0.05
Municipalities of:Ayora and Camporrobles	Nuts:Almond	0.05
	Grapes for D.O. wine	0.11
	Non D.O. wine grapes	0.09
Municipalities of:Barxeta	Citrus fruit:Mandarin	0.13
	Citrus fruit:Orange	0.18
	Non-citrus fruit:Khaki	0.07

Province:Valencia		
Territorial scope	**Activity**	**Net performance index**
	Non-citrus fruit:Pear	0.07
	Olive products	0.05
Municipalities of:Bellús, Buñol and Font de la Figuera (La)	Non-citrus fruit:Khaki	0.07
	Nuts:Almond	0.05
Municipalities of:Beniatjar	Citrus fruit:Mandarin and orange	0.18
	Non-citrus fruit:Khaki	0.07
	Non-citrus fruit:Peach and nectarine	0.13
	Nuts:Almond	0.05
	Grapes for D.O. wine	0.22
	Non D.O. wine grapes	0.18
Municipalities of:Benifaió	Non-citrus fruit:Peach and nectarine	0.13
	Horticultural products:Endive and lettuce	0.18
	Horticultural products:Other cabbages	0.18
Municipalities of:Benigànim	Citrus fruit:Mandarin and orange	0.18
	Non-citrus fruit:Khaki	0.07
	Non-citrus fruit:Peach and nectarine	0.07

Province:Valencia		
Territorial scope	Activity	Net performance index
	Nuts:Almond	0.05
Municipalities of:Benissanó	Horticultural products:Cauliflower	0.18
Municipalities of:Benissuera	Non-citrus fruit:Peach and nectarine	0.13
	Nuts:Almond	0.05
Municipalities of:Bicorp, Chella, Estubeny, Millares and Quesa	Olive products	0.05
Municipalities of:Bocairent	Grapes for D.O. wine	0.22
	Non D.O. wine grapes	0.18
Municipalities of:Bonrepòs i Mirambell, Foios and Moncada	Citrus fruit:Mandarin, orange and grapefruit	0.18
	Horticultural products:Artichoke and onion	0.18
	Horticultural products:Green bean	0.18
Municipalities of:Canals, Genovés (El), Rafelguaraf, Rotglà i Corberà, Vallada and Xàtiva	Citrus fruit:Mandarin	0.13
	Citrus fruit:Orange	0.18
	Non-citrus fruit:Khaki	0.07
	Nuts:Almond	0.05
	Olive products	0.05
Municipalities of:Catadau	Non-citrus fruit:Khaki	0.13
	Non-citrus fruit:Pomegranate	0.26

Province:Valencia		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Caudete de las Fuentes	Grapes for D.O. wine	0.16
	Non D.O. wine grapes	0.13
Municipalities of:Cofrentes, Macastre and Titaguas	Nuts:Almond	0.05
	Grapes for D.O. wine	0.22
	Non D.O. wine grapes	0.18
Municipalities of:Cortes de Pallás	Nuts:Almond	0.05
	Olive products	0.05
Municipalities of:Quart de Poblet	Citrus fruit:Mandarin	0.05
	Citrus fruit:Orange	0.09
	Horticultural products:Artichoke and onion	0.18
Municipalities of:Chiva	Non-citrus fruit:Khaki	0.13
	Non-citrus fruit:Pear	0.26
	Nuts:Almond	0.05
Municipalities of:Fuenterrobles	Nuts:Almond	0.05
	Olive products	0.05
	Grapes for D.O. wine	0.16
	Non D.O. wine grapes	0.13
Municipalities of:Godella	Citrus fruit:Mandarin and orange	0.18
	Horticultural	0.18

Province:Valencia		
Territorial scope	**Activity**	**Net performance index**
	products:Artichoke and onion	
Municipalities of:Godelleta	Non-citrus fruit:Khaki	0.13
	Nuts:Almond	0.05
	Table grape	0.16
	Grapes for D.O. wine	0.22
	Non D.O. wine grapes	0.18
Municipalities of:Guadasséquies and Ráfol de Salem	Non-citrus fruit:Khaki	0.07
	Non-citrus fruit:Peach and nectarine	0.13
	Nuts:Almond	0.05
Municipalities of:Manises	Citrus fruit:Mandarin	0.09
	Citrus fruit:Orange	0.05
	Non-citrus fruit:Khaki	0.07
	Horticultural products:Artichoke and onion	0.18
Municipalities of:Meliana	Citrus fruit:Mandarin and orange	0.18
	Horticultural products:Artichoke and onion	0.18
	Horticultural products:Cauliflower and green beans	0.18

Province:Valencia		
Territorial scope	**Activity**	**Net performance index**
Municipalities of:Mislata and Riola	Horticultural products:Artichoke	0.18
Municipalities of:Mogente/Moixent	Citrus fruit:Mandarin	0.13
	Citrus fruit:Orange	0.18
	Non-citrus fruit:Khaki	0.07
	Nuts:Almond	0.05
	Oilseeds:Sunflower	0.06
	Olive products	0.05
Municipalities of:Montserrat and Real	Non-citrus fruit:Peach and nectarine	0.07
	Nuts:Almond	0.05
Municipalities of:Montesa	Citrus fruit:Mandarin	0.13
	Citrus fruit:Orange	0.18
	Non-citrus fruit:Khaki	0.07
	Non-citrus fruit:Peach and nectarine	0.13
	Nuts:Almond	0.05
	Olive products	0.05
Municipalities of:Museros	Citrus fruit:Mandarin and orange	0.18
	Nuts:Carob	0.18
	Horticultural products:Artichoke and	0.18

Province:Valencia		
Territorial scope	**Activity**	**Net performance index**
	onion	
	Horticultural products:Green bean	0.18
Municipalities of:Ontinyent	Non-citrus fruit:Khaki	0.07
	Non-citrus fruit:Cherry	0.07
	Nuts:Almond	0.05
Municipalities of:Paterna	Citrus fruit:Mandarin and orange	0.18
	Nuts:Walnut	0.18
	Horticultural products:Artichoke and onion	0.18
Municipalities of:Pedralba	Non-citrus fruit:Khaki	0.13
	Non-citrus fruit:Peach and nectarine	0.13
Municipalities of:Pobla de Vallbona (La)	Horticultural products:Artichoke	0.13
Municipalities of:Rafelbunyol	Citrus fruit:Mandarin, orange and grapefruit	0.18
	Horticultural products:Artichoke and onion	0.18
Municipalities of:Riba-roja de Túria	Non-citrus fruit:Khaki	0.07
	Horticultural products:Artichoke and onion	0.18
Municipalities of:Sedaví	Citrus fruit:Mandarin	0.18

Province:Valencia		
Territorial scope	**Activity**	**Net performance index**
	Horticultural products:Onion	0.18
Municipalities of:Sempere	Non-citrus fruit:Khaki	0.07
	Non-citrus fruit:Peach and nectarine	0.07
	Nuts:Almond	0.05
Municipalities of:Serra	Citrus fruit:Mandarin and orange	0.18
	Nuts:Walnut	0.18
Municipalities of:Sumacàrcer	Citrus fruit:Orange	0.18
	Non-citrus fruit:Khaki	0.13
Municipalities of:Teresa de Cofrentes and Zarra	Non-citrus fruit:Cherry	0.07
	Nuts:Almond	0.05
Municipalities of:Tous	Non-citrus fruit:Peach and nectarine	0.07
Municipalities of:Turís	Nuts:Almond	0.05
	Table grape	0.16
	Grapes for D.O. wine	0.22
	Non D.O. wine grapes	0.18
Municipalities of:Valencia	Citrus fruit:Mandarin, orange and grapefruit	0.18
	Nuts:Almond	0.05
	Horticultural	0.18

Province:Valencia		
Territorial scope	**Activity**	**Net performance index**
	products:Artichoke and onion	
	Horticultural products:Green bean	0.18
Municipalities of:Ènova and Llanera de Ranes	Citrus fruit:Mandarin	0.13
	Citrus fruit:Orange	0.18

Chapter 10.Special regimes:Allocation and attribution of income

Introduction:income allocations

Regulations:Item 6.2 (e) Law IRPF

Alongside income (from work, capital and economic activities) and capital gains and losses, the third component of taxpayers' income is made up of the income allocations established by law**.**

Income imputations constitute a special taxation regime whose ultimate aim is to achieve full identification between the tax base and the taxpayer's economic capacity, thereby ensuring maximum efficiency in the application of the progressivity of the IRPF.

The materialisation of income imputations as a tax category is carried out by incorporating, on the one hand, income that the Law of IRPF presumes to derive from the ownership of certain urban real estate and, on the other hand, by making the taxpayer a partner or participant taxed on the income obtained through interposed entities.

The Law of IRPF, under the denomination of special regimes, incorporates the following categories of imputation and attribution of income:

Property income allocation scheme

The Tax Agency's E-Office includes a "Virtual Income Tax Assistant", where you can consult how to declare an empty property at the disposal of the owner (second homes).

Regulations:Item 85 Law IRPF

Concept and requirements for the imputation of real estate income

Subject

Imputed real estate income is considered to be income that the taxpayer must include in his taxable income because he is **owner or holder of a real right of enjoyment** over real estate that meets the requirements listed below.

Imputed real estate income is also generated by the ownership of a real right of use by

rotation over urban real estate, in the terms also discussed below.

In both cases, the property must be **and must not generate capital income or be used for economic activities**.

> ***Note:****the concession of the right to use parking spaces for residents does not generate the imputation of real estate income, as this concession does not constitute a real right.*

Property income allocation requirements

The imputation of real estate income is conditional upon the real estate from which such presumed income is derived meeting the following requirements:

- **Urban real estate** classified as such in article 7 of the rewritten text of the Law on Real Estate Cadastre, approved by Royal Legislative Decree 1/2004, of 5 March (BOE of 8 March), not used for economic activities.

- **Rural properties** with buildings that are not essential for the development of agricultural, livestock or forestry exploitations, not used for economic activities.

  The concept of assets assigned to economic activities is discussed in Chapter 6.

- **Which do not generate income from capital**.Capital income may derive from the lease of real estate, businesses or mines or from the constitution or transfer of rights or powers of use or enjoyment over real estate.

  Capital income is discussed in Chapter 4 (Income from real estate) and Chapter 5 (Income from movable capital) of this handbook.

  > It should be noted that real estate that is neither leased nor subleased, but is intended to be so (real estate in the expectation of being leased), generates imputation of real estate income.Judgment of the Supreme Court of 25 February 2021, handed down in appeal No. 1302/2020 (ROJ:STS 910/2021).
  >
  > In contrast to the above, when the property is used exclusively for the development of the economic activity of renting, there is no obligation to allocate real estate income, even if the property is not rented for part of the tax period, but is in the expectation of being rented.

- **They do not constitute the taxpayer's habitual residence**.For these purposes, parking spaces acquired together with the property, up to a maximum of two, are understood to form part of the taxpayer's usual residence.

  Nor is the imputation of real estate income provided for in Article 85 of the Law of IRPF applicable for the family home (owned 50/50 by both spouses), when in the case of separation, annulment and divorce, its use, in accordance with Article 96 of the Civil Code, is attributed by the judicial authority to the former spouse and, if applicable, to the children in whose company they remain, even if this does not constitute the habitual residence of the other parent.

- **It must not be undeveloped land, buildings under construction or buildings which, for town planning reasons, are not suitable for use**.

In the case of an empty property illegally occupied by third parties against the owner's will, and once an eviction procedure has been initiated by the owner of the property and provided that this is duly accredited, it is considered that the imputation of real estate rent is not applicable from the moment in which said procedure was initiated, without the need to wait for its resolution.

Remember: *the regime of imputation of income does not take into account the effective use of the second home but its availability to its owner, limiting the Law of IRPF the cases in which* ***does not apply*** *the imputation of real estate income only to the following:the property is used for an economic activity, the property generates capital income, the property is under construction and is not suitable for use for urban planning reasons.*

Determination of the amount of attributable income

In general

The determination of the imputable income corresponding to each of the urban buildings that generate such income in the terms mentioned in the previous paragraph is made by applying the following percentages:

- **2 per cent, as a general rule**.This percentage must be applied **to the cadastral value of the property** shown on the Property Tax (Urban) receipt for the 2022 fiscal year.

- **1.1 per cent in the following cases**:

a. Properties whose land register values have been reviewed or modified, or determined by a general collective valuation procedure, in accordance with the land register regulations, and have come into force in the tax period or within the ten previous tax periods.

b. Properties which, at the date of accrual of the tax (normally 31 December), had no cadastral value or where the holder has not been notified of the cadastral value.

   The percentage of 1,1 per 100 shall apply over 50 per 100 of the highest of the following values:

   - The price, consideration or acquisition value of the property.
   - The value of the property verified by the Administration for the purposes of other taxes.

Note:*on the amount resulting from the application of the percentage which, in each case, corresponds, no deduction of any type of expense shall be made.*

Properties acquired, transferred or intended for various uses in 2022

In the case of properties acquired or transferred in the 2022 fiscal year or which have been leased, subleased or used for an economic activity during part of the year, as well as in the other cases in which the property has been at the disposal of its owners or usufructuaries for only part of the fiscal year, the income attributable for this concept will be that which corresponds proportionally to

the number of days included in said period.

Special case:timeshare rights in real estate

The right of timeshare, which may be constituted as a limited right in rem or as a seasonal lease, shall give rise to imputation of real estate income **only** in the case of rights in rem of timeshare on immovable property.

In these cases, the imputation must be made by the holder of the right in rem by applying the percentage of 2 per cent or 1.1 per cent, as appropriate, to the result of prorating the cadastral value of the Real Estate Tax (IBI) according to the annual duration (days, weeks or months) of the period of use.

If, at the date of accrual of personal income tax, the property has no cadastral value or if the holder has not been notified of the cadastral value, the acquisition price of the right of use shall be taken as the basis of allocation.

No imputation of immovable property income shall be made to the holders of these rights if their duration does not exceed 2 weeks per year.

Individualisation of property income

Imputed real estate income corresponds to the persons who are the owners of the real estate, or of the real rights of enjoyment over the real estate, from which it derives.

> Therefore, in the first case, it is the owners of the real estate who must include the corresponding income in their tax return;whereas in the case of rights in rem over the property, the rent will be imputed to the holder of the right in the same amount as that which would correspond to the owner, without the latter having to include any amount in his tax return for the imputation of property income.

When the ownership of the goods or rights is not duly accredited, the Tax Administration shall be entitled to consider as the owner the person who appears as such in a tax register or in any other public register.

In cases where ownership corresponds to several persons, the income corresponding to the immovable property or right in rem of enjoyment in question shall be considered to have been obtained by each of them in proportion to their share in said ownership.

> Consequently, each of the co-owners must declare as imputable income the amount resulting from applying to the total income imputed to the property or right, the percentage that represents their share in the ownership of the property or right.

Note:*in the case of marriage, the income attributable to the assets and rights which, in accordance with the provisions governing the matrimonial property regime, are common to both spouses, shall accrue to each of them in half (unless a different share is justified).On the other hand, the income attributable to assets or rights which, in accordance with the same rules, are the private property of one of the spouses, shall accrue entirely to their owner.*

Declaration of imputed real estate income

In the section "C" (Real estate) of the declaration , all the data relating to the real estate at the disposal of its owners or usufructuaries at some time during the financial year must be listed, whether they hold title to it directly (ownership or usufruct) or as a consequence of their participation in an entity under an income attribution system, with the exception of unbuilt plots and those that cannot be used for urban planning reasons.

In particular, the following data must be entered for each of them:

a. Part of the property at the disposal of the taxpayer, box ***[0087]***:if the entire property has remained at the disposal of the taxpayer during the financial year, the percentage of 100 per cent shall be entered.

   Where, due to a simultaneous use or destination of the property, only a part of the property, e.g. a single storey of the building, has remained at the disposal of the taxpayer, the percentage, expressed to two decimal places, of the area of that part of the total area of the property shall be indicated.

b. Eligible period (number of days), box ***[0085]***:365 shall be entered when the property has been at the disposal of the taxpayer for the whole year.Otherwise, the number of days the property has been at the disposal of the taxpayer shall be stated.

   In the exceptional case that the property is, on the same days, partly at the disposal of the taxpayer and partly for other uses, mark an X in the box ***[0086]***, indicating the number of days it has been at the disposal of the taxpayer in the box ***[0088]***.

c. Amount of the imputed real estate income, box ***[0089]***.

Example:Real estate income allocation

Mr JVC, during the year 2022, has been the owner of the following real estate

- Habitual housing, whose unrevised cadastral value amounts to 34.800 euros.
- Garage Plaza acquired in conjunction with the property and whose unrevised cadastral value amounts to 3.900 euros.
- Beach apartment only used during the month of holidays.The cadastral value thereof, which was revised with effect from 2014, amounts to 40,800 euros.
- Apartment acquired for 105,000 euros on 1 July 2022 and which, on 1 September of that year, was rented for a monthly rent of 600 euros.As of 31 December 2022, he has not been notified of the cadastral value of the property.The value declared by the taxpayer for the purposes of the property transfer tax and documented legal acts is that of acquisition, without the tax administration having proceeded to modify it.

Determine the allocation of real estate income for such properties:

Solution

- Regular housing and garage:no imputation of real estate income is applicable.
- Apartment on the beach.Imputed real estate income:

  1,1 per 100 s/40.800 = 448,80 **(1)**

- Apartment acquired in 2022.Imputed real estate income:

  1.1 per 100 s/ (50% x 105,000) x 62 ÷ 365 = 98.10 **(2)**

Total imputed real estate income (448.80 + 98.10) = **546.90**

Notes for the example:

(1) As the cadastral value was revised in 2014, i.e. within the ten years prior to 2022, the percentage to be applied is 1.1%.**(Go back)**

(2) As the owner has not been notified of the cadastral value of the property on 31 December 2022, the percentage of 1.1 percent is applied to 50 percent of the purchase value of the property, which value has not been modified by the Administration for the purposes of Transfer Tax and Stamp Duty.In addition, imputed rent should be determined in proportion to the number of days the property has been at the disposal of its owner (from 1 July to 31 August).Finally, the income derived from the rental of the property is considered as income from real estate capital and must be declared under this heading.**(Go back)**

Income allocation regime

Regulations:(Arts.8.3 and 86 of the Personal Income Tax Act

In accordance with the regulation of this special regime, income obtained by certain entities that are not considered to be corporate taxpayers must be taxed under the personal taxation of their members:Personal Income Tax, Corporate Income Tax or Non-Resident Income Tax, depending on whether the respective partners, co-owners or unitholders are taxpayers of each of these taxes.

The most salient aspects of this regime are as follows:

Entities in the income allocation system

Positive delimitation

Regulations:(Arts.8.3 and 87 Ley IRPF.See also arts.35.4 LGT, 6 LIS y 37 Texto refundido Ley IRNR

are considered to be entities subject to the special income attribution regime, among others:

- Civil law companies that do not have legal personality.
- Civil companies with legal personality that do not have a commercial purpose (as of 1 January 2016).

  Until 1 January 2016, the income attribution regime of IRPF applied to all civil partnerships.However, as of that date, civil companies with legal personality and a commercial purpose cease to be taxed under the aforementioned regime and become subject to corporate income tax.

  As a result of the above, the following civil companies continue to be taxed under the regime of entities in attribution of income of the IRPF, insofar as their activities are outside the commercial sphere:

  - Those engaged in agricultural, livestock, forestry or mining activities.
  - Those of a professional nature (second section of the Tax on Economic Activities).

  > ***Note:****the only taxpayer to be included in the corporate tax system are civil companies with legal personality and a commercial purpose.The reform does not affect communities of property or other entities without legal personality under article 35.4 of the LGT, which continue to be taxed as entities in attribution of income under the special regime regulated in Section 2 of Title X of the Law of IRPF.*
  >
  > *For LGT see Ley 58/2003, de 17 de diciembre, General Tributaria.*

- The inheritance of estates.
- Communities of property.

- Any entity without legal personality which constitutes a separate economic unit or separate assets liable to taxation.
- Entities incorporated abroad whose legal nature is identical or analogous to that of entities in attribution of income incorporated under Spanish law.

The basic characteristics that an entity incorporated abroad must meet in order to be considered in Spain as an entity in attribution of income for the purposes of Personal Income Tax, Corporate Income Tax and Non-Resident Income Tax are as follows:

a. The entity is not a personal income taxpayer in the State of incorporation.

b. The income generated by the entity is attributed for tax purposes to its members or participants, in accordance with the law of their State of incorporation, and the members or participants are taxed on this income for their personal tax purposes.This attribution must take place by the mere fact of the entity obtaining the income, and it is irrelevant for these purposes whether or not the income has actually been distributed to the shareholders or unit-holders.

c. The income obtained by the entity in attribution of income and attributed to the members or participants retains, in accordance with the law of its State of incorporation, the nature of the activity or source from which it derives for each member or participant.

N.B.: See in this respect the Resolution of 6 February 2020, of the Directorate General for Taxation, on the consideration of certain entities incorporated abroad as entities under the income attribution regime (BOE of 13 February).

Note:*Non-resident entities without NIF shall enter in box [**1562**] the Identification Number assigned to the said entities in the Country of residence and tick box **[1563]** to indicate this circumstance.*

Negative demarcation

Regulations:Art. 7 LIS

The following entities, among others, are not included in the special income attribution regime:

- Investment funds, regulated in Law 35/2003, of 4 November, on Collective Investment Institutions.
- Temporary joint ventures, regulated by Law 18/1982 of 26 May 1982 on the tax regime for groupings and temporary joint ventures and regional industrial development companies.
- Pension funds, regulated in the revised text of the Pension Plans and Funds Regulation Law, approved by Royal Legislative Decree 1/2002, of 29 November.
- The communities owning neighbouring forests in common ownership regulated by Law 55/1980, of 11 November 1980, on neighbouring forests in common ownership, or in the corresponding regional legislation.
- Agricultural processing companies, regulated by Royal Decree 1776/1981 of 3 August 1981, which approves the Statute governing Agricultural Processing Companies.

- As of 1 January 2016, civil societies with legal personality and a commercial form that are subject to Corporation Tax.

  A commercial object is understood to be the performance of an economic activity of production, exchange or provision of services for the market in a sector not excluded from the commercial sphere.

  For these purposes, the activity of renting property may be of a commercial nature, regardless of whether or not it meets the definition of economic activity provided for in Articles 27.2 of the Law of IRPF and 5.1 of the LIS, so that civil companies with legal personality whose activity is the renting of property are taxpayers of corporation tax.

- **As from 1 January 2022**, the entities under the income attribution system defined below will pay corporate income tax, as taxpayers, on the positive income indicated.

  a. This must be **entities in which income is attributed to**:

     - one or more entities related to each other within the meaning of Article 15.bis (13) of the LIS, hold directly or indirectly on any day of the year at least 50% of the capital, own funds, profits or voting rights, and

     - are resident in countries or territories that qualify the pass-through entity as a personal income taxpayer,

  b. These entities under the income attribution system will be subject to corporate income tax, as taxpayers, **on the following positive income** that is attributable to all the unitholders resident in countries or territories that consider the entity under the income attribution system to be a personal income taxpayer:

     - Income obtained in Spanish territory that is subject to and exempt from taxation under Non-Resident Income Tax.

     - Foreign source income that is not subject to or is exempt from taxation by a tax imposed by the country or territory of the entity or entities paying such income.

  The rest of the income of entities under the regime of attribution of income will be attributed to the partners, heirs, co-owners or participants and will be taxed in accordance with the provisions for this regime in the Law of IRPF , which is discussed in this same Chapter 10 in the following sections.

Calculation of attributable income and advanced tax payments

Regulations:Art. 89 Law IRPF

(a) General rule

The determination of attributable income is carried out at the headquarters of the entity that obtains it, in accordance with the regulations of IRPF applicable to each type of income according to its origin or source, without taking into account any reductions or reductions that may correspond to such income.However, the corresponding reductions or reductions may be applied by the members of the entity under the system of attribution of income who are taxpayers of IRPF.

In short, the determination of attributable income, depending on its origin or source, will be made at the headquarters of the entity that obtains it, in accordance with the criteria explained below:

1.Return on real estate property

The net attributable income shall be determined as the difference between the full income and the expenses necessary to obtain it, including the depreciation of the property and of the other assets transferred with it, and shall not be applied:

- The reduction of 60 percent on the positive net income derived from the rental of property used for housing referred to in Article 23.2 of the Law of IRPF.
- The reduction of 30 per cent on income generated over a period of more than two years, as well as on income classified by regulations as being obtained in a notoriously irregular manner over time when, in both cases, it is taxed in a single tax period and the amount of net income on which the reduction is applied does not exceed 300,000 euros per year.Reduction provided for in Article 23.3 of the Law of IRPF.

It will be the individual members of the entity under the income attribution system who are taxpayers of personal income tax who will be able to make these reductions in their tax return.

2.Income from movable capital

The net attributable income shall be determined by the difference between the full income and the deductible expenses referred to in Article 26.1 of the Personal Income Tax Act .

> In the case of income from movable capital that goes to the savings tax base, the administration and deposit of negotiable securities are deductible expenses.In the case of income derived from the provision of technical assistance, from the leasing of movable property, businesses or mines or from subleases, the expenses necessary to obtain the income and, where appropriate, the amount of any impairment suffered by the property or rights from which the income derives, shall be deducted from the full income.

Under no circumstances may the attribution system entity apply the 30 per cent reduction provided for in article 26.2 of the Law of IRPF for the net income provided for in article 25.4 of the aforementioned Law (income from movable capital to be included in the general tax base) which has been generated over a period of more than two years or is classified by regulations as being obtained in a notoriously irregular manner over time when, in both cases, it is taxed in a single tax period and the amount of net income on which the reduction is applied does not exceed 300,000 euros per annum.

It will be the members of the entity under the income attribution system who are taxpayers of IRPF who will be able to apply this reduction in their tax return.

Depending on the nature of the performance of the assigned personal capital, the taxpayer must integrate it into his statement as follows:

a. **In the general taxable base** the income provided for in article 25.4 of the Law of IRPF under the denomination "other income from movable capital", as well as that derived from the transfer to third parties of own capital referred to in article 25.2 of the Law of IRPF that comes from entities related to the same.

b. **In the savings tax base** the income provided for in sections 1, 2, and 3 of article 25 of the Law of IRPF (income obtained from the participation in the equity of any type of entity;income from the disposal of own capital to third parties;returns from capitalization operations and life insurance or disability contracts and income from capital taxation).The commentary on this income to be included in the savings tax base is contained in Chapter 5.

3.Earnings from economic activities

The determination of the attributable income will be carried out in accordance with the method for determining the net income applicable to the entity, without being able to apply the reduction of 30 per 100 per cent for the calculation of the income to be attributed to each of its members on income generated over a period of more than two years or classified by regulations as obtained in a notoriously irregular manner over time, when, in both cases, it is attributed in a single tax period as provided for in Article 32.1 of the Law of IRPF.

The reductions for the exercise of economic activities of article 32.2.of the Personal Income Tax Act and for starting a new activity of article 32.3 of the Personal Income Tax Act are not applicable by entities under the income attribution system to determine the net yield of their economic activities.The members of the entity under the income attribution system who are taxpayers for the IRPF will be the ones who will be able to make these reductions in their tax return, if applicable, for the IRPF who will be able to make these reductions in their tax return.

The expenses of each of the communeros, partners or Unitholders who, because their payment has not been agreed to by the entity in the system of attribution of income, are satisfied by each of them will have the character of deductibles for them, whenever there is a proper correlation with income earning.The deductibility of these expenses shall be effected by the communer, partner or participant who has satisfied them by undermining the performance attributed to him by the entity.

The requirements for the application to entities under the income attribution system of the direct assessment method, both in the normal and simplified modes, and of the objective assessment method for both agricultural, livestock and forestry activities and the remaining activities can be consulted, respectively, in Chapters 7, 9 and 8 of this manual.

4.Capital gains and losses

The determination of the attributable income shall be carried out in accordance with the rules of IRPF.

Depending on whether or not the assigned profit or loss of property results from the transmission of assets, the taxpayer shall integrate it into his statement as follows:

a. **The taxable base generates**l capital gains and losses that do not derive from the transfer of assets.

b. **In the savings tax base**, capital gains and losses deriving from the transfer of assets, regardless of the period in which they are generated.

In cases of transfer of a common asset, the amount of the capital gain or loss will be calculated by the entity for each partner, heir, co-owner or participant, according to their share in the ownership of the asset or the real right over it, by the difference between their acquisition and transfer values,

applying, where applicable, the ninth transitional provision of the Law of IRPF only on the capital gains corresponding to those partners, heirs, co-owners or participants who had acquired prior to 31 December 1994, which requires the communication by them of the information necessary to apply the new limit of 400,000 euros established in the aforementioned ninth transitional provision (limit which is individual).

The special features relating to the application of the reduction coefficients to capital gains deriving from the transfer of unaffected assets acquired before 31 December 1994 are discussed in Chapter 11.

Note:*for the calculation of income from capital gains derived from the transfer of items not assigned to the development of economic activities, which must be attributed to the members of these entities, who are corporate income tax payers or non-resident income tax payers with or without permanent establishment who are not individuals, the reduction or abatement coefficients referred to in the ninth transitory provision of the Law of IRPF* shall not be applicable.

5.Real estate income allocation

The determination of the attributable income shall be carried out in accordance with the rules of IRPF applicable to each item included in this category of income.These rules have been discussed earlier in this Chapter in the section on "Régimen de imputación de rentas inmobiliarias".

6.Tax withheld and account deposits

The withholdings and payments on account borne by the entity under the system of attribution of income and **the bases for the corresponding deductions** to the entity shall be attributed to its members in the same proportion as the income is attributed.

b) Special rules

- **The attributable income shall be determined in accordance with the provisions of the regulations governing Corporate Income Tax,** in those cases in which **all** the members of the entity under the income attribution system are Corporate Income Tax payers and are not considered to be asset-holding companies or Non-Resident Income Tax payers with a permanent establishment.

- **The determination of the income attributable to non-resident income taxpayers without a permanent establishment** shall be carried out in accordance with the provisions of Chapter IV of the revised text of the Non-Resident Income Tax Act, approved by Royal Legislative Decree 5/2004, of 5 March (BOE of 12 March).

- **Corporate Income Tax and Non-Resident Income Tax taxpayers with a permanent establishment**, who are members of an entity under the income attribution system that 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 aforementioned shares or units.They shall also include in their tax base the amount of income from the transfer to third parties of their own capital accrued in favour of the entity under the income allocation scheme.

Special case:negative foreign source income

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, negative income exceeding the positive income obtained in the same country and coming from the same source will not be computed.The excess will be computed in the following four years as positive returns are obtained from the same country and source.

Attributed income rating and attribution criteria

Regulations:Art. 88 Law IRPF

Any incomes obtained by companies included in this regime which may have to be allocated to the partners, heirs, co-proprietors or shareholders will have the nature deriving from the activity or source from which those incomes originate for each one of them.In cases where one of the partners, communeros or Unitholders is limited to making a capital contribution, the yields attributed to it will have the nature of returns on the capital as a result of the transfer of capital.

Income shall be attributed annually to the partners, heirs, co-owners or participants in accordance with the rules or agreements applicable in each case and, if these are not reliably recorded by the tax authorities, shall be attributed in equal shares.

> In the case of community of property, in accordance with the provisions of Article 393 of the Civil Code, the distribution to the co-proprietors of both the benefits and the burdens shall be proportional to their respective quotas.The portions corresponding to the community partners shall be presumed to be equal until proven otherwise.
>
> However, in the case of communities of owners, the profits or income will be attributed to each of the owners according to their coefficient of participation in the building, since, in accordance with Article 3 of Law 49/1960, of 21 July, on Horizontal Property, this is the module for determining the participation of each owner in the charges and benefits of the community, unless the articles of association of the community provide for a different distribution.

Declaration of attributed income

Attributed income must be declared under the corresponding heading of section "E" of the tax return, first identifying the taxpayer who is a partner, co-owner or shareholder of the entity, the NIF of the entity or, if this is lacking, the Identification Number assigned to the entity in the country of residence and its percentage of participation.

In the case of the allocation of real estate income, the heading "relation of leased or transferred real property to third parties by entities on the system of attribution of rents" should also be completed. in which the identification data of the property and of the partner or partner requested in it will be included.

Special case:existence of imputation of real estate income

In the event that there are imputations of real estate income due to the fact that the property has been at the disposal of the entity under the system of attribution of income during all or part of the year, either because the property has been rented for only part of the year, or because it has been transferred during the year, the imputation of real estate income must be declared in section "C" of the return.

Tax obligations for entities in the income allocation system

1.Reporting obligations

Regulations:(Arts.90 Law IRPF and 70 Regulation IRPF.See also Order HAP/2250/2015, of 23 October, approving form 184 of the annual information return to be filed by entities under the income attribution system and amending other tax regulations (BOE of 29 October).

Entities under the system of attribution of income that carry out an economic activity or whose income exceeds 3,000 euros per year must submit between 1 and 31 January of each year an informative declaration in which, in addition to their identification details and, where applicable, those of their representative, the following information must be included:

a. **Identification, tax domicile and NIF of its members**, whether or not resident in Spanish territory, including variations in the composition of the entity during each tax period.

In the case of members not resident in Spanish territory, the person holding the fiscal representation of the same must be identified in accordance with the provisions of article 10 of the revised text of the Non-Resident Income Tax Act, approved by Royal Legislative Decree 5/2004, of 5 March.

In the case of entities under the system of attribution of income constituted abroad, the members of the entity who are taxpayers of IRPF or of Corporate Income Tax, as well as those who are taxpayers of Non-Resident Income Tax with respect to the income obtained by the entity subject to said tax, must be identified.

b. **Total amount of the income obtained by the entity and of the income attributable** to each of its members, specifying, where applicable:

- Full income and deductible expenses for each source of income.
- Amount of income from foreign sources, indicating the country of origin, with an indication of the full income and expenses.
- Identification, where applicable, of the collective investment undertaking whose shares or units have been acquired or subscribed for, the date of acquisition or subscription and the acquisition value thereof, as well as identification of the person or entity, whether resident or non-resident, who is the transferee of the own capital.

c. **Basis for deductions** to which the entity is entitled.

d. **Amount of withholdings and payments on account paid** by the entity and those attributable to each of its members.

e. **Net turnover** in accordance with the provisions of the applicable mercantile regulations.

See Article 35.2 of the Commercial Code, as amended by Law 16/2007 of 4 July 2007 (BOE of 5 July);the 11th accounting preparation standard of the General Accounting Plan, approved by Royal Decree 1514/2007, of 16 November (BOE of 20 November), as well as the revised text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of 2 July (BOE of 3 July).

The obligation to file the annual information return must be fulfilled by whoever is considered to

be the representative of the entity in accordance with the provisions of the general tax regulations, or by its members who are taxpayers for the IRPF or for Corporation Tax in the case of entities incorporated abroad.

Note: *entities under the system of attribution of income must notify their members in writing, within one month of the end of the deadline for filing the return, of the information referred to in paragraphs b), c) and d) above.As the tax return is filed in January each year, the notification will be made in February.*

2.Other tax obligations

Although entities under the income attribution system are not considered taxpayers for the IRPF or for corporate income tax, they must nevertheless comply with certain tax obligations or duties arising from the application of the tax management procedure, especially in the event that they carry out economic activities.For their part, the members of the aforementioned entities are also obliged to comply with certain tax obligations or duties, apart from those corresponding to the entity.

With regard to the management of the IRPF, the tax obligations and duties of entities under the system of attribution of income that carry out economic activities and those of each of their members are distributed as follows:

a. **Obligations of the entity under the income allocation system:**

- File tax register declarations.
- Keeping the accounts and/or books of records of the activity.
- Issuing invoices.
- Those specific to withholders or persons obliged to make payments on account.
- Determination of attributable income and payments on account.
- Obligations to provide information.

b. **Obligations of each of the partners, co-owners or participants:**

- Submission of census declaration.
- Making instalment payments.
- Attributed income tax return.

The allocation of income from the economic, Spanish and European interest groups and the temporary unions of companies

Regulations:(Arts.43 to 47 LIS

Scope

The special income imputation regime is applicable to the following entities:

- **Spanish Economic Interest Groupings** regulated by Law 12/1991 of 29 April 1991 on Economic Interest Groupings.
- **European Economic Interest Groupings** governed by Council Regulation EEC/2137/1985 of 25 July 1985.
- **Uniones Temporales de Empresas** regulated by Law 18/1982, of 26 May 1982, on the Tax Regime for Temporary Groupings and Unions of Enterprises and Regional Industrial Development Companies, which are registered in the Special Register of the Ministry of Finance and the Civil Service.

Content of the special scheme

The specialities of this special tax system are as follows:

a. The entities to which this regime is applicable are subject to corporation tax, except for the payment of the tax liability for the part of the tax base attributable to shareholders resident in Spanish territory.

b. The allocation to shareholders resident in Spanish territory or non-residents with a permanent establishment in Spain comprises the following items:

- Net financial expenses which, in accordance with article 16 of the LIS, have not been deductible in these entities in the tax period.Net financial expenses charged to members are not deductible by the entity.
- The capitalisation reserve which, in accordance with the provisions of article 25 of the LIS, has not been applied by the entity in the tax period.The capitalisation reserve attributed to its members may not be used by the entity, unless the member is a taxpayer of IRPF.
- The taxable profits (less or increased, as the case may be, by the equalisation reserve referred to in Article 105 of the LIS) or losses obtained by these entities.Negative tax bases imputed to their partners shall not be compensable by the entity which obtained them.
- The basis for the deductions and tax relief to which the entity is entitled.The bases of the deductions and allowances shall be included in the members' settlement, reducing the tax liability as appropriate in accordance with the rules of IRPF or Corporate Income Tax, depending on whether the member is a taxpayer, respectively, of the aforementioned taxes.
- Withholdings and payments on account corresponding to the entity.

The tax base equalisation reserve referred to in Article 105 of the LIS shall be added to the tax base of the economic interest grouping, where applicable.

c. Allocations of the aforementioned items shall be made in accordance with the following criteria:

- Where the partners or member companies are entities subject to this regime, on the date of the end of the tax period of the entity subject to this regime.
- In other cases, in the following tax period, unless it is decided to do so continuously on the same date as the end of the tax period of the entity subject to this regime.The option shall be expressed in the first declaration of the IRPF in which it is to take effect and shall be maintained for three years.

d. Dividends and shares in profits corresponding to shareholders who must bear the imputation and originating from tax periods during which the entity was in the present regime, will not be taxed by the IRPF or by the Corporate Income Tax.Their amount shall not be included in the acquisition value of the shares of the shareholders to whom they are attributed.In the case of members acquiring the units after the allocation, the acquisition value of the units shall be reduced by that amount.

e. On the transfer of holdings in the capital, own funds or results of these entities, the acquisition value shall be increased by the amount of the company profits which, without effective distribution, have been attributed to the shareholders as income from their holdings in the period between their acquisition and transfer.

In addition, in the case of shares in temporary joint ventures, the acquisition value shall be reduced by the amount of the company losses that have been allocated to the partners.

For its part, in the case of Economic Interest groupings where the accounting criteria so establish, the acquisition value shall be reduced by the amount of financial expenditure, negative tax bases, capitalization reserve, and deductions and bonuses, that they have been imputed to the partners in the period of time between their acquisition and transmission, until the said value is annulled, integrating in the tax base also the corresponding financial income.

Imputation of incomes in the international tax transparency scheme

Regulations:Art. 91 Law IRPF

The international tax transparency regime involves the imputation to a person or entity resident in Spanish territory of certain income obtained by a majority-owned entity resident abroad when the taxation on such income abroad is significantly lower than it would have been in Spanish territory, even if the income has not been effectively distributed.

Scope

Positive delimitation

Regulations:Article 91.1 of the Personal Income Tax Law

Without prejudice to the provisions of international treaties and conventions that have become part of our domestic legislation, taxpayers of IRPF must include in the general taxable income for the tax period, as a more independent and autonomous component of

the same, the positive income obtained by a non-resident entity in Spanish territory, insofar as such income belongs to one of the classes detailed in the following section and the following circumstances are met with regard to the degree of participation and the level of taxation of the non-resident entity:

a. **Degree of ownership in the non-resident entity**

The taxpayer's interest in the capital, equity, profits or voting rights of the non-resident entity in Spanish territory, at the date of closure of the latter's financial year, **must be equal to or greater than 50 per cent**.

For these purposes, the taxpayer's participation can be **directly** in the non-resident entity or **indirectly** through one or more other non-resident entities.

This degree of participation may be held by the taxpayer on its own or jointly with related entities, as provided for in Article 18 of the LIS, or with other taxpayers linked by family ties, including the spouse, in direct or collateral line, by blood or affinity, up to and including the second degree.

Accuracy: for the purpose of determining whether the share of all of them is equal to or greater than 50 per cent, only the share of the spouse or family members who are taxpayers under IRPFshould be taken into account in addition to the share of the taxpayer, thus excluding the share of non-residents for this calculation.

b. **Level of taxation of the investee non-resident entity**

The tax of an identical or analogous nature to corporate income tax paid by the non-resident investee on the income to be included, **must be less than 75% of the tax that would be payable** on the same income under Spanish corporate income tax.

Negative delimitation:non-resident entities in Spanish territory excluded from the international tax transparency regime

Regulations:Article 91.14 of the Personal Income Tax Law

The imputation of income under the international tax transparency regime is not applicable when the non-resident entity in Spanish territory is resident in another Member State of the European Union or that forms part of the European Economic Area Agreement, provided that the taxpayer proves that it carries out economic activities.

Nor does it apply in the case of a collective investment undertaking covered 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, incorporated and domiciled in a Member State of the European Union.

Therefore, for the application of this imputation system, the non-resident entity in Spanish territory cannot be resident in another Member State of the European Union or that is part of the European Economic Area Agreement, or being resident in another Member State of the European Union or of the European Economic Area, the taxpayer cannot prove that it carries

out economic activities or that it is a collective investment institution regulated by Directive 2009/65/EC.

Content of the special scheme and time of imputation

Income eligible for imputation

A distinction must be made between:

- Income from entities not carrying on economic activities

Regulations:Article 91.2 of the Personal Income Tax Law

Taxpayers will impute 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 means to obtain it, even if the transactions are of a recurring nature.That is, when these entities are deemed not to be engaged in economic activities.

Total income shall be understood to be the amount of the taxable income resulting from applying the criteria and principles established in the LIS and in the other provisions relating to Corporate Income Tax for the determination of such income.

However, the foregoing shall not apply when the taxpayer proves that the aforementioned transactions 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 operations are carried out for valid economic reasons.

> The group of companies 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.

- Income derived from entities carrying on economic activities

Regulations:Article 91.3 of the Personal Income Tax Law

As a general rule and with the qualifications contained in article 91.3 of the Law of IRPF, the resident shareholder, when the total income obtained in accordance with the previous section is not imputable, is obliged to impute in the general part of the taxable base only the positive income obtained by the non-resident entity in Spanish territory from each of the following sources:

a. **Ownership of real estate**, rural and urban property, **or of rights in rem over such property**, unless it is assigned to an economic activity or assigned for use to other non-resident entities belonging to the same group of companies as the owner within the meaning of Article 42 of the Commercial Code, irrespective of their residence and the obligation to prepare consolidated annual accounts, and is also assigned to an economic activity.

b. **Shareholdings in the equity of any type of entity and the transfer to third parties of own capital**, which are considered as such in accordance with the provisions of the regulations of

IRPF, except those deriving from the following financial assets:

- Those held to comply with legal and regulatory obligations arising from the exercise of economic activities.
- Those embodying claims arising from contractual relations established as a result of the pursuit of economic activities.
- Those held as a result of the exercise of intermediation activities on official securities markets.
- Those held by credit institutions and insurance companies in the course of their business activities, without prejudice to point (i).

c. **Capitalisation and insurance operations**, with the institution itself as beneficiary.

d. **Industrial and intellectual property, technical assistance, movable property, image rights and leasing or subleasing of businesses or mines**, which are considered as such in accordance with the provisions of Article 25.4 of the Law of IRPF.

However, income from image rights which must be imputed in accordance with the provisions of Article 92 of the Personal Income Tax Act shall not be imputed.

e. **Transfer of the assets and rights** referred to in letters a), b), c) and d) above that generate income.

f. **Derivative financial instruments**, except those designated to hedge a specifically identified risk arising from the conduct of economic activities.

g. **Insurance activities, credit activities, financial leasing and other financial activities** unless the income is derived in the course of business activities, without prejudice to point (i).

h. **Transactions in goods and services with related persons or entities,** within the meaning of Article 18 of the LIS, in which the non-resident entity or establishment adds little or no economic value.

i. **Credit, financial, insurance and service provision activities**, except those directly related to export activities **carried out, directly or indirectly, with related persons or entities**, under the terms of Article 18 of the LIS, resident in Spanish territory, and**n as far as they determine tax-deductible expenses** in said resident persons or entities.

Non-chargeable income

Regulations:Art. 91.3.i), 4, 5 and 9 Law IRPF

Without prejudice to the above, the following income is not imputable:

- Positive income corresponding to income derived from credit, financial, insurance or service provision activities, when at least two thirds of the income corresponding thereto has been earned with unrelated persons or entities under the terms of Article 18 of the LIS.

- The positive income referred to in the previous section "Income eligible for allocation" when the sum of their amounts is less than 15% of the total income obtained by the non-resident entity.

  However, the income referred to in point (i) of the preceding paragraph shall in any case be imputed without prejudice to the fact that it shall also be taken into consideration for the purposes of determining that the sum of their amounts is less than 15% of the total income obtained by the non-resident entity.

- The amount of tax or taxes of the same or a similar nature to corporation tax actually paid by the non-resident company on the portion of income to be included.

- Dividends or profit participations, including interim dividends, to the extent of the positive income that has been imputed.

  In the case of distribution of reserves, the designation contained in the corporate resolution shall be taken into account, with the last amounts paid to such reserves being understood to be applied.

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

Determination of the amount of positive income to be imputed and the time at which imputation is to be made

Determination of the amount of positive income to be imputed

Regulations:Art. 91.7, 10 and 12.c) Law IRPF

- **Amount of positive income**

  The amount of positive income to be included in the tax base will be calculated in accordance with the principles and criteria established in the regulations governing corporate income tax for the determination of the tax base, using the exchange rate in force at the end of the financial year of the non-resident entity in Spanish territory.

  Where the investee is resident in a country or territory classified as a non-cooperative jurisdiction, it shall be presumed, in the absence of evidence to the contrary, that the income earned by the investee is 15 per cent of the acquisition value of the interest.

- **Imputation**

  Once the amount of the positive income has been determined, the allocation will be made to the general tax base in proportion to the resident individual's share in the results of the non-resident entity and, failing that, in proportion to the share in the capital, equity or voting rights of the entity.

  If the taxpayer participates indirectly in the resident entity through one or more other non-resident entities, the amount of positive income to be attributed will be the amount

corresponding to the indirect participation.

- **Limit**

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

Tax period in which the imputation should be performed

Regulations:Article 91.6 of the Personal Income Tax Law

The allocation shall be made in the tax period which includes the day on which the non-resident entity has completed its business year which, for these purposes, may not be understood to last more than 12 months.

Measures to avoid double taxation

Deduction of the net personal income tax liability

Regulations:Article 91.9 of the Personal Income Tax Law

The tax or levy actually paid abroad on the distribution of dividends or shares in profits, whether under a double taxation convention or in accordance with the domestic legislation of the country or territory in question, shall be deductible from the net amount of the IRPF, in the part corresponding to the positive income included in the taxable base.

> This deduction may be made, even when the taxes or levies correspond to tax periods other than the one in which the inclusion was made, without the amount of the deduction exceeding the gross tax payable in Spain on the positive income included in the tax base.

In no case shall taxes paid in countries or territories qualified as non-cooperative jurisdictions be deducted.

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

The amount deductible in accordance with the above should be entered in box ***[0589]*** of the return.

> ***Remember:*** *dividends or shares in profits are not included in the tax base of the taxpayer in the part corresponding to the positive income that has been imputed and that the same positive income may be imputed only once, regardless of the form and the entity in which it is expressed.*

Transfer of its interest by the taxpayer

Regulations:Art. 91.10 Ley IRPF

To determine the capital gain or loss derived from the transfer of direct or indirect shareholdings in non-resident entities whose income has been imputed, the Law provides for the application of

specific valuation rules analogous to those applicable in the case of the transfer of shareholdings in companies taxed as assets (article 35.1.c) of the revised text of the Personal Income Tax Law , approved by Royal Legislative Decree 3/2004, of 5 March, in force on 31 December 2006), with the exception that the imputed and undistributed corporate profits referred to in the Law in the case of asset-holding companies must be understood to be replaced in this case by the positive income imputed in the taxable base.

In accordance with the above, on the transfer of direct or indirect holdings in non-resident entities whose income has been imputed, the gain or loss will be computed as the difference between the acquisition and ownership value and the transfer value of the holdings.

For this purpose, the acquisition and ownership value shall be deemed to consist of:

(+) The price or amount paid for its acquisition.

(+) The amount of company profits which, without effective distribution, have been obtained by the non-resident company during the tax periods in which the taxpayer has included in its tax base positive income from its shareholding in the company.

The transfer value to be taken into account will be at least the theoretical value resulting from the last closed balance sheet, once the net book value of the assets has been replaced by the value they would have for wealth tax purposes, or by their market value if this is lower.

Special case:entities resident in countries or territories qualified as non-cooperative jurisdiction

Regulations:Article 91.12 of the Personal Income Tax Law

Where the investee is resident in a country or territory that qualifies as a non-cooperative jurisdiction, the following circumstances shall be presumed to exist in the absence of evidence to the contrary:

a. That the taxation of the non-resident entity for the income to be included is less than 75 per 100 of the amount corresponding to those same income by applying the Spanish Company Tax rules.

b. That the entity is the producer of the income listed in letters a), b), c), d), e), f) and g), h) and i) of the heading "Income obtained from entities carrying out economic activities" under the section "Content of the system and time of allocation", and therefore the same should be understood as allocable.

c. That the income obtained by the investee is 15 per cent of the acquisition value of the holding.

See in this respect the definition of non-cooperative jurisdiction set out in the first additional provision of Law 36/2006 of 29 November on measures for the prevention of tax fraud and discussed in the "List of countries and territories of non-cooperative jurisdiction" in the section on "Imputation of income by members or unit-holders of collective investment undertakings incorporated in countries or territories classified as having a non-cooperative jurisdiction" in

this Chapter.

For this purpose, it should be noted that Order HFP/115/2023 of 9 February has recently been approved, determining the countries and territories, as well as the harmful tax regimes, which are considered to be non-cooperative jurisdictions (BOE of 10 February).This order, which updates the list of countries and territories that appeared in Royal Decree 1080/1991, of 5 July, will apply to taxes without a tax period accrued as of its entry into force and to other taxes whose tax period begins as of that date.

Specific formal obligations arising from the international tax transparency scheme

Regulations:Art. 91.11 Ley IRPF.See also order of approval of the IRPF model.

Taxpayers to whom this regime is applicable must submit the following data relating to the non-resident entity in Spanish territory together with the return for IRPF :

a. Name or company name and place of registered office.

b. List of administrators of your tax domicile.

c. The balance sheet, profit and loss account and notes to the financial statements.

d. Amount of positive income to be included in the tax base.

e. Justification, where applicable, of the taxes paid in respect of the positive income to be imputed.

This information, which must accompany the return of IRPF , can be submitted through the electronic register of the State Tax Administration Agency, at the electronic office of the State Tax Administration Agency, by accessing the procedure for providing complementary documentation corresponding to the return.

The electronic registry of the State Tax Administration Agency is regulated in the Resolution of 28 December 2009, of the Presidency of the State Tax Administration Agency, which creates the Electronic Headquarters and regulates the electronic registries of the State Tax Administration Agency.

They may also be submitted at the in-person registry of the State Tax Administration Agency.

All of the above is without prejudice to the provisions of section 4 of Article 16 of Law 39/2015, of 1 October, on the Common Administrative Procedure of Public Administrations, which establishes that the documents that interested parties address to the bodies of the Public Administrations may be submitted:

a. In the electronic register of the Administration or Body to which they are addressed, as well as in the other electronic registers of any of the parties referred to in article 2.1.

b. At post offices, in the manner established by regulation.

c. In the diplomatic representations or consular offices of Spain abroad.

d. At the registry assistance offices.

e. In any other way provided for by the provisions in force.

Imputation of income from the assignment of image rights

Regulations:(Arts.92 Law IRPF and 107 Regulation IRPF

Concept and scope of application

Regulations:Art. 92.1 and 2 Law IRPF

The amounts received directly by the taxpayer for the transfer of the right to exploit his image or of the consent or authorisation for its use are considered as income from movable capital , as discussed in Chapter 5, even when such amounts are paid by the person or entity to which the taxpayer provides his services.

However, when such remuneration is received by persons or companies who are assignees of the right to exploit the image or of the consent or authorisation for its use, the special regime of imputation of income for the assignment of the image right arises, by virtue of which the assignor of such rights must impute the income in the general part of his taxable base of IRPF.

In order for the special system of imputation of rents for the assignment of image rights to be applicable, all and each of the following must be true:

a. That the taxpayer entitled to the right of image would have assigned the right to the exploitation of his image or had consented or authorized to use it to another person or entity, resident or non-resident, called the first assignee.

   For these purposes, it is irrelevant whether the assignment, consent or authorisation had taken place when the individual was not an income taxpayer

b. That the taxpayer provide his or her services to a person or entity, resident or non-resident, in the context of a working relationship.

c. That the person or entity with which the taxpayer maintains the employment relationship, or any other person or entity related to them under the terms of Article 18 of the LIS, has obtained, by means of acts agreed with resident or non-resident persons or entities, the transfer of the right to the exploitation or the consent or authorisation for the use of the image of the natural person, known as the second or ultimate transferee.

d. That the performance of the work obtained in the tax period by the taxpayer holding the right of image be less than 85 per 100 of the sum of the above-mentioned yields plus the total compensation paid by the person or entity with which the taxpayer maintains the relationship

labor and that has obtained the assignment of the rights of image.

Content of the special scheme and time of imputation

Amount to be charged

Regulations:Art. 92.4 Law IRPF

The amount to be charged shall be the value of the consideration which it has satisfied prior to the hiring of the labor services of the physical person or which the second assignee is required to satisfy by the assignment of the right to exploitation or the consent or authorization for the use of the the image of the physical person.

This amount shall be increased by the amount of the payment on account made by the second assignee on the total amount paid to the first non-resident assignee and reduced by the value of the consideration obtained by the natural person of the first assignee as a result of the assignment, consent or authorisation of the exploitation of his or her image, provided that this service was obtained in a tax period in which the natural person who owns the image was a taxpayer of IRPF.

The percentage for determining the taxable income has been set at 19 per cent in 2022.

The corresponding amount shall be entered in box ***[0274]*** in section "E" of the declaration.

Tax period in which the imputation should be performed

Regulations:Art. 92.5 Law IRPF

The imputation shall be made by the taxpayer in the period corresponding to the date on which the employing entity (second or last assignee) makes the payment or satisfies the agreed consideration, unless for that tax period the physical person was not a contributor to this tax, in which case the imputation shall be made in the first or last tax period for which it is to tax on this tax, as the case may be.

For this purpose, the exchange rate in force on the day of payment or satisfaction of the counterstatement agreed by the second assignee shall be used.

Measures to avoid double taxation

Regulations:Art. 92.4 Law IRPF

Where appropriate, the imputation shall be deductible from the full quota of the IRPF for the taxpayer who imputation the income, the following amounts:

a. The tax or taxes of an identical or similar nature to IRPF or to Corporate Income Tax which, paid abroad by the first transferee non-resident person or entity, corresponds to the part of the net income derived from the amount to be included in its taxable base.

b. The IRPF or the Corporate Income Tax which, paid in Spain by the first transferee resident

person or entity, corresponds to the part of the net income derived from the amount to be included in its taxable base.

c. The tax or levy actually paid abroad on the distribution of dividends or profit shares distributed by the first transferee, whether under a double taxation convention or under the domestic law of the country or territory concerned, to the extent of the amount included in the tax base.

d. The Tax paid in Spain, when the individual is not resident, that corresponding to the compensation obtained by the person as a result of the first cession of the right to exploitation of the image, or the consent or authorisation for its use.

e. Tax or taxes of an identical or similar nature IRPF satisfied abroad, corresponding to the consideration obtained by the physical person as a result of the first transfer of the right to exploitation of his image or of the consent or authorization for its use.

These deductions shall be made even when the taxes correspond to tax periods other than the one in which the imputation was made, and may not exceed, as a whole, the gross tax payable in Spain on the income imputed in the tax base.

In no case shall taxes paid in countries or territories classified by regulations as non-cooperative jurisdictions be deducted.

See in this respect the definition of non-cooperative jurisdiction set out in the first additional provision of Law 36/2006 of 29 November on measures for the prevention of tax fraud and discussed in the "List of countries and territories of non-cooperative jurisdiction" in the section on "Imputation of income by members or unit-holders of collective investment undertakings incorporated in countries or territories classified as having a non-cooperative jurisdiction" in this Chapter.

For this purpose, it should be noted that Order HFP/115/2023 of 9 February has recently been approved, determining the countries and territories, as well as the harmful tax regimes, which are considered to be non-cooperative jurisdictions (BOE of 10 February).This order, which updates the list of countries and territories that appeared in Royal Decree 1080/1991, of 5 July, will apply to taxes without a tax period accrued as of its entry into force and to other taxes whose tax period begins as of that date.

The amount corresponding to the taxes which, in accordance with the above, are deductible shall be less than the total liquid quota, for which they shall be recorded in the box ***[0590]*** Section "M" of the declaration.

Other measures to avoid over-taxation of imputed income

Regulations:Art. 92.6 of the Law IRPF

The imputation regime discussed in this section is complemented by measures to avoid over-taxation of imputed income.

For this purpose, dividends or shares in profits, including interim dividends, distributed by the first

transferee shall not be imputed to the personal tax of the shareholders of the first transferee to the extent of the amount that has been imputed by the taxpayer owning the image rights as a result of the imputation system.

In the case of distribution of reserves, the designation contained in the corporate resolution shall be taken into account, with the last amounts paid to such reserves being understood to be applied.

Dividends or shares distributed by the first transferee which, in application of the above, have not been included in the taxable income of the shareholders will not entitle the latter to the deduction for international double taxation.

Note:*the same amount may be charged only once, irrespective of the form and the person or entity in which it is expressed.*

Special system of workers posted to Spanish territory

Regulations:Art. 93 Law IRPF

The special tax regime applicable to workers posted to Spanish territory is discussed in Chapter 2.

Imputation of income by members or unit-holders of collective investment undertakings incorporated in countries or territories classified as non-cooperative jurisdiction

Regulations:Art. 95 and transitory provision eight Law IRPF

The Personal Income Tax Law devotes a section (Section 6) of Title X and two articles (94 and 95) to the taxation of members or participants in the following collective investment undertakings:

- Those regulated in Law 35/2003, of 4 November, on Collective Investment Institutions.

  Pursuant to Article 1 of Law 35/2003 of 4 November 2003 on Collective Investment Undertakings:

  1. Collective Investment Undertakings (hereinafter CIIs) are those whose purpose is to raise funds, assets or rights from the public in order to manage and invest them in assets, rights, securities or other instruments, financial or otherwise, provided that the investor's return is established on the basis of collective performance.

     Activities whose object is other than that described in the preceding paragraph shall not have the character of collective investment.Furthermore, those entities which do not meet the requirements set out in this law may not be incorporated as CIS.

  2. A CIS shall take the form of an investment company or investment fund.

  3. CIS may be of a financial or non-financial nature, under the terms established in Title III of this law.

- Those regulated by Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, other than the above, which are incorporated and domiciled in a Member State of the European Union and registered in the special registry of the Comisión Nacional del Mercado de Valores, for the purposes of their marketing by entities resident in Spain, and

- Those incorporated in countries or territories considered to be non-cooperative jurisdictions.

The taxation corresponding to the shareholders or unit-holders of the first two collective investment undertakings is regulated in article 94 of the Law of IRPF and there are no differences in treatment with respect to the income imputed to the shareholders or unit-holders, applying the IRPF regulations corresponding to each type of income according to its origin or source, except for some special features for listed investment funds and listed index SICAVs and in the application of the deferral regime for reinvestment in SICAVs, the commentary on which is included in the corresponding chapter of this manual.

In contrast to the tax incentives established for investments in collective investment schemes (tax deferral regime), a special tax regime is established for the taxation of members or participants in collective investment schemes incorporated in countries or territories considered as non-cooperative jurisdictions in Article 95 of the Law of IRPF which aims to discourage taxpayers who decide to invest in this type of collective investment scheme.

This special imputation tax regime is as follows:

Attributable income

The income imputation regime regulated by Article 95 is applicable to taxpayers of IRPF who participate in collective investment undertakings incorporated in countries or territories classified by regulations as non-cooperative jurisdictions, and a distinction must be made:

Where there is no transfer or redemption of shares or units in collective investment undertakings

Under this regime, members or unit-holders in collective investment undertakings incorporated in countries or territories classified by regulations as non-cooperative jurisdictions must allocate the positive difference between the net asset value of the unit at the end of the tax period and its acquisition value at the beginning of the tax period to the general part of the tax base **each year, even if no transfer or redemption has taken place**.For this purpose, it shall be presumed, unless proven otherwise, that this difference is 15 per 100 of the acquisition value of the action or participation.

> This income is classified as imputed income (not as a capital gain) and must be included in the general personal income tax base in each tax period.

The imputed amount shall be considered to be a higher acquisition value of the share or share.

For its part, the benefits distributed by the collective investment institution shall not be imputed and shall not be reduced by the acquisition value of the share.

Where there is a transfer or redemption of shares or units in collective investment undertakings

In these cases, once the acquisition value has been calculated as indicated in the previous section, the income derived from the transfer or redemption of the shares or units will be determined in accordance with the provisions of article 37.1.c) of the Law of IRPF which is commented on in the section "Transfers or redemptions of shares or units in collective investment institutions regulated in Law 35/2003" within the specific valuation rules for determining the amount of capital gains or losses in Chapter 11 of this manual.

> ***Remember:*** *the special tax deferral regime provided for in Article 94 of the Personal Income Tax Law does not apply to the transfer or redemption of shares or units in collective investment undertakings incorporated in countries or territories classified by regulations as having a non-cooperative jurisdiction.*

Temporary arrangement

Regulations:Transitional Provision Eight Law IRPF

Units and shares acquired before 1 January 1999

For the purpose of calculating the excess of the net asset value, the net asset value shall be taken as acquisition value on 1 January 1999 in respect of the shares and shares held by the taxpayer in that year.The difference between this value and the actual acquisition will not be taken as acquisition value for the purposes of determining the income derived from the transfer or reimbursement of stocks or shares.

Profits realised before 1 January 1999

Dividends and profit shares distributed by collective investment institutions, which derive from profits obtained prior to 1 January 1999, shall be integrated into the taxable base of the partners or participants.For these purposes, it will be understood that the first reserves distributed have been endowed with the first profits earned.

> **Example:**
>
> Since March 1998, Mr. S.M.G. has held a shareholding in a collective investment institution incorporated in a country classified as a non-cooperative jurisdiction, the acquisition value of which was the equivalent of 12,020 euros.
>
> The net asset value of this shareholding at 31-12-2022 is 31,800 euros.
>
> Determine the income attributable to 2022, knowing that the net asset value of the shareholding at 01-01-1999 was the equivalent of 12,500 euros and that the income for the years 1999 to 2021 amounted to 16,200 euros.
>
> **Solution:**

Attributable income corresponding to 2022:

- Net asset value at 31-12-2022:31,800
- Cost price at 01-01-2022:28.700 (1)
- Chargeable income (31.800 - 28.700) = 3.100

Note for the example:

(1) The determination of the cost price at the start of the tax period is made on the basis of the net asset value at 01-01-1999 (12,500 euros) and the sum of the income in the years 1999 to 2021 (16,200) is added to that amount.Thus:12.500 + 16.200 = 28.700.**(Go back)**

List of countries and territories qualified as non-cooperative jurisdiction

Definition of non-cooperative jurisdiction

The first additional provision of Law 36/2006, of 29 November, on measures for the prevention of tax fraud (BOE of 30 November), following the amendment introduced by article sixteen of Law 11/2021, of 9 July, on measures to prevent and combat tax fraud, transposing Council Directive (EU) 2016/1164, of 12 July 2016, laying down rules against tax avoidance practices that directly affect the functioning of the internal market, amending various tax rules and on the regulation of gambling (BOE of 10 July), contains the definition of countries and territories that are considered non-cooperative jurisdictions, replacing that of tax haven, low or non-tax haven and effective exchange of tax information.

With regard to the definition of non-cooperative jurisdictions, paragraphs 1 and 2 provide:

1. *Countries and territories, as well as harmful tax regimes, to be determined by the Minister of Finance by Ministerial Order in accordance with the criteria set out in the following paragraphs of this Article, shall be deemed to be non-cooperative jurisdictions.*

2. *The list of countries and territories that are considered to be non-cooperative jurisdictions may be updated on the basis of the following criteria:*

   a. *On fiscal transparency:*

      1. *The existence with that country or territory of regulations on mutual assistance in the exchange of tax information under the terms provided for in Law 58/2013 of 17 December 2013 on General Taxation, which is applicable.*

      2. *Compliance with an effective exchange of tax information with Spain.*

      3. *The outcome of peer reviews conducted by the Global Forum on Transparency and Exchange of Information for Tax Purposes.*

      4. *The effective exchange of information on the beneficial owner, as defined in the terms of Spanish legislation on the prevention of money laundering and terrorist financing.*

   For the purposes of this point (a), effective exchange of information means the application of the rules on mutual assistance on exchange of tax information in accordance with the

terms of reference adopted by the Global Forum on Transparency and Exchange of Information for Tax Purposes.

b. Facilitating the conclusion or existence of offshore instruments or companies aimed at attracting profits that do not reflect real economic activity in those countries or territories.

c. *The existence of low or no taxation.*

Low taxation exists when the effective level of taxation in the country or territory concerned is significantly lower, including the zero rate, than that required in Spain for a tax identical or analogous to personal income tax, corporate income tax or non-resident income tax.

There is no taxation if in the country or territory concerned there is no tax identical or analogous to personal income tax, corporate income tax or non-resident income tax, as the case may be.

Taxes whose purpose is to tax income, even partially, regardless of whether the subject of the tax is income itself, income or any other element indicative of income, shall be considered to be identical or similar taxes.

3. *The list of harmful tax regimes that qualify as non-cooperative jurisdictions may be updated on the basis of the criteria of the EU Code of Conduct for Business Taxation or the OECD Forum on Harmful Tax Regimes.((((((*

***Please note**: all references made in the regulations of IRPF to tax havens, to countries or territories with which there is no effective exchange of information, or to countries or territories with no or low taxation shall be understood to be made to the definition of non-cooperative jurisdiction established in the first additional provision of Law 36/2006, of 29 November, on measures for the prevention of tax fraud, in its wording in force as of 11 July 2021.*

List of countries and territories classified as tax havens in Royal Decree 1080/1991 of 5 July 1991.

***Please note**: The following is a list of the countries or territories provided for in Royal Decree 1080/1991 of 5 July 1991 which, in accordance with the second transitional provision of Law 36/2006 of 29 November 2006 on measures for the prevention of tax fraud, will be considered as non-cooperative jurisdictions in 2022.*

However, it should be noted that Order HFP/115/2023 of 9 February has recently been approved, determining the countries and territories, as well as the harmful tax regimes, which are considered to be non-cooperative jurisdictions (BOE of 10 February).This order, which updates the list of countries and territories contained in Royal Decree 1080/1991, of 5 July, will apply to taxes without a tax period accrued from its entry into force and to other taxes whose tax period starts from that time.

(1) Royal Decree 1080/1991, of 5 July, BOE of 13 July, amended by Royal Decree 116/2003, of 31 January, BOE of 1 February.

1. Principality of Andorra **(7)**
2. Netherlands Antilles **(6)**
3. Aruba **(6)**
4. Emirate of the State of Bahrain
5. Sultanate of Brunei .
6. Republic of Cyprus **(14)**
7. United Arab Emirates **(2)**
8. Gibraltar
9. Hong Kong **(12)**
10. Anguilla
11. Antigua and Barbados .
12. The Bahamas **(9)**
13. Barbados **(11)**
14. Bermuda
15. Cayman Islands
16. Cook Islands
17. Dominican Republic
18. Granada
19. Fiji
20. Guernsey and Jersey Islands (Channel Islands)
21. Jamaica **(3)**
22. Republic of Malta **(4)**
23. Falkland Islands
24. Isle of Man
25. Mariana Islands
26. Mauritius
27. Montserrat
28. Republic of Nauru
29. Solomon Islands
30. Saint Vincent and the Grenadines
31. Saint Lucia
32. Republic of Trinidad and Tobago **(5)**
33. Turks and Caicos Islands
34. Republic of Vanuatu
35. British Virgin Islands
36. United States Virgin Islands
37. Hashemite Kingdom of Jordan
38. Republic of Lebanon
39. Republic of Liberia
40. Principality of Liechtenstein
41. Grand Duchy of Luxembourg in respect of income received by the companies referred to in paragraph 1 of the Protocol of 3 June 1986 annexed to the Convention for the avoidance of double taxation.
42. Macao
43. Principality of Monaco
44. Sultanate of Oman **(15)**

45. Republic of Panama **(8)**
46. Republic of San Marino **(10)**
47. Republic of Seychelles
48. Republic of Singapore **(13)**

Notes to the list:

(1) Royal Decree 1080/1991, of 5 July 1991, determining the countries or territories referred to in Article 2, section 3, number 4, of Law 17/1991, of 27 May 1991, on Urgent Fiscal Measures, and Article 62 of Law 31/1990, of 27 December 1990, on the General State Budget for 1991.**(Go back)**

(2) With effect from 02-04-2007, the date of entry into force of the respective double taxation treaties (BOE 23-01-2007), the United Arab Emirates are no longer considered a tax haven.**(Return)**

(3) With effect from 16-05-2009, the date of entry into force of the respective double taxation avoidance agreement (BOE 12-05-2009), Jamaica ceases to be considered a tax haven.**(Return)**

(4) With effect from 12-09-2006, the date of entry into force of the respective double taxation avoidance agreement (BOE 07-09-2006), Malta ceases to be considered a tax haven.**(Return)**

(5) With effect from 28-12-2009, the date of entry into force of the respective agreement to avoid double taxation (BOE 08-12-2009), the Republic of Trinidad and Tobago ceases to be considered a tax haven.**(Return)**

(6) With effect from 27-01-2010, the date of entry into force of the respective information exchange agreements (BOE 24-11-2009), the Netherlands Antilles and Aruba are no longer considered tax havens.The Netherlands Antilles ceased to exist as such on 10-11-2010.As of that date, St. Martin and Curaçao have the same status as Aruba (part of the Kingdom of the Netherlands, but independent), while the other islands of the former Netherlands Antilles (Saba, St. Eustatius and Bonaire) have become part of the Netherlands.St. Martin and Curaçao are covered by the Agreement signed with the Netherlands Antilles, while the other three islands are covered by the DTA with the Netherlands.As a result, none of the islands is currently considered a tax haven.**(Return)**

(7) With effect from 10-02-2011, the date of entry into force of the tax information exchange agreement (BOE 23-11-2010), the Principality of Andorra ceased to be considered a tax haven.On 07-12-2015 the Agreement between the Kingdom of Spain and the Principality of Andorra to avoid double taxation on income taxes and prevent tax evasion and its Protocol, made "Ad Referendum" in Andorra la Vella on 8 January 2015, was published in the BOE and enters into force on 26 February 2016.**(Back)**

(8) With effect from 25-07-2011, the date of entry into force of the double taxation avoidance agreement (BOE 04-07-2011), the Republic of Panama ceases to be considered a tax haven.**(Return)**

(9) With effect from 17-08-2011, the date of entry into force of the information exchange agreement (BOE 15-07-2011), The Bahamas is no longer considered a tax haven.**(Return)**

(10) With effect from 02-08-2011, the date of entry into force of the information exchange agreement (BOE 06-06-2011), the Republic of San Marino is no longer considered a tax haven.**(Return)**

(11) With effect from 14-10-2011, the date of entry into force of the double taxation avoidance agreement (BOE 14-09-2011), Barbados is no longer considered a tax haven.**(Return)**

(12) With effect from 01-04-2013, the date of entry into force of the double taxation avoidance agreement (BOE of 14-04-2012), Hong Kong (China) is no longer considered a tax haven.**(Return)**

(13) With effect from 01-01-2013, the date of entry into force of the double taxation avoidance agreement (BOE 11-01-2012), the Republic of Singapore ceases to be considered a tax haven.**(Return)**

(14) With effect from 28-05-2014, the date of entry into force of the double taxation avoidance agreement (BOE 26-05-2014), the Republic of Cyprus is no longer considered a tax haven.**(Return)**

(15)

With effect from 19-9-2015, the date of entry into force of the agreement to avoid double taxation (BOE 08-09-2015), the Sultanate of Oman ceases to be considered a tax haven.(Return)

Special scheme:Capital gains due to change of residence

Regulations:Art. 95 bis Law IRPF

The special tax regime called "Capital gains due to change of residence" is applicable to certain taxpayers of the IRPF, holders of shares or holdings in any type of entity, who lose their status due to change of residence is discussed in Chapter 11.

Case Study

The community of goods "X", Cuyo NIF It is E28000000, it is made up of two communes, each of which has a share percentage of 50 per 100.The communero "Y" is a contributor by him NIF And the communero "Z" is a taxpayer of the Company Tax.The community of property has obtained the following income in the fiscal year 2022:

- 12.200 euros from the year-round lease of a house to a marriage.This property was acquired by the entity in 2000, bringing the acquisition cost satisfied by it to 250.000 euros.The cadastral reference of the property is 0052807VK4724A0003KI.The cadastral value of the property in 2022 was 58,500 euros, of which 40 percent corresponded to the value of the land.

  The expenses paid by the entity in relation to the property in 2022 were as follows:

  - Community receipt:1,100 euros.
  - Receipt IBI :360 euros.
  - Interest derived from the financing of the property:1,300 euros.

- eur 1.200, for interest derived from a fixed-term imposition of two years and one day.The settlement of the aforementioned interest took place, at the expiration of the term, on 2 October 2022.

- eur 1.800, for dividends from shares of an entity resident in spanish territory.The costs of administration and deposit of the shares amounted to 10 euros.

- The asset community exercises a business economic activity whose net yield is determined in the direct estimation method, normal modality.According to the accounting records and data of the entity, the revenue for the financial year has amounted to €50.000, with deductible expenses, including fiscally computable amortizations, of €20.000.

- On 10 January 2022, he sold a package of shares acquired on 1 October 1999 for EUR 100,000 on the stock exchange for EUR 150,000, less the expenses incurred by the entity in connection with the transfer, including the expenses incurred by the entity in connection with the acquisition.

- On 15 November 2022, for 150,000 euros, less the expenses and taxes inherent to the transfer paid by the entity, a property not used for economic activity acquired on 1 October 2001 for an amount equivalent to 100,000 euros, including the expenses and taxes inherent to the acquisition paid by the entity, was sold for 150,000.00 euros.The cadastral reference of the property is 9872023VH5797S0001WX and its cadastral value, which has not been revised in the last 10 years, amounts to 30,500 euros in 2022.The property has been unoccupied since its acquisition.

- The amount of the withholding and income on account supported by the entity amounted to:eur 570 (eur 228 on interest and eur 342 on dividends).

Determine the income attributable by the entity to each of its members and the amounts each member must include in the annual declaration corresponding to its personal taxation.

Solution:

1.Determination by the entity of the income attributable to each co-owner according to the rules of IRPF:

1.1.Income from real estate capital:

- Full income:12,200
- Deductible expenses:
  - Community receipt:1,100
  - Receipt IBI :360
  - Interest Real Financing:1,300
  - Amortisation 3% s/(60% x 250.000,00) = 4.500

  Total deductible expenses:7.260,00

- Net earnings (12,200 - 7,260)= 4,940
- Yield attributable to each community (50% s/4.940) = 2.470

1.2.Income from movable capital:

- Net dividend earnings (1,800 - 10)= 1,790
- Yield attributable to each co-owner (50% s/1,790) = 895
- Net interest income:1,200
- Yield attributable to each co-owner (50% s/ 1,200) = 600

1.3.Income from economic activity:

- Full income:50,000
- Deductible expenses, including amortizations:20,000
- Net yield (50,000 - 20,000) = 30,000
- Return attributable to each co-owner (50% s/ 30.000) = 15.000

1.4.Capital gains and losses (sale of shares):

- Transmission value:150,000
- Acquisition value:100,000

- Wealth gain (150.000 - 100.000) = 50.000
- Income attributable to the "Y" community (50% s/50.000) = 25.000
- Income attributable to "Z" (50% s/50.000) = 25.000

1.5.Capital gains and losses (sale of real estate):

- Transmission value:150,000
- Acquisition value:100,000
- Wealth gain (150.000 - 100.000) = 50.000
- Income attributable to the "Y" community (50% s/50.000) = 25.000
- Income attributable to "Z" (50% s/50.000) = 25.000

1.6.Imputed real estate income (unoccupied property):

- Attributable income (2% s/30,500) x (317 ÷ 365) = 529.78
- Income attributable to each co-owner (50% s/ 529.78) = 264.89

1.7.Withholdings and payments on account:

- Attributable to each of the communes (50% s/570) = 285

2.Declaration of income attributed by joint owner "Y" taxpayer of IRPF:

2.1.Income from real estate capital:

- Net attributed yield:2,470
- Reduction of rental housing (60% s/2.470) = 1.482
- Net computable yield (2.470 - 1482) = 988

2.2.Net income from movable capital to be included in the savings tax base:

- Dividends
- Full amount:900
- Chargeable deductible expenses:5
- Interests:
  - Net attributed yield:600

Total net income from movable capital (900 + 600 - 5) = 1.495

2.3.Income from economic activities:

- Net attributed yield:15,000

2.4.Capital gains to be included in the savings tax base:(1)

- Chargeable income (25,000 + 25,000) = 50,000

2.5.Imputed real estate income:

- Attributed amount:264.89

Note for the example:

(1) As in both cases these are gains obtained from the transfer of assets (sale of shares and real estate), the amount is included in the savings tax base.For the gains and losses making up the savings tax base see Chapter 11.**(Return)**

Chapter 11.Capital gains and losses

The Tax Agency's Electronic Headquarters includes a "Virtual Income Tax Assistant", where you can consult how to calculate the capital gain or loss in the case of transfer of real estate, what part of the gain is exempt in the case of transfer of the main residence, when capital gain or loss is generated in cases of extinction of a condominium, among other cases.

Subject

Positive delimitation

Regulations:Art. 33.1 and 2 Law IRPF

In accordance with article 33.1 of the Law of IRPF , capital gains and losses are the variations in the value of the taxpayer's assets that are revealed on the occasion of any alteration in the composition of those assets, unless they are classified by this Law as income.

From this definition it can be concluded that, in order for a capital gain or loss to arise, the following requirements must be met, which are discussed below:

1.Existence of a change in the composition of the taxpayer's estate

By way of example, **the following constitute alterations in the composition of the taxpayer's assets**:

- Transfers of goods or rights for valuable consideration or profit.Examples of the former include sales of dwellings, commercial premises, parking spaces, rural properties, shares, etc., and the latter include inheritances, bequests and donations.
- The incorporation into the taxpayer's assets of money, goods or rights that do not derive from a previous transfer.This is the case, among others, for obtaining prizes of any kind, whether in cash or in kind, subsidies, etc.
- Exchanges of goods or rights.
- Duly justified losses in assets.

On the other hand, **the Law considers that there is no change in the composition of the assets and, therefore, there will be no capital gain or loss** in the following transactions, provided that the award corresponds to the respective share of ownership:

a. Division of the common thing.

b. Dissolution of the community of property or termination of the matrimonial property regime.

c. Dissolution of community of property or separation of co-owners.

Excess awards on dissolution of community property or separation of co-owners

Para que el ejercicio de la acción de división de la cosa común o la disolución de las comunidades de bienes no implique una alteración en la composición del patrimonio, es preciso que las adjudicaciones que se lleven a cabo al deshacerse la indivisión o en la extinción del condominio se correspondan con la cuota de titularidad, ya que, en el caso de que se atribuyan a uno de los copropietarios o comuneros bienes o derechos por mayor valor al que corresponda a su cuota de titularidad, existirá una alteración patrimonial en el otro u otros copropietarios o comuneros, pudiéndose generar, en su caso y en función de las variaciones de valor que hubiera podido experimentar el inmueble, una ganancia o una pérdida patrimonial independientemente de que exista o no exista compensación en metálico, cuyo importe se determinará, de acuerdo con lo dispuesto en el artículo 34 de la Ley del IRPF, por diferencia entre los valores de adquisición y de transmisión, valores que vienen definidos en los artículgeneral rules" of this Chapter.

This has been confirmed by the Supreme Court in its Judgment of 10 October 2022, handed down in cassation appeal no. 5110/2020 (ROJ:STS 3585/2022).The question that was the subject of the aforementioned ruling was to determine in which cases the compensation received by the co-owner, to whom the property is not awarded when a condominium is dissolved, entails for him the existence of a capital gain subject to IRPF, taking into consideration the possible difference in valuation of that property between the time of its acquisition and the time of its award and, if applicable, that the compensation was greater than the value of the proportional part corresponding to him on that property.

In its third legal basis, the Supreme Court proceeds to answer the aforementioned question, establishing its interpretative criterion, in the sense that the compensation received by a co-owner, to whom the property is not awarded when the condominium is dissolved, will entail for said co-owner the existence of a capital gain subject to IRPF, when there is an updating of the value of that property between the time of its acquisition and the time of its award and that difference in value is positive.

*With regard to the **excess awards** , account should be taken of the Resolution of the Central Economic-Administrative Tribunal (TEAC) of 7 June 2018, Complaint number 00/02488/2017, handed down in an extraordinary appeal for the unification of criteria, whose criteria are set out in the summary table which can be accessed at the end of the chapter*.

In these three cases (division of the common property, dissolution of the community of property, or extinction of the matrimonial property regime of participation and dissolution of community of property or separation of co-owners) the values of the assets or rights received cannot be updated, so they will retain their original values and dates of acquisition.

d. Likewise, in accordance with the provisions of the eighteenth additional provision of Law 62/2003, of 30 December, on fiscal, administrative and social measures (BOE of 31 December), it shall be deemed that there is no alteration in the composition of the equity in the delivery of the securities on loan or in the return of as many homogeneous securities on maturity of the loan under the terms and with the requirements established in the aforementioned additional provision.

It should be noted that Law 27/2014, of 27 November, on Corporate Income Tax (BOE of 28 November), repealed, with effect from 1 January 2015, section 2 of the eighteenth additional provision of Law 62/2003, of 30 December, which establishes the tax regime applicable to securities lending transactions.Therefore, the tax treatment provided for in the aforementioned eighteenth additional provision of Law 62/2003 when the lender or borrower is a taxpayer of IRPF remains in force.

2.That as a consequence of such an alteration there is a change in the value of the taxpayer's wealth

The mere variation in the value of the taxpayer's assets cannot be qualified as a capital gain or loss if it is not accompanied by a corresponding change in their composition.Thus, the revaluation or loss of value of certain assets, such as shares, real estate, etc., owned by the taxpayer, does not give rise to a capital gain or loss for tax purposes until it materialises for the taxpayer.

3.There is no legal provision expressly exempting such gain from taxation or making it taxable as income.

We distinguish between:

A. Exceptions to taxation of capital gains

The following are some of the cases of capital gains exempt from taxation:

- **Compensation** as a consequence of **civil liability** for personal injury in the amount legally or judicially recognised.

  See this exemption from article 7.d) Law IRPF in Chapter 2 of this manual.

- **Prizes** literary, artistic or scientific, relevant, expressly declared exempt.

  See this exemption from article 7.l) Law IRPF in Chapter 2 of this manual.

- **Prizes from lotteries and bets** organised by the Sociedad Estatal de Loterías y Apuestas del Estado and by the Autonomous Communities, the Red Cross and the National Organisation for the Blind, as well as those organised by certain public bodies or entities established in other Member States of the European Union or the European Economic Area, the full amount of which in the financial year 2022 is equal to or less than 40,000 euros or up to this amount in the case of prizes exceeding 40,000 euros.

  Prizes **, the full amount of which exceeds 40,000**, shall be subject to taxation in respect of the part of the prize exceeding this amount.

  This exemption shall apply provided that the value of the lottery ticket, lottery fraction, lottery coupon or bet is at least EUR **0.50**.If **is less than 0.50 euros**, the maximum exempted amount will be reduced proportionally.

  Should the winnings be shared between two or more persons, the exempt amount will be prorated between the co-winners, depending on the sum received by each.

  Important:*as of 1 January 2013, these prizes, which were totally exempt, are now subject to IRPF by means of a special tax of 20 percent, which will be levied separately for each winning lottery or betting ticket or coupon (additional provision thirty-third.2 of the Law on*

IRPF).

- **Compensation** paid by the **Public Administrations for personal damages** as a result of the operation of public services, when they are established in accordance with the procedures set out in Laws 39/2015, of 1 October, on the Common Administrative Procedure of Public Administrations (BOE of 2 October) and 40/2015, of 1 October, on the Legal Regime of the Public Sector (BOE of 2 October).

See this exemption from article 7.q) Law IRPF in Chapter 2 of this manual.

B. Assumptions of capital gains which, by express provision of the Personal Income Tax Act, are taxed as income

As cases of **capital gains which, by express provision of the Law of IRPF, are taxed as income**, the following can be cited, among others:

- Constitution or transfer of rights or powers of use or enjoyment over real estate, which are legally classified as income from real estate capital.
- Securities or units representing a share in the equity of an entity, which constitute income from movable capital.
- Transfer, redemption, amortisation, redemption, exchange or conversion of any kind of assets representing the raising and use of borrowed capital, which only generate income from movable capital.
- Income derived from capitalisation operations and life or disability insurance contracts, which give rise to income from movable capital, unless they derive from social security systems, in which case they give rise to earned income.

The social welfare systems whose benefits constitute earned income are detailed in Chapter 3 of this handbook.

Negative demarcation

Regulations:Art. 33.3 Ley IRPF

In certain cases, despite a variation in the composition and value of the taxpayer's assets, the Act of the IRPF estimate **that there is no profit or loss of wealth** .These cases are:

a) Reductions of share capital

None of the types of share capital reduction immediately give rise to a capital gain or loss derived from this operation, but rather this will be generated when the securities or shares affected by the share capital reduction are transferred, resulting in a deferral in the taxation of this income.

In accordance with the provisions of articles 317 et seq. of the revised text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of 2 July (BOE of 3 July), which repeals, with effect from 1 September 2010, the revised text of the Companies Act, the purpose of the capital reduction may be to return contributions, cancel dividend liabilities, create or increase the legal reserve or voluntary reserves or re-establish the balance between the

company's capital and equity diminished as a result of losses.The reduction may be made by reducing the nominal value of the shares, their amortization or their grouping for redemption.

However, in the event of a capital reduction with the return of contributions to shareholders, there may be immediate tax effects, since the amount of the return of contributions, or the normal market value of the goods or rights received, if they are received in kind, will reduce the acquisition value of the securities or shares affected (bearing in mind that those acquired in the first place are considered to be affected) until they are cancelled.Any excess that may result will be taxed as income from movable capital in the manner provided for the distribution of the share premium.

If the capital reduction comes from undistributed profits, all the amounts received will be taxed as dividends.For these purposes, capital reductions, whatever their purpose, shall be considered to affect first the share of capital that does not come from undistributed profits, until their annulment

The tax treatment applicable to capital reductions and share premium distributions made after 23 September 2010 by open-ended investment companies (SICAVs) is discussed in Chapter 5 of this handbook.

Immediate tax effects may also arise in the case of a capital reduction aimed at returning contributions and not deriving from undistributed profits, 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 representing the equity interest in companies or entities.

It should be noted that although Article 33.3 of Law IRPF refers to Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, this Directive was repealed, with effect from 3 January 2017, by Directive 2014/65/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.Article 94 provides that references to Directive 2004/39/EC shall be construed as references to Directive 2014/65/EU.

In this case, article 33.3 of the Act of the IRPF considers the return of movable capital to be the amount obtained or the market value of the goods received, up to the limit of the positive difference between the equity value for the last year ended prior to the capital reduction date and the equity acquisition value.Now, the excess on this limit it will lower the acquisition value of the shares or shares until it is canceled and if the perceived value also exceeds the amount of the acquisition value, the new excess will be taxed as returns on the capital stock.

The income from movable capital in the case of distribution of the issue premium and capital reduction with return of contributions that does not come from undistributed profits, corresponding to securities not admitted to trading, are discussed in Chapter 5 of this manual, in the section "Income obtained from participation in the equity of any type of entity".

Rules applicable to shares affected by a reduction in share capital.

Regulations:Art. 33.3 and eighth additional provision Law IRPF

For the purpose of determining the amount of the future capital gain or loss, the Law of IRPF incorporates precise rules to identify the securities or holdings affected by the capital reduction and the tax repercussions that this has on the acquisition values and on the transfer value of the securities or holdings not admitted to trading that are transferred after the capital reduction.

- If the reduction of share capital, whatever its purpose, is implemented through the redemption of securities or holdings, the shares acquired first shall be deemed to have been redeemed, and their acquisition value shall be distributed proportionally among the remaining homogeneous securities remaining in the taxpayer's assets.

- Where the reduction of share capital is effected by other means, e.g. by reducing the nominal value of the shares, and does not affect all outstanding securities or units of the taxpayer equally, it shall be understood as referring to those acquired first.

  Otherwise, the capital reduction shall be deemed to have occurred in respect of each of the shares or units in which it has been effected.

- Where securities or units not admitted to trading are transferred after a capital reduction implemented by means of a reduction in the nominal value which does not affect all the securities or units equally, the transfer value shall be deemed to be that which would correspond to the nominal value resulting from the application of the provisions of the preceding paragraph.If the taxpayer has not transferred all his securities or units, the positive difference between the transfer value corresponding to the nominal value of the securities or units actually transferred and the transfer value shall be deducted from the acquisition value of the remaining homogeneous securities or units until it is cancelled.The surplus that could be will be taxed as capital gains.

(b) Profit-making transfers on the death of the taxpayer

In cases of lucrative transfers due to the death of the taxpayer, the Law excludes from taxation the possible gain (known as "capital gain of the deceased") or loss of assets that may arise from the transfer of his estate to his heirs, regardless of who the beneficiary of the succession is.

(c) Profit-making transfers "inter vivos" (gifts) of undertakings or holdings

This case refers to donations in favour of the spouse, descendants or adopted children, individual companies or shares in entities of the donor to which the reduction of 95 per cent provided for in section 6 of Article 20 of Law 29/1987, of 18 December, on Inheritance and Gift Tax (BOE of 19 December) is applicable.

Article 20.6 of Law 29/1987 of 18 December 1987 on Inheritance and Gift Tax provides:

6.In cases of inter vivos transfers of shares, in favour of the spouse, descendants or adopted children, of an individual company, a professional business or shares in entities of the donor to which the exemption regulated in section eight of article 4 of Law 19/1991 of 6 June on Wealth Tax is applicable, a reduction of 95 percent of the acquisition value shall be applied to the taxable base to determine the taxable base, provided that the following conditions are met:

a) That the donor is 65 years of age or older or is permanently disabled, to the extent of absolute or severe disability.

(b) if the donor has been exercising management functions, he ceases to exercise and receive remuneration for the exercise of those functions from the time of the transfer.

For these purposes, mere membership of the Board of Directors of the company shall not be deemed to be included among the management functions.

c) As for the donee, he shall keep what he has acquired and shall be entitled to exemption from Wealth Tax during the ten years following the date of the public deed of donation, unless he dies within this period.

Furthermore, the donee may not carry out acts of disposal and corporate transactions which, directly or indirectly, may lead to a substantial reduction in the value of the acquisition.This obligation shall also apply in the case of

acquisitions "mortis causa" as referred to in paragraph 2(c) of this Article.

If the conditions referred to in this paragraph are not met, the part of the tax which has not been paid as a result of the reduction made and interest on late payment shall be payable.

With regard to Article 4.8 of Law 19/1991 of 6 June 1991 on Wealth Tax to which Article 26.6 transcribed above refers, see the section "Business and professional wealth" of the general exemptions in Article 4 of the aforementioned Law, in Chapter 2 of the Wealth Tax Practical Manual 2022.

In the case of assets that are used by the taxpayer for economic activity after their acquisition, they must have been used continuously for at least five years prior to the date of transfer.

In these acquisitions, the donee shall be subrogated to the position of the donor with respect to the values and dates of acquisition of such assets (Art. 36 Law IRPF).

(d) Extinction of the matrimonial property regime of separation of property

It shall be deemed that there is no capital gain or loss in the termination of the matrimonial property regime of separation of property, when by legal imposition or judicial decision there are compensations, in cash or through the award of assets, for reasons other than the compensatory pension between spouses.

For this purpose, it should be borne in mind that the compensatory pension is defined in Article 97 of the Civil Code as the pension to which the spouse to whom the separation or divorce produces an economic imbalance in relation to the position of the other spouse, which implies a worsening of his or her previous situation in the marriage, is entitled.

Such compensation shall not entitle the payer to a reduction of his taxable income and shall not constitute income to the recipient.

In no case may this situation give rise to the updating of the values of the assets or rights awarded.

e) Contributions to protected estates of persons with disabilities

Contributions to protected assets constituted in favour of persons with disabilities shall be deemed not to constitute a capital gain or loss.

The tax regime for contributions to these estates, both for the owners of the and for the contributors who are relatives of the person with a disability, are discussed in Chapters 3 and 13, respectively, of this handbook.

Capital gains and losses not included in the taxable income for personal income tax purposes

By express legal provision, the proceeds and property losses listed below are not integrated into the tax base of the IRPF and, as a result, they are not subject to taxation by this tax.

Capital gains not subject to Personal Income Tax

Equity gains subject to the Successions and Donations Tax

Regulations:Art. 6.4 Law IRPF

In order to avoid double taxation, capital gains derived from the acceptance of donations, inheritances or bequests are declared not subject to IRPF, as they are subject to Inheritance and Gift Tax.

Share of capital gains arising before 20 January 2006 from assets acquired before 31 December 1994.

Regulations:Ninth Transitional Provision Law IRPF

The part of the capital gain (but not the losses) generated prior to 20 January 2006 derived from assets not used for economic activities that on 31 December 1996 had remained in the taxpayer's assets for a period of time, rounded up, longer than the period of time rounded up, is not subject to IRPF :

- **5 years**, in the case of shares admitted to trading on one of the official secondary securities markets defined in Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments and representing the equity of companies or entities, with the exception of shares representing the share capital of Real Estate and Investment Companies.

  It should be noted that Directive 2004/39/EC referred to in the ninth transitional provision of the Law of IRPF has been repealed with effect from 3 January 2017 by Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.Article 94 provides that references to Directive 2004/39/EC shall be construed as references to Directive 2014/65/EU.

- **10 years**, in the case of real estate and rights over the same or securities of the entities included in the current article 314 of the revised text of the Securities Market Law, approved by Royal Legislative Decree 4/2015, of 23 October (BOE of 24 October), with the exception of shares or holdings representing the share capital or assets of Real Estate Investment Companies or Funds.

  Article 108 of Law 24/1988, of 28 July, on the securities market, together with the rest of its provisions, has been incorporated into the consolidated text of the Securities Market Law, approved by Royal Legislative Decree 4/2015, of 23 October.

- **8 years**, for all other goods and rights.

Note: *Since 1 January 2015, a joint maximum limit of 400,000 euros has been established for all assets to which the above applies, which operates on the transfer value.Their application is discussed under "Determination of the amount of capital gains or losses" in this chapter.*

Exempt capital gains

The following are exempt from IRPF: capital gains arising on the occasion of:

A. Donations of property eligible for tax credits

Regulations:Art. 33.4.a) Law IRPF

Capital gains that may derive from donations of assets that meet the requirements for entitlement to the corresponding deduction in the tax liability are declared exempt for the donor, and therefore do not have to be included in the tax return.

See Chapter 16, under "Deduction for donations" for the requirements and conditions relating to donations of goods.

B. Transfer of the principal residence by persons over 65 years of age or by persons in a situation of severe or major dependency.

Regulations:Art. 33.4.b) and additional provision fifteenth Law IRPF

The gain derived from the transfer, for valuable consideration or for profit, of the main residence of taxpayers over 65 years of age, whether the main residence is transferred in exchange for a capital sum or in exchange for an income, whether temporary or for life, should not be included in the taxable base, provided that the following circumstances are met:

- The property transferred has been their habitual residence for a continuous period of at least three years, and
- That he/she has been in full control of the property during this period.

Therefore, when the full ownership of a property is divided between the bare owner and the usufructuary, neither of them will be entitled to the exemptions provided for on the transfer of the property, even if it is their habitual residence.

Note:this interpretative criterion was established by the Supreme Court in Judgment no. 1858/2018, of 20 December, handed down in contentious-administrative appeal no. 3392/2017 (ROJ:STS 4390/2018).

Without prejudice to the foregoing, if the exemption is applicable because the above requirements are met, in the event that the owner, over 65 years of age, who has held full ownership of his main residence for a continuous period of at least three years, transfers the bare ownership of the same, reserving the usufruct for life over the said residence.

In identical terms, the wealth gain derived from the transmission of habitual housing by persons in situations of severe dependence or heavy dependence is also declared exempt in accordance with the Law on the Promotion of Personal autonomy and attention to persons in situations of dependency.

Note: *for the exclusive purposes of the application of this exemption, the taxpayer shall be deemed to be transferring his main residence when it constitutes his main residence at that time or would have been considered as such until any day in the two years prior to the date of the transfer.*

See the concept of habitual residence for the purposes of this exemption contained in the twenty-third additional provision of the Law of IRPF.

C. Surrender of Historical Heritage assets in payment of the IRPF

Regulations:Art. 33.4.c) Law IRPF

In those cases in which the payment of the tax debt corresponding to IRPF is made, in accordance with the provisions of article 73 of Law 16/1985, of 25 June, on Spanish Historical Heritage, by means of the delivery of goods belonging to the aforementioned Historical Heritage, the capital gain that may be revealed by the difference between the acquisition value of the good delivered and the amount of the tax debt is exempt from IRPF.

D. Dation in lieu of payment of the principal residence

Regulations:Art. 33.4.d) Personal Income Tax Law

Capital gains in which the following circumstances are met are declared exempt from IRPF:

a. When they are established at the time of the transfer of the debtor's or the debtor-guarantor's main residence.

b. When the transfer of the residence is carried out through a dation in payment, or in a judicial or notarial foreclosure.

c. When the purpose of such is the cancellation of debts guaranteed with a mortgage pertaining to the main residence, contracted with credit institutions or any other entity that professionally carries out the activity of granting loans or mortgages.

d. In any case, the owner of the main residence must not have other goods or rights that could satisfy the total amount of the debt and prevent the alienation of the property.

E. Capital gains from the transfer of certain properties

Regulations:37th Additional Provision Law IRPF

A 50 per cent exemption will be granted for capital gains arising from the transfer of urban real estate acquired for valuable consideration between 12 May 2012 and 31 December 2012.

The exemption applies to urban properties both used and not used for economic activities.

This partial exemption is not applicable when the taxpayer has acquired or transferred the property to his or her spouse, to any person related to him or her by blood or marriage, up to and including

the second degree, to an entity in respect of which, with the taxpayer or any of the aforementioned persons, any of the circumstances set out in Article 42 of the Commercial Code apply, regardless of residence and regardless of the obligation to prepare consolidated annual accounts.

In cases of reinvestment when the property transferred is the taxpayer's main residence and the amount reinvested is less than the total amount received in the transfer, the proportional part of the capital gain obtained will be excluded from taxation, once the exemption provided for in this additional provision has been applied, which corresponds to the amount reinvested under the terms and conditions provided for the exemption for reinvestment of main residence in article 38 of the Law of IRPF.In other words, the exemption of 50 per cent of the gain obtained on the transfer will be applied first.Of the other 50 per cent of the gain, the proportional part corresponding to the amount reinvested is exempt.

> The conditions and requirements for the application of this exemption are discussed in section Gains excluded from taxation in cases of reinvestment, of this Chapter.

F. Exemption for shares or units in new or newly created entities acquired before 29 September 2013

Regulations:twenty-seventh transitional provision Law IRPF

Taxpayers who obtain capital gains arising from the transfer of shares or holdings in newly or recently created entities acquired between 7 July 2011 and 29 September 2013, and which have remained in the taxpayer's assets for a period of more than three years (counted from date to date) may apply the exemption provided for in **additional provision thirty-four of the Law of IRPF in its wording in force on 31 December 2012**, provided that the requirements and conditions set out in that additional provision are met.

G. Income obtained by the debtor in bankruptcy proceedings

Regulations:Forty-third additional provision Law IRPF

The income obtained by debtors in bankruptcy proceedings under Law 22/2003, of 9 July, and from 1 September 2020, under Royal Legislative Decree 1/2020, of 5 May, approving the revised text of the Bankruptcy Law, as a result of:

1. **Debt write-offs and dations in lieu of payment of debts established at**:
   - Judicially approved agreement.
   - Judicially approved refinancing agreement referred to in Article 71 bis and the fourth additional provision of Law 22/2003, of 9 July, on Insolvency and which, since 1 September 2020, is regulated in Title II of Book Two, Articles 596 to 630, of Royal Legislative Decree 1/2020, of 5 May, approving the revised text of the Insolvency Law,
   - Extrajudicial payment agreement referred to in Title X of Law 22/2003, of 9 July, on Insolvency and which, since 1 September 2020, is regulated in Title III of Book Two, articles 631 to 694, of Royal Legislative Decree 1/2020, of 5 May, approving the revised text of the Insolvency Law.
2. **Exonerations from unsatisfied liabilities** referred to in Article 178 bis of Law 22/2003 and

which, from 1 September 2020, is regulated in Chapter II of Title XI of Book One, Articles 486 to 502, of Royal Legislative Decree 1/2020, of 5 May, approving the revised text of the Insolvency Act.

In all cases, in order for income to be declared exempt, it is a prerequisite that **the debts do not derive from the exercise of economic activities**.

In the case of debts deriving from the exercise of economic activities, their regime is provided for in the LIS.See Law 27/2014 of 27 November on Corporate Income Tax.

Regarding the criterion of imputation in the case of losses derived from overdue and uncollected credits, when a write-off established in a judicially homologated refinancing agreement or in an out-of-court payment agreement becomes effective, see Article 14.2.k) of the Law of IRPF.

H. Aid to compensate for costs in buildings affected by the release of the digital dividend

Regulations:fifth additional provision Ley IRPF

Aid granted by virtue of the provisions of Royal Decree 920/2014, of 31 October, which regulates the direct granting of subsidies aimed at compensating the costs derived from the reception of or access to television audiovisual communication services in buildings affected by the release of the digital dividend, shall not be included in the tax base of this Tax.

I. Subsidies and grants for energy rehabilitation actions in buildings

Regulations:Fifth additional provision.4 Law IRPF

The aid granted for energy rehabilitation actions in buildings, by virtue of the programmes established in the following Royal Decrees, will not be included in the IRPF taxable base in the financial year 2022 and following years:

- Royal Decree 691/2021, of 3 August, which regulates the subsidies to be granted for energy rehabilitation actions in existing buildings, in execution of the Energy Rehabilitation Programme for existing buildings in municipalities with demographic challenges (PREE 5000 Programme), included in the Regeneration and Demographic Challenge Programme of the Urban Rehabilitation and Regeneration Plan of the Recovery, Transformation and Resilience Plan, as well as its direct concession to the autonomous communities;

- Royal Decree 737/2020, of 4 August, which regulates the programme of assistance for energy renovation actions in existing buildings and regulates the direct granting of assistance under this programme to the autonomous communities and the cities of Ceuta and Melilla;

- Royal Decree 853/2021, of 5 October, which regulates the aid programmes for residential rehabilitation and social housing under the Recovery, Transformation and Resilience Plan.

- Royal Decree 477/2021, of 29 June, which approves the direct granting of aid to the autonomous communities and the cities of Ceuta and Melilla for the implementation of various incentive programmes linked to self-consumption and storage, with renewable energy sources, as well as the implementation of renewable energy systems in the residential sector, within the framework of the Recovery, Transformation and Resilience Plan.

J. Exempt reinvestment gains

Regulations:Article 38 Personal Income Tax Law

See its specific section in this Chapter.

Property losses that are not fiscally computed as such

Regulations:Article 33.5 of the Personal Income Tax Law

Shall not be computed as capital losses as follows:

A. Those not justified.

B. Those due to lucrative transfers by "inter vivos" acts or liberalities.

These capital losses arising from inter vivos transfers are not computed for tax purposes either for the total amount of the acquisition value or for the difference between the acquisition value and the transfer value.Resolution of the TEAC of 31 May 2021, Complaint number 00/03746/2020, in an extraordinary appeal for the unification of criteria.

C. Those due to consumption.

Thus, in the case of perishable goods or, in the case of durable consumer goods, losses in value due to consumption that are due to IRPF their normal use will not be taken into account.For example, if a vehicle is purchased for EUR 15.000 and sold, after five years, for EUR 4.800, matching its market value, there has actually been no loss of property for tax purposes. since the difference in value is due to depreciation for the use of that vehicle.

D. Gambling losses incurred in the tax period in excess of gambling winnings in the same period.

The computation of the gains and losses obtained in the game is done globally (those obtained by the taxpayer in the tax period) taking the gains and losses of the different games.

In no case shall losses derived from participation in the games referred to in the thirty-third additional provision of the Law of IRPF, which are the following, be taken into account:

a. Prizes from lotteries and bets organised by the 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 Organización Nacional de Ciegos Españoles (Spanish National Organisation for the Blind).

b. The prizes of lotteries, bets and draws organised by public bodies or entities carrying out social or welfare activities of a non-profit nature established in other Member States of the European Union or of the European Economic Area and which pursue objectives identical to those of the bodies or entities referred to in the previous point.

It should also be borne in mind that the awards derived from programs developed in the media in which no financial disbursement is made to participate in them, and prizes derived from random combinations for advertising or promotional purposes may not be reduced by the amount of losses obtained in the game.

Attention: *a for the purposes of the provisions of Article 33.5 d) of the Law of IRPF, the definition of gambling referred to in Article 3.a) of Law 13/2011, of 27 May, on the regulation of gambling, according to which gambling is understood to be any activity in which sums of money or objects that are economically assessable in any form are risked on future and uncertain results, dependent to some extent on chance, and which allow their transfer between participants, regardless of whether the degree of skill of the players predominates in them or whether they are exclusively or fundamentally of chance, chance or chance.Prizes may be in cash or in kind depending on the type of game.*

E. Those deriving from transfers with repurchase of the transferred asset.

They may not be integrated for liquidatory purposes as property losses in the same financial year as those arising from the transmission of assets, when the same transmitted assets are reacquired within a given period or, in the event that the items transmitted were securities or shares, when homogeneous securities or shares were acquired.

They are considered as such if they come from the same issuer and form part of the same financial operation or respond to a unity of purpose, including the systematic obtaining of financing, and are of the same nature and have the same transfer regime and attribute to their holders a substantially similar content of rights and obligations.

However, the homogeneous a set of values will not be affected by the possible existence of differences between them in terms of its unit amount;Dates of circulation, delivery tangible or pricing;Procedures placement, including the existence of sections or blocks allocated to specific categories of investors;Or any other aspects accessory in nature.In particular, the homogeneity will not be changed by the splitting of the issue in successive tranches or by the forecast enlargements.

The application of this prudential rule is conditional on the repurchase taking place within the following **deadlines**:

a. **Two months before or after** the transfers, in the case of securities or units admitted to trading on one of the official secondary securities markets defined in Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments.

   Please note that Directive 2004/39/EC has been repealed with effect from 3 January 2017 by Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.Article 94 provides that references to Directive 2004/39/EC shall be construed as references to Directive 2014/65/EU.

b. **One year before or after the transfers**, in the case of securities or units not admitted to trading on any of the aforementioned official secondary securities markets.

c. **One year after the transfer**, in the case of other assets.It should be noted that in any case the

same transmitted patrimonial element must be acquired.

The capital loss obtained, which must be declared and quantified in the tax return for the year in which it was generated, will be included for tax purposes when the acquired asset is transferred or, in the case of securities or shares, as and when the securities or shares that remain in the taxpayer's assets are transferred.

Examples

Example 1:Donation of shares

Doña P.S.M. acquired on the Stock Exchange on December 1, 1998 a package of shares of the Company “Z” for an amount equivalent to 6.000 euros.On 30 October 2022, she donated them to her son, on the occasion of his 20th birthday.

The valuation of the shares on the aforementioned date, according to their price on the official market, amounted to 7,500 euros, an amount which the son declared as the value of the shares for inheritance and gift tax purposes.

Solution:

In this operation there have been two wealth gains:

- The first of these is that obtained by Mrs. P.S.M. since, despite having donated the shares to her son and not having obtained anything in exchange, the market value of the shares during the time they were in her possession increased by 1,500 euros, an amount that constitutes a capital gain subject to IRPF, which must be understood to be attributable to Mrs. P.S.M. when the shares were transferred.

- The second gain is that obtained by his son, amounting to 7,500 euros, which coincides with the market value of the shares received.However, this gain is not subject to IRPF, but to Inheritance and Gift Tax in which the child is considered a taxable person.

Example 2:Dissolution of community property without alteration of assets

Doña R.L.M. and doña G.L.M. are sisters and acquired in June 1995 by inheritance of his father a rustic farm whose valuation for the purposes of the Successions and Donations tax amounted to an amount equivalent to 3.000 euros, amounting to the expenses of notaria, Registration and Tax on Successions and Donations equal to 500 euros.

In March 2022, they decided to divide the property into two equal plots and award each one in full ownership, which is valued in the public deed of division at 30,000 euros.

Solution:

As the action carried out by the sisters consisted solely in the division of the common property, each of them being awarded a plot corresponding to the share of ownership, there was no alteration of assets in this act and, therefore, there was no capital gain for any of them.Each of the plots in which the estate has been divided is incorporated into the heritage of each sister by its original value, (3.000 + 500) ÷ 2 = 1.750 euros, and with the antiquity of June 1995.

Example 3:Dissolution of communities of property with over-allotment

The same example as above if one of the sisters were to award herself the whole of the estate by compensating the other in cash for half of the amount at which the estate is valued in the public deed of division of the same.

Solution:

In this case there would have been an over-allocation, understood as the difference in value, which generates an alteration of assets.

The compensation received by the sister to whom the property is not awarded when the common property is divided, would entail a capital gain for her subject to IRPF, as there is an update of the value of this property between the time of its acquisition (3,500 ÷ 2 = 1,750 euros) and the time of its award (30,000 ÷ 2 = 15,000 euros) and this difference in value is positive (15,000 - 1,750 = 13,250 euros).

See in this regard the SC Judgment of 10 October 2022, handed down in appeal No. 5110/2020.(ROJ:STS 3585/2022).

Example 4:Individual company donation

Mr. J. V.C, 65, has donated his individual company founded 30 years ago to his son.The company meets the requirements of the Heritage Tax Act for exemption, as well as those required for the implementation of the 95 per 100 reduction referred to in the Successions and Donations Tax Act.

Solution:

In the lucrative transmission of the company, the child (donatee) may apply the 95 per 100 reduction provided for in Article 20.6 of the Successions and Donations Tax Act.

The parent (donor) shall not obtain any profit or loss of wealth in the transmission of his company, subrogating the donor in the position of the donor in respect of the values and dates of acquisition of the assets of the company.In short, there is a deferral in taxation that will be revealed when the donatee carries out the transmission of the respective assets.

Example 5:Transfer of primary residence by the over 65s

The couple formed by Mr MPT and Ms JLC, 70 and 68 years old, respectively, have sold their habitual residence on 25 May 2022 for an amount of 250,000 euros.

This house was acquired by both spouses on the legal partnership of gananciales on 13 March 1980 for an amount equivalent to EUR 60.000 including the expenses and taxes inherent in that acquisition.

Determine the fiscal consequences of such transmission.

Solution:

As both spouses are over 65 years of age, the capital gain derived from the transfer of their

primary residence is exempt from IRPF.

Determination of the amount of capital gains or losses:general rules

Derived from transfers for valuable or lucrative purposes

General calculation rules

Regulations:(Arts.34 to 36 Ley IRPF and 40 Reglamento IRPF

Attention: *Please note the summary tables of general rules at the end of this section.*

The determination of the amount of capital gains or losses arising from the transfer, for valuable consideration or for profit, of assets **not assigned** is determined by the **difference between the transfer and acquisition values** of the assets.

Accuracy: for the determination of the amount of the capital gain or loss arising from the transfer of tangible assets see the section on specific valuation rules in this Chapter.

A. Acquisition value

The acquisition value shall consist of the sum of:

a. **In the case of transfers for valuable consideration:** for the actual amount for which such acquisition would have been made.

In the case of transfers for valuable consideration, the acquisition value must be determined on the basis of the actual amount for which the acquisition would have been made.Similarly, the transfer value is determined on the basis of the actual amount for which the disposal was effected, taking as such the amount actually paid, provided that it is not lower than the normal market value, in which case the latter prevails.Therefore, this will be the way to determine the acquisition and transfer values of the property transferred for the purposes of calculating the capital gain or loss in the IRPF, regardless of the establishment of a reference value of the property for the determination of the taxable base in the ITPAJD.

However, in those cases in which there is no reference value or this cannot be certified by the General Directorate of Cadastre, establishing the market value as the taxable base in the ITPAJD after a prior administrative check, this market value will be taken as the acquisition value of the property in the IRPF, as it is higher than the agreed price or consideration.Only in such cases is the Judgment of the Supreme Court of 21 December 2015, handed down in appeal for the unification of doctrine no. 2068/2014, applicable.(ROJ:STS 5470/2015) in relation to the principle of uniqueness of values as opposed to the principle of watertightness.

b. **In the case of transfers for profit or free of charge (inheritance, legacy or donation):** by the declared **or the administratively verified** for Inheritance and Gift Tax purposes, without this being able to exceed the market value.

In the case of acquisitions or transfers for profit, Article 36 of the Law of IRPF establishes that the actual amount of the respective acquisition and transfer values shall be taken as those resulting from the application of the rules of ISD, without exceeding the market value.Insofar as the rules of ISD establish the reference value of the

property as the taxable base (unless the declared value is higher, in which case this will be taken), it will be this reference value that must be taken into account as the actual amount for which the acquisition or transfer has been made when calculating the capital gain or loss in the IRPF, without it being able to exceed the market value.The Tax Agency can therefore regularise the capital gain declared in the IRPF taking into account the reference value of the property, if the taxpayer declared lower values.

However, from 11 July 2021, in the case of lucrative acquisitions due to death, derived from **contracts or succession agreements with the effects of this**, the beneficiary of the same who transfers the acquired assets before five years have elapsed since the conclusion of the succession agreement or the death of the deceased, if this is earlier, shall be subrogated to the position of the latter, with respect to the value and date of acquisition of the assets, when this value is lower than that provided for in the previous paragraph.

Law 11/2021 of 9 July on measures to prevent and combat tax fraud, transposing Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market, amending various tax rules and on the regulation of gambling, has added a new paragraph to Article 36 of the Personal Income Tax Law to subject to taxation those cases in which, in the five years following the conclusion of the inheritance agreement or the death of the deceased (if earlier), assets are transferred by the beneficiary of the inheritance agreement.In this case, the successor loses the value update carried out through ISD and is subrogated to the date and value of acquisition of the original owner.

It should be borne in mind that the institution of "pactos sucesorios" (contractual succession) is prohibited under ordinary law (Articles 1.271, 658 and 816 of the Spanish Civil Code), but is maintained in the foral or special civil laws of certain Autonomous Communities where the Civil Code is not fully in force (Aragon, Balearic Islands, Catalonia, Galicia, Navarre and the Basque Country).

***Note**:The provisions on succession agreements shall only apply to transfers of property made after 11 July 2021 which have been acquired for profit through death by virtue of contracts or succession agreements with effect from the present.*

See in this respect the first transitory provision.4 of Law 11/2021 of 9 July on measures to prevent and combat tax fraud, transposing Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market, amending various tax rules and on the regulation of gambling (BOE of 10 July).

In the **lucrative transfers of companies or shares** referred to in Article 20.6 of Law 29/1987 of 18 December 1987 on Inheritance and Gift Tax (BOE of 19 December), **the acquisition value will coincide with the original value of the donor** as the donee is subrogated to the position of the donor with respect to the values and dates of acquisition of said assets.

c. The **cost of the investments and improvements** made to the assets acquired, without the expenses of conservation and repair being taken into account for these purposes.

   For these purposes, the compensation paid by the landlord to his tenant for the latter to vacate the property is considered as an improvement.

d. The **expenses** (commissions, Notary Public, Registry, etc.) **and taxes inherent to the acquisition** (Transfer Tax and Stamp Duty, VAT or Inheritance or Gift Tax if the acquisition was made free of charge), excluding any interest paid by the acquirer.

e. From the sum corresponding to the aforementioned amounts **, the amount of the tax**

deductible depreciation will be subtracted, with the minimum depreciation being calculated in any case, **,** irrespective of its effective consideration as an expense.

The minimum depreciation is the result of the maximum depreciation period or the corresponding fixed percentage, depending on the case.

For leased properties, the amount of minimum depreciation is determined by applying 1.5% up to 31 December 1998;on 2 per 100 to 31 december 2002, and on 3 per 100 from 1 january 2003.

In relation to the computation of depreciations, it should be borne in mind that:

- It is not appropriate to compute depreciation for assets not subject to depreciation, such as land, securities, etc.
- The 'tax-deductible' depreciation relates to immovable property or movable property used for business activities, to leased or subleased immovable property or movable property, to rights in rem of use and enjoyment over immovable property, to the provision of technical assistance which does not constitute a business activity and to the leasing or subleasing of businesses or mines.In these cases, the minimum depreciation will be computed, regardless of its effective consideration as an expense.
- In the case of the transfer of assets assigned to economic activities, the acquisition value is considered to be the book value, taking into account the depreciation that would have been deductible for tax purposes, **without prejudice to the minimum depreciation** referred to above.
- In the case of immovable property that has been leased, depreciation shall be deemed to meet the requirement of effectiveness when, in each year, it does not exceed the result of applying the percentage of 3 per cent to the higher of the following values:acquisition cost paid or the assessed value, excluding the value of the land.When the land value is not known, it will be calculated by apportioning the cost of acquisition paid between the assessed values of the land and the construction of each year.

  In the case of immovable property acquired for profit, it should be noted that the acquisition cost paid includes the value of the property acquired under the rules on inheritance or gift tax or its value ascertained under these taxes (not including the value of the land).Interpretative criterion established by the Supreme Court (Contentious-Administrative Chamber) in its Judgment no. 1130/2021, of 15 September, handed down in the appeal in cassation no. 5664/2019 (ROJ:STS 3483/2021).

  The acquisition cost also includes the amount of taxes and expenses inherent to the acquisition and, where applicable, all investments and improvements made.

B. Transfer value

The transmission value shall consist of:

a. The actual amount by which the disposition was made or the declared value or, where appropriate, the administratively verified for the purposes of the Succession and Donation Tax when the transmission was made on a lucrative or free basis, without the latter exceeding the market value.

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

b. From the above amount, the costs and taxes inherent in the transmission, excluding interest, may be deducted as soon as they have been satisfied by the transmittal.

C. Special case:transfer of assets in which improvements have been made in a year other than that of acquisition

In the case of assets on which improvements have been made in a year other than that of their acquisition, it will be necessary to distinguish the part of the transfer value corresponding to the asset and to the improvement or improvements made, in order to determine, separately and independently, both the capital gains or losses derived from one and the other, as well as the reduction, if any, applicable.For these purposes, the values and dates of acquisition shall be those corresponding, respectively, to the asset item and to each of the improvements made.

Consequently, the capital gains or losses thus determined may have different periods of generation, and the reduction percentages which, where applicable, should be applied to the capital gains or losses may also differ according to the age at 31 December 1996 of the asset itself and each of the improvements made, bearing in mind that if improvements have been made to the transferred assets, the period of permanence of these improvements in the taxpayer's assets will be taken to be the number of years between the date on which they were made and 31 December 1996, rounded up.

Outline-summary

The components of the respective acquisition and transfer values of the different assets and liabilities not assigned to economic activities, depending on whether they are transferred for valuable consideration or for profit, are as indicated in the following tables:

a) Outline - summary:onerous transfer

Regulations:Article 35 Personal Income Tax Law

(+) Actual amount of the acquisition.

(+) Investments and improvements made to acquired assets.

(+) Expenses and taxes inherent to the acquisition (except interest), paid by the acquirer.

(-) Depreciation (leased real estate or movable property and rights thereon, as well as in the case of the provision of technical assistance that does not constitute an economic activity).

= Acquisition value

(+) Actual amount of the transfer, provided that it is not lower than the market value, in which case the market value prevails.

(-) Expenses and taxes inherent to the transfer paid by the transferor.

= Transmission value

b) Outline - summary:lucrative transfer

Regulations:Article 36 Personal Income Tax Law

(+) Acquisition value for Inheritance and Gift Tax purposes with the limit of the market value.

(+) Investments and improvements made to acquired assets.

(+) Expenses and taxes inherent to the acquisition (except interest), paid by the acquirer.

(-) Depreciation (leased real estate or movable property and rights thereon, as well as in the case of the provision of technical assistance that does not constitute an economic activity).

= Acquisition value

(+) Actual amount of the transfer (or Transfer value for Inheritance and Gift Tax purposes with the limit of the market value.

(-) Expenses and taxes inherent to the transfer paid by the transferor.

= Transmission value

Transitional regime applicable to capital gains deriving from assets acquired before 31 December 1994 (reduction or abatement percentages)

Regulations:Ninth Transitional Provision Law IRPF

Once the capital gain obtained has been determined, applying the general rules discussed in the previous section or, where applicable, any of the special rules which are examined in the following

section, its amount may be subject to reduction by applying the corresponding reduction percentages or the reduction of the transitional regime, provided that the value of all the transfers made as from 1 January 2015 with the right to the application of the percentages does not exceed 400,000 euros.

1.Requirements for the application of the transitional regime

The requirements to be met for the application of the reduction or reduction percentages on the amount of the net worth are as follows:

a. **The capital gains derive from the transfer, whether for valuable consideration or for profit, of goods or rights or from the extinguishment of rights.**

   Therefore, the reduction percentages are not applicable to gains arising as a result of additions of assets or rights to the taxpayer's assets which do not derive from a transfer, as is the case, for example, of prizes won in competitions or gambling winnings.

b. **The property or right was acquired by the taxpayer before 31 December 1994**.

c. **The asset or right is not used for an economic activity**.

   However, if the property element had been affected by economic activity, it must have been unaffected more than three years before the date of transmission.

d. **The asset has not been awarded to the shareholder in the dissolution and liquidation of transparent companies**, in accordance with the provisions of the sixteenth transitional provision of the revised text of the LIS.

e. **That the transferred asset does not come from contributions made to the protected patrimony of persons with disabilities**, in accordance with the provisions of the eighteenth additional provision of the Law of IRPF.

f. **The transfer value of all the assets** to which this transitional regime would have applied, transferred from 1 January 2015 until the date of transfer of the asset, **must not have exceeded 400,000 euros.**

2.Calculation of the part of the capital gain generated before 20 January 2006

Once the above general requirements have been met, the reduction percentages will only be applicable to the part of the capital gain generated between the date of purchase of the item and 19 January 2006, inclusive, and cannot be applied to the part of the capital gain generated from 20 January 2006 up to the date of transfer.

The determination of the part of the capital gain generated before and after 20 January 2006 is carried out in accordance with the following rules:

2.1.General rule:linear distribution of the total capital gain

In accordance with this general rule, **the capital gain generated prior to 20 January 2006** will be determined by the part of the gain that corresponds proportionally to the number of days elapsed

between the date of acquisition of the asset and 19 January 2006, inclusive, with respect to the total number of days that the asset remained in the taxpayer's estate.

In brief:

Gain generated before 20-01-2006 = (Total gain x No. of days from acquisition to 19-01-2006) ÷ # of days from acquisition to transmission

For its part, **the capital gain generated from 20 January 2006** will be determined by multiplying the total gain by the number of days elapsed from 20 January 2006 until the date of transfer and dividing the resulting product by the number of days that the asset has remained in the taxpayer's estate.

In brief:

Gain generated from 20-01-2006 = (Total gain x No. of days from 20-01-2006 through transmission) ÷ No. of days from acquisition to transmission

This amount can also be determined directly by difference between the total profit and that generated prior to January 20, 2006.

2.2.Special rule:listed securities

In the case of securities admitted to trading on any of the official secondary securities markets defined in Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments and in shares or units in collective investment undertakings, since there is an official listing, it is considered that the value at 19 January 2006 coincides with its valuation for the purposes of Wealth Tax for the 2005 financial year.

Please note that Directive 2004/39/EC has been repealed with effect from 3 January 2017 by Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.Article 94 provides that references to Directive 2004/39/EC shall be construed as references to Directive 2014/65/EU.

In short, in these cases, the determination of the capital gain generated before and after 20 January 2006 is carried out taking into account the following values:

a. **Acquisition value** of securities, stocks or shares **(VA).**

b. **Value that corresponds** to the aforementioned securities, shares or holdings for the purposes of **Wealth Tax corresponding to the financial year 2005 (VP).**

   In the case of shares and units in collective investment undertakings, the valuation for wealth tax purposes for 2005 is based on their net asset value at 31 December 2005.

   For the rest of the shares and holdings admitted to trading, the valuation for wealth tax purposes in 2005 is based on the average trading value of these securities in the fourth quarter of 2005.This assessment is set out in Order EHA/492/2006, of 17 February (BOE of 27 February).

c. **Transfer value of securities, stocks or shares (TV).**

On the basis of these values, the calculation of the generation of the capital gain is carried out as shown in the following scheme:

SITUATION 1 **The Transfer Value is equal to or higher than the Net Asset Value 2005** **(VT ≥ VP2005)**		**SITUATION 2** **The Transfer Value is lower than the Net Asset Value 2005** **(VT < VP2005)**
Acquisition Value is lower than Net Asset Value 2005 **(VA < VP2005)**	Reducable part of the capital gain: **(+)** Equity Value 2005 **(-)** Acquisition Value **=** Capital gains generated before 20-01-2006	The entire capital gain is reducible: **(+)** Transmission Value **(-)** Acquisition Value **=** Capital gains generated before 20-01-2006
	Non-reducible part of the capital gain: **(+)** Transmission Value **(-)** Equity Value 2005 **=** Capital gains generated as of 20-01-2006	
The Acquisition Value is greater than or equal to the 2005 Net Asset Value. **(VA ≥ VP2005)**	No part of the capital gain is reducible: **(+)** Transmission Value **(-)** Acquisition Value **=** Capital gains generated as of 20-01-2006	

3.Calculation of the reduction applicable in accordance with the ninth transitional provision of the Personal Income Tax Law

Once the part of the capital gain generated before 20 January 2006 has been determined, its amount shall be reduced, if applicable, in accordance with the steps described below:

3.1.The period during which the asset item remained in the taxpayer's estate before 31 December 1996.

The period of permanence of the asset item in the taxpayer's assets prior to 31 December 1996 is calculated.

For this purpose, the number of years, rounded by excess, between the date of acquisition (which is to be before 31 December 1994) and 31 December 1996 shall be taken as the period of stay in the taxpayer's assets.In accordance with this rule, a year and a day will constitute two years;Two years and a day shall be three years, and so on.

In the case of subscription rights, the term of stay shall be that which corresponds to the values from which they originate.Where the full subscription rights have not been transmitted, those transmitted shall be understood to correspond to the securities first acquired.

If improvements have been made to the assets transferred, the period of permanence of these improvements 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.

3.2.Calculation of the value of all transfers carried out as from 1 January 2015 for the limit of 400,000 euros

The transfer value of all the assets to which this regime would have been applicable, transferred from 1 January 2015 until the date of transfer of the asset (not including the value of the latter) is calculated.

Once calculated, the following situations have to be taken into account:

A. Transfer value of more than 400,000 euros

If this value is higher than 400,000 euros, no reduction will be applied to the gain derived from the transfer of the property, even if part of the capital gain was generated before 20 January 2006.

Please note:

In order to determine whether or not the 400,000 euros threshold is reached, the transfer values corresponding, inter alia, to capital gains arising from the transfer of the following assets not assigned to economic activities will not be taken into consideration:

a. *The transfer values corresponding to acquisitions made after 30 December 1994, as the abatement coefficients are not applicable.*

b. *The transfer values corresponding to transfers that have given rise to a capital gain not subject to tax by virtue of the provisions of Article 33 of the Personal Income Tax Act or which is exempt from tax or in the case of partial exemption due to reinvestment, the transfer value that was the object of reinvestment will be excluded.*

c. *The transfer values corresponding to transfers of shares or holdings listed on official markets acquired prior to 31 December 1994 when their acquisition value is higher than their value for wealth tax purposes in 2005, given that in this case the abatement coefficients would not apply*.

B. Transfer value less than 400,000 euros

If the transfer value referred to in the previous section is less than 400,000 euros, this value shall be added to the transfer value of the asset and liability item, with the following situations being differentiated according to the result:

a. The sum is less than 400,000 euros.

In this case, the part of the capital gain generated prior to 20 January 2006 will be reduced by the amount resulting from applying the percentages indicated in number 4 below, for each year of permanence **in the taxpayer's estate from its acquisition until 31 December 1996** that exceeds two.

b. The sum is more than 400,000 euros.

In this case, the reduction will be applied to that part of the capital gain generated prior to 20 January 2006 which proportionally corresponds to the part of the transfer value of the asset which, added to the amount in number 2 above, does not exceed 400,000 euros.

***Note**: if during the financial year there have been transfers to which the ninth transitory provision of the Law of IRPFis applicable, the additional data requested in section F2 of the return (return ("Capital gains and losses derived from the transfer of assets to be included in the savings tax base") must be completed, indicating the transfer value of all the assets to whose capital gain this regime has been applicable, transferred from 1 January 2015 until the date of transfer of the asset (not including the value of the latter).*

Table - summary

Situations	Application of the abatement coefficients
VT1 > 400,000	No reduction shall be made.

Where:

VT1:Accumulated transfer value corresponding to all the assets to whose capital gain this regime would have been applicable, transferred from 01-01-2015 until the date of transfer of the asset to whose gain the T.D. is to be applied. 9th Law of IRPF.

VT2:Transfer value of the capital item in respect of whose gain the reduction is calculated.

Situations	Application of the abatement coefficients
(VT1 + VT2) < 400,000	The corresponding reduction percentages will be applied to the total amount of the capital gain generated prior to 20 January 2006 corresponding to the asset being transferred.
VT1 + VT2 > 400,000 and, VT1< 400,000	The corresponding reduction percentages will be applied to the amount of capital gains generated prior to 20 January 2006 that proportionally corresponds to the difference between 400,000 and (VT1 + VT2).
Where: VT1:Accumulated transfer value corresponding to all the assets to whose capital gain this regime would have been applicable, transferred from 01-01-2015 until the date of transfer of the asset to whose gain the T.D. is to be applied. 9th Law of IRPF. VT2:Transfer value of the capital item in respect of whose gain the reduction is calculated.	

Note: *the limit of 400,000 euros is applied not to the transfer value of each asset, but to all the transfer values of all the assets to which the abatement coefficients have been applied from 1 January 2015 until the time of the temporary allocation of the capital gain.In other words, it is a joint limit for all assets, regardless of whether the transfer of each of them takes place at different times.*

Precisions:

- The limit of 400,000 euros is individual, so it is calculated for each taxpayer for the part of the transfer value that corresponds to them of the items transferred as of 1 January 2015, depending on whether the ownership of the item is private or community property.

- The taxpayer may apply the ninth transitional provision to the capital gains derived from the transfers as he sees fit and in the order he considers appropriate.However, once the taxpayer decides to apply the ninth transitional provision on the capital gain derived from the transfer of a capital item, he must apply it to the maximum possible amount, taking into account the aforementioned limit of 400,000 euros, without, therefore, the possibility of applying it exclusively to the part of the transfer value of the capital item that the taxpayer determines.In other words, there is no room for partial applications in each individual transmission.

- The application of the ninth transitional provision must be carried out separately for each of the transfers made during the year.

  Therefore, in the event that different transfers of shares or holdings that are considered to be homogeneous securities take place during the tax period, it will be necessary to determine whether the provisions of the aforementioned transitional provision could be applicable to each of the transfers.

3.3.Application of the relevant reduction or abatement coefficients

Once the amount of the reducible capital gain has been determined, the corresponding reduction or abatement coefficients are applied, depending on the nature of the capital item from which the capital gain derives, and the applicable reduction is determined.

For this purpose, it is necessary to distinguish between:

- **Shares admitted to trading** on one of the official secondary securities markets defined in

Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, and representing the equity of companies or entities, with the exception of shares representing the share capital of Real Estate and Investment Companies:**the applicable reduction is 25 per cent for each year exceeding two years from acquisition until 31 December 1996**.

Directive 2004/39/EC has been repealed with effect from 3 January 2017 by Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.This, in Article 94, provides that references to Directive 2004/39/EC shall be construed as references to Directive 2014/65/EU.

- **Real estate**, **rights on the same or securities** of the entities included in article 314 of the revised text of the Securities Market Law, approved by Royal Legislative Decree 4/2015, of 23 October (BOE of 24 October), with the exception of shares or holdings representing the share capital or assets of Real Estate Investment Companies or Funds:**the applicable reduction is 11.11 per cent for each year exceeding two years from acquisition until 31 December 1996.**

  It should be noted that, although the ninth transitory provision of the Law of IRPF refers to article 108 of Law 24/1988, of 28 July, on the Securities Market, said article together with the rest of the provisions of the aforementioned law (now repealed) have been incorporated into the revised text of the Securities Market Law, approved by Royal Legislative Decree 4/2015, of 23 October.

- **For all other assets and rights**, the applicable reduction **is 14.28 per cent for each year exceeding two years from acquisition until 31 December 1996**.This group of assets and rights includes, inter alia, shares or holdings representing the share capital or equity of Investment, Property and Real Estate Companies or Funds.

The following table shows the percentage reductions applicable to the reducible capital gain according to the nature of the capital item generating it and the period of permanence of the item in the taxpayer's assets on 31 December 1996.

Years to 31-12-1996	Date of acquisition	Nature of the transmitted patrimonial element		
		Values supported for negotiation	Real estate	Other items
Up to 2	31-12-1994 to 31-12-1996	0.00 %	0.00 %	0.00 %
Up to 3	31-12-1993 to 30-12-1994	25.00 %	11.11 %	14.28 %
Up to 4	31-12-1992 to 30-12-1993	50.00 %	22.22 %	28.56 %
Up to 5	31-12-1991 to 30-12-1992	75.00 %	33.33 %	42.84 %

Years to 31-12-1996	Date of acquisition	Nature of the transmitted patrimonial element		
		Values supported for negotiation	Real estate	Other items
Up to 6	31-12-1990 to 30-12-1991	100.00 %	44.44 %	57.12 %
Up to 7	31-12-1989 to 30-12-1990	100.00 %	55.55 %	71.40 %
Up to 8	31-12-1988 to 30-12-1989	100.00 %	66.66 %	85.68 %
Up to 9	31-12-1987 to 30-12-1988	100.00 %	77.77 %	100.00 %
Up to 10	31-12-1986 to 30-12-1987	100.00 %	88.88 %	100.00 %
Up to 11	31-12-1985 to 30-12-1986	100.00 %	100.00 %	100.00 %

Remember: *the reduction percentages listed above do not apply in any case to capital losses or to the part of the capital gain generated from 20 January 2006 until the date of transfer.*

In accordance with the above, the part of capital gains deriving from assets or rights acquired before 31 December 1996 is not subject to the IRPF **with an anticipation of more than**:

- **5 years, in the case of shares admitted to trading** on official secondary markets.That is, those acquired before 31 December 1991.
- **10 years in the case of immovable property and rights thereon**.That is, those purchased before 31 December 1986.
- **8 years, for all other goods and rights**.That is, those purchased before 31 December 1988.

Provided that the transfer value of all the assets to which this regime would have applied, transferred from 1 January 2015 until the date of transfer of the asset, does not exceed 400,000 euros.

Not derived from transfers of capital assets

Regulations:Art. 34.1.b) Law IRPF

In cases other than transfers for valuable consideration or profit, the amount of the capital gain or loss shall be the **market value of the assets or proportional parts**, where applicable.

This category of capital gains includes the addition of assets or rights to the taxpayer's assets that do not derive from a previous transfer, such as, for example, the receipt of certain subsidies or aid for the purchase or renovation of the main residence, rental aid, the 200 euro grant for people with low income and assets, the Youth Cultural Voucher, those derived from the use of public forests by local residents, interest on compensation arising from the delay in fulfilling an obligation, including the payment of wages, as well as prizes obtained from participation in games, competitions, raffles or random combinations.

What's new 2022:

Aid of EUR 200 for low-income and low net worth individuals

Article 31 of Royal Decree-Law 11/2022 of 25 June, adopting and extending certain measures to respond to the economic and social consequences of the war in Ukraine, to deal with situations of social and economic vulnerability, and for the economic and social recovery of the island of La Palma, has introduced, with the aim of alleviating the detrimental effect on prices caused by the energy crisis resulting from the invasion of Ukraine, an aid called "Direct line of aid to individuals with low income and assets".

This is a one-off payment, amounting to 200 euros, which is available to individuals who are self-employed or employed and are registered in the corresponding Social Security or mutual insurance scheme, or who are unemployed and registered at the employment office, whether or not they are receiving unemployment benefit or subsidy, provided that in 2021 they received income of less than 14,000 euros per year, and have assets of less than 43,196.40 euros per year.

The calculation of income and assets to obtain the aid will be carried out jointly, considering all persons residing with the beneficiary at the same address on 1 January 2022 and who are linked to each other by marriage or an analogous relationship of at least two years prior to marriage or by kinship, up to the third degree, including those related, with any of the above, as well as other persons with whom any of the above cohabit by virtue of foster care or permanent family foster care.

This aid is treated as a capital gain for its beneficiaries.

Young cultural voucher:

Law 22/2021, of 28 December, on General State Budgets for the year 2022 (BOE of 29 December) created, with effect from 1 January 2022, the so-called "Bono Cultural Joven", aimed at facilitating access to culture for young audiences.

This is a grant for the purchase of cultural products and services offered by the entities that join the programme, with a maximum amount of 400 euros per beneficiary. The beneficiaries are young people who have reached the age of 18 during the year 2022 and meet the requirements of Royal Decree 210/2022, of 22 March, which establishes the rules governing the Bono Cultural Joven (BOE of 23 March).

The amount is granted on a one-off basis to each beneficiary and must be used within a maximum of one year from the date of grant.The amount granted is paid in a single payment in the form of virtual prepaid cards.Once the aforementioned period of 1 year has elapsed, the Bono Cultural Joven is automatically deactivated, and the collaborating entity proceeds to refund the amounts not used.

For this reason, only the monetary amount of the aid that has actually been used in the acquisition of cultural products and services gives rise to a capital gain for the persons who have benefited from it.

Specific case:

In the case of grants the amount of such gain shall be the monetary amount of the grant.

With regard to the prizes, the following prizes can be distinguished:

- **Cash prizes.** These prizes are subject to withholding, so the amount computable as a capital gain will be made up of the entire prize without deducting the withholding that will be declared as such in the section of the tax return corresponding to withholdings and other payments on account.

- **Prizes in kind.** These prizes are subject to payment on account, so the total computable amount will be made up of the sum of the valuation of the prize received, which will be made at its market value, plus the payment on account, unless the latter has been passed on to the taxpayer.

In the case of court costs two situations must be distinguished:

a. Taxpayer obliged - by court judgement - to pay the legal defence costs incurred by the successful party in the proceedings.

   This is a capital loss that will be allocated in the tax period in which the conviction has become final, as it is in that tax period that the change in assets that gives rise to the loss occurs.It is included in the general tax base in the manner and within the limits established in article 48 of the law of IRPF.

b. A taxpayer who, as the winner in legal proceedings, receives a certain amount of money as a result of an award of legal costs to the opposing party.

   In this case, in order to determine the capital gain that may accrue to the winner of the lawsuit if the opposing party is ordered to pay legal costs, the winning litigant may deduct from the amount he receives as costs the expenses incurred in the lawsuit, a deductible amount which may be up to, but not exceeding, the amount he receives.Therefore, if the amount of the order for costs corresponds to the costs incurred - classifiable as costs - there will be no capital gain for the applicant in respect of the costs.See the Resolution of the TEAC of 1 June 2020, Complaint number 00/06582/2019, appeal for the unification of criteria.

In the case of interest on late payment, the recent Supreme Court ruling no. 24/2023, of 12 January, handed down in appeal no. 2059/2020 (ROJ:STS 121/2023), established as doctrine:"the

late payment interest paid by the Tax Agency when making a refund of undue income is subject to and not exempt from IRPF, constituting a capital gain that constitutes general income, in accordance with the provisions of Article 46.b) of the Law on Personal Income Tax, interpreted a sensu contrario".

This criterion is also applicable to late payment interest paid by other administrations, entities or parties other than the Tax Agency and, in general, to compensation interest received by taxpayers which, following the Supreme Court's ruling, is classified as a capital gain to be included in the general tax base since, as the Court states, it has not arisen on the occasion of the transfer of assets.

Note: *the refund, in cash or through other compensation measures, of amounts previously paid to financial institutions as interest for the application of clauses limiting loan interest rates (the so-called floor clause), together with the corresponding compensatory interest, derived both from agreements entered into with financial institutions and from compliance with judgements or arbitration awards, will not be included in the taxable base of IRPF.*

Examples

Example 1:Determination of the amount of the gain arising from the transfer for valuable consideration of immovable property acquired before 31 December 1994

On 10 October 1992, Mr. B.P.T. purchased a villa for the equivalent of 100,000 euros, and paid a transfer tax of 7,000 euros.The remaining

On 10 October 1992, Mr. B.P.T. purchased a villa for the equivalent of 100,000 euros, and paid a transfer tax of 7,000 euros.The remaining disbursements made by Mr. B.P.T. on the occasion of the acquisition amounted to the sum of 1,000 euros for notary and registration fees.

In July 2012 he contracted the construction of a swimming pool, as well as the refurbishment of the interior of the villa.These works were carried out in July and amounted to 75,000 euros, including VAT.

On 3 February 2022, he sold the villa for the price of 500,000 euros, of which 150,000 euros correspond to the improvement made in 2012, paying the Municipal Tax on the Increase in Value of Urban Land in the amount of 15,000 euros.The villa has not been rented at any time.

Determine the amount of the capital gain or loss obtained in said transfer, taking into account that the taxpayer has not transferred any assets since 2015 to which the ninth transitional provision of the Law of IRPF was applicable.

Solution:

As improvements were made to the chalet in a year other than the year of acquisition, a distinction must be made between the part of the disposal value corresponding to each component, i.e. the chalet and the improvement, in order to apply the corresponding reduction

coefficient to the capital gain derived from the transfer of the chalet.

The determination of the capital gain or loss obtained shall be made by distinguishing between that corresponding to the chalet and that corresponding to the improvement.

1.Determination of the capital gain corresponding to the villa (date of sale 03-02-2022).

a. Determination of the capital gain obtained:

Value of transmission (500.000 - 150.000 - 15.000) **(1)** = 335.000

Value of acquisition (100.000 + 7.000 + 1.000) **(2)** = 108.000

Capital gain (335.000 - 108.000) = 227.000

b. Determination of capital gains generated before 20-01-2006):

Capital gains generated prior to 20-01-2006:(227,000 ÷ 10,708 days) x 4,849 days **(3)** = **102,794.45**

c. Calculation of the reduction:

i. Capital gain eligible for reduction **(4)**

Maximum limit of transmission values:400,000

Cumulative transfer value of other assets transferred with the right to the reduction since 01-01-2015:0

Transfer value of the asset to which the D.T.9ª Ley del IRPF applies:335,000

Capital gain eligible for reduction:102,794.45

ii. Applicable reduction

Number of years of permanence at 31-12-1996:up to 5 years

Reduction by abatement coefficients (33.33% x 102,794.45) = 34,261.39

iii. Reduced capital gain

Reduced capital gain (102.794,45 - 34.261,39) = **68.533,06**

d. Determination of the non-reducible capital gain (generated from 20-01-2006):

Capital gains generated after 20-01-2006:(227,000 ÷ 10,708) x 5,858 **(5)** = **124,184.35**

2.Determination of the capital gain corresponding to the improvement:

Transmission value:150,000

Cost price:75,000

Capital gain (150.000 - 75.000) = 75.000,00

3.Eligible capital gain (68.533,06 + 124.184,35 + 75.000,00) = **267.717,41**

Notes for the example:

(1) From the part of the transfer value corresponding to the villa (350,000 euros), the amount paid in respect of Municipal Tax on the Increase in Value of Urban Land (15,000 euros) has been deducted.**(Go back)**

(2) Please note that as of 1 January 2015 the discount coefficients that were applied to determine the discounted amounts of the components of the acquisition value are abolished.**(Go back)**

(3) The capital gain generated between the date of acquisition of the villa (10-10-1992) and 19 January 2006, inclusive, is determined by dividing the total capital gain (227,000) proportionally by the number of days elapsed (10,708) between the date of acquisition of the villa and the date of transfer of the same (03-02-2022), with respect to the total number of days (4,849) between the date of acquisition and 19-01-2006, inclusive.**(Go back)**

(4) As the maximum limit applicable to the transfer value is 400,000 euros and, in this case, the transfer value of the villa is 335,000 euros and, furthermore, it is the first transfer made by the taxpayer since 1 January 2015 to whose capital gain the transitional regime may be applicable, the corresponding reduction percentages will be applied to the whole amount (102,794.45 euros) of the capital gain generated prior to 20-01-2006.65,000 of the maximum limit (400,000 - 335,000) can be used in the next transfer to which the ninth transitional provision of the Law of IRPF applies. **(Back)**

(5) The capital gain generated from 20 January 2006 until 3 February 2022 when the transfer of the chalet takes place is determined by dividing the total capital gain (227,000) proportionally by the number of days elapsed (10,708) between the date of acquisition of the chalet and the date of transfer of the same (03-02-2022), with respect to the total number of days (5,858) between 20-01-2006 and the date of transfer of the same (03-02-2021).

The latter amount can also be determined by subtracting from the total capital gain obtained the part generated before 20-01-2006.In other words, (227,000.00 - 102,794.45 = 124,205.55) profit which cannot be reduced.**(Return)**

Example 2:Determination of the amount of the gain arising from the transfer for valuable consideration of listed shares acquired before 31 December 1994

Mr. B.P.T., in addition to the chalet referred to in the previous example, sold on the stock exchange on 30 October 2022 the amount of 300 shares in the public limited company TASA for the sum of 75,000 euros.These shares were acquired on 31 May 1991 for a total amount of 57,000 euros.

The value of these shares for wealth tax purposes for 2005 amounted to 66,000 euros.

Determine the amount of the capital gain or loss obtained in this transaction.

Solution:

1.Determination of the total capital gain or loss:

Transfer value of shares:75,000

Acquisition value of the shares:57,000

Total capital gain:18,000

2.Determination of capital gains generated before 20-01-2006:

As the transfer value of the shares admitted to trading is higher than their valuation for Wealth Tax purposes for 2005, which amounts to 66,000 euros, the part of the capital gain that is understood to have been generated prior to 20 January 2006, which is the only part to which the reduction coefficients are applicable, must be determined.

This is determined as follows:

Value for wealth tax purposes 2005 (transfer value):66,000

Cost price:57,000

Capital gain generated before 20-01-2006 (66.000 -57.000) = 9.000

3.Calculation of the reduction

a. Profit generated before 20-01-2006 eligible for reduction

   Maximum limit:400,000.00

   ∑ Cumulative transfer value of assets eligible for reduction since 01-01-2015 = 335,000.00

   Transfer value of the asset to which the D.T.9ª Ley del IRPF applies **(1)** = 65.000

   Capital gain eligible for reduction (9,000 x 65,000) ÷ 75,000 = 7,800

b. Applicable reduction

   Number of years of permanence at 31-12-1996:up to 6 years

   Reduction by abatement coefficients (100% x 7,800) = 7,800

c. Reduced capital gain

   Reduced capital gain (9,000 - 7,800) = 1,200

4.Determination of the non-reducible capital gain (generated from 20-01-2006):

Transmission value:75,000.00

Value for wealth tax purposes 2005 (acquisition value):66,000

Non-reducible capital gain (75,000 - 66,000) = 9,000

5.Determination of the computable capital gain:(1,200 + 9,000) **(2)** = 10,200

Notes for the example:

(1) Although the value of the transfer is 75,000.00 euros, as 335,000 euros of the limit of 400,000 euros were already used in the previous transfer (the villa in example 1), only 65,000 euros remain to be used in the current transfer.Therefore, the part of the gain generated before 20-01-2006 that corresponds proportionally to a transfer value of 65,000 euros is eligible for reduction.On the next transfer, even if the property was acquired by the taxpayer before 31 December 1994, the reductions provided for in the ninth transitional provision of the Law of IRPF cannot be

applied.(Return)

(2) The latter amount can also be determined directly by the difference between the total capital gain obtained and the reduction applied.In other words:(18.000 - 7.800 = 10.200).(Go back)

Example 3:Determination of the amount of the gain not derived from the transfer of capital assets

In May 2022, Mr. P.A.G. won a prize in a television competition consisting of a beach flat, the acquisition cost of which for the awarding entity, which coincides with its market value, amounted to 60,000 euros.The acquisition costs paid by Mr. P.A.G. amounted to 5,700 euros.

Determine the amount of the capital gain to be taken into account.

Solution:

Valuation (market value) = 60.000

Deposit to account = 13.680 (1)

Capital gain (60,000 + 13,680) = 73,680

Notes for the example:

(1) The interim payment made by the entity granting the award has been determined on the basis of the acquisition cost increased by 20 per cent and applying the percentage of 19 per cent (in force in 2022).In other words:19% s/(60,000 x 1.2) = 13,680 euros.The latter amount may be deducted in the tax return by the taxpayer together with the remaining withholdings and payments on account made.(Go back)

Determination of the amount of capital gains or losses:specific valuation rules

In addition to the general rules set out above, **The Act provides for specific valuation rules** for the determination of the acquisition, transmission or both values in relation to profits and equity losses arising from the following goods or rights:

1.Transfers for valuable consideration of securities admitted to trading on one of the regulated securities markets in the European Union

Regulations:Art. 37.1.a) Law IRPF

In general:transfers for valuable consideration of listed securities

When the change in the value of the assets derives from the transfer for valuable consideration of securities admitted to trading on any of the regulated securities markets defined in Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial

instruments, which are representative of the participation in the equity of companies or entities, the capital gain or loss shall be calculated as the difference between their acquisition value and the transfer value, taking into account the following specific rules:

> Please note that Directive 2004/39/EC has been repealed with effect from 3 January 2017 by Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.This, in Article 94, provides that references to Directive 2004/39/EC shall be construed as references to Directive 2014/65/EU.

Transmission value

The transfer value shall be determined by the quotation on those markets on the date of the transfer or by the agreed price if it is higher than the quotation.

Cost price

The following particularities must be taken into account when determining the acquisition value:

a. **Acquisition value of partially paid-up shares.**

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

b. **Acquisition value of fully paid-up shares.**

   In the case of fully paid-up shares, the acquisition value, both of these and of any bonus shares, shall be that resulting from dividing the total cost by the number of securities, both old and bonus shares.The age of these actions shall be that of the shares from which they proceed.

c. **Acquisition value in case of transfers of subscription rights made before 1 January 2017**

   Regulations:Twenty-ninth Transitional Provision Law IRPF.

   For the determination of the acquisition value of the securities, the amount obtained by the transmissions of subscription rights made prior to 1 January 2017 shall be deducted, with the exception of the amount of such rights which it had taxed as a net profit.Where the full subscription rights have not been transmitted, those transmitted shall be understood to correspond to the securities first acquired.

Identification of the securities transferred

Regulations:art. 37.2 Ley IRPF.

In order to individualize the titles alienated when the totality of the possessed had not been transmitted, the Law establishes a special criterion, according to which when there are homogeneous values and not all are alienated, it is understood that those transmitted by the taxpayer are those that it acquired first (FIFO criterion).

Example:sale of fully or partially paid-up shares

On 5 March 2001, Mr C.L.S. acquired 900 shares in the listed company YY for EUR 10 per share.

On 11 May 2007 company YY distributes dividends through the delivery of fully paid-up shares.Mr. C.L.S. receives 600 shares.

On 14 September 2011, a further 500 partially paid-up shares are delivered for which it pays 3,500 euros (5 euros per share).

On 15 October 2022, Mr. C.L.S. sells 1,600 shares for 16,000 euros (10 euros per share).

Solution:

1.Acquisition value of fully paid-up shares.

The fully paid-up shares received on 11 May 2007 are added to the shares acquired on 5 March 2001 (900 + 600 = 1,500 shares) and the total cost (9,000 euros + 0 euros for the paid-up shares = 9,000 euros) is divided by the number of shares (1,500), giving an acquisition value of 6 euros per share (9,000/1,500), the acquisition date of the fully paid-up shares received being considered to be that corresponding to the shares from which they came (5 March 2001).

Information	Shares acquired on 05-03-2001	Released shares	Total
Number of shares	900	600	1,500
Acquisition cost	9,000	0	9,000
Acquisition value/share (€9,000 ÷ 1,500 shares)			6

2.Acquisition value of partially paid-up shares.

The acquisition value of these shall be the amount actually paid by the taxpayer.In this case 2,500 euros (2,500 euros ÷ 500 shares = 5 euros/per share).

3.Determination of the total capital gain or loss:

Information	Acquired on 05-03-2001	Acquired on 14-09-2011
Number of shares sold (1,600)	1,500 shares(*)	100 shares(*)
Transfer value (EUR 10 per share)	15,000	1,000
Cost price	9,000	500
Capital gain	6,000	500

(*) Of the 1,600 shares transferred, 1,500 correspond to those acquired on 05-03-2001 (including the 600 fully paid-up shares) and 100 to those acquired partially paid-up on 14-09-2011.(Go back)

Transmission of subscription rights

Preferential subscription rights are rights that give the partner versus third parties the preference to subscribe to new shares or participations. in proportion to the nominal value of the shares or shares held at the time of the company's expansion of social capital or the issue of bonds convertible into shares.

In the transmission of subscription rights we must distinguish:

A. Tax regime applicable as from 1 January 2017

As of 1 January 2017, the amount obtained by the transmission of subscription rights derived from securities admitted to trading that correspond to the taxpayer for his status as a partner or participant in the capital of the entity has the consideration of wealth gain for the transferee in the tax period in which the transmission takes place.

On the transfer of these subscription rights, the depository entity and, failing that, the financial intermediary or the notary public who has intervened in the transfer, shall be obliged to withhold or pay on account for the IRPF.The withholding tax to be levied on capital gains derived from the transfer of subscription rights is 19% of the amount obtained in the transaction or, in the event that the depository is the entity obliged to make the withholding tax, on the amount received by the latter for delivery to the taxpayer.

***Note**: as from 1 January 2017, the tax treatment of the transfer of subscription rights, whether the rights derive from securities admitted to trading or not, will be the same as in the case of securities admitted to trading.In both cases, the transfer of the subscription rights will be taxed as a capital gain in the year in which it occurs.*

B. Tax regime applicable until 31 December 2016

Until 31 December 2016, the amount obtained in the transmission of subscription rights derived from this class of shares and participations, was in a minority of the acquisition value of the shares of which it came for the purpose of future transmissions, and if the amount obtained in the transmission of the subscription rights was to be higher than the aforementioned acquisition value, then the difference was considered to be net gain for the transsider.

This same regime, which was abolished as from 1 January 2017, was applicable to the amount obtained from the transfer of pre-emptive subscription rights resulting from capital increases carried out in order to increase the degree of dissemination of a company's shares prior to their admission to trading on any of the official secondary securities markets provided for in the revised text of the Securities Market Act, approved by Royal Legislative Decree 4/2015, of 23 October (BOE of 24 October).

***Remember:** As of 1 January 2017, the tax treatment of the amount obtained on the transfer of subscription rights derived from securities admitted to trading was modified and is now considered as a capital gain.As a consequence of this amendment, a transitional regime has been established that allows taxpayers to determine the acquisition value of securities admitted to trading by deducting the amount obtained from the transfer of subscription rights made up to 31 December 2016, with the exception of the amount of such rights that would*

have been taxed as a capital gain.

Transfer of shares or units acquired before 31 December 1994

In this case, if a capital gain is obtained, a distinction must be made between the part of the capital gain generated prior to 20 January 2006 (the only part on which the reduction or abatement coefficients are applicable) and the part generated after that date on which the reduction or abatement coefficients are not applicable.

The determination of capital gains generated prior to 20 January 2006 will be carried out in accordance with the special rule for these values discussed in this same Chapter and applying, where appropriate, the corresponding reduction coefficients in accordance with the provisions of the ninth additional provision of the Law of IRPF.

In the case of subscription rights, the term of stay shall be that which corresponds to the values from which they originate.Where the full subscription rights have not been transmitted, those transmitted shall be understood to correspond to the securities first acquired.

Special case:acquisition or transfer by the borrower of securities homogeneous to those borrowed

In accordance with the eighteenth additional provision of Law 62/2003, of 30 December, on fiscal, administrative and social measures (BOE of 31 December), the following special tax regime is applicable to acquisitions or transfers made by the borrower of securities homogeneous to those borrowed during the term of the loan:

- **Transfers of homogeneous securities** to those borrowed that take place during the term of the same shall be deemed to **affect first the securities borrowed**, and shall only be deemed to affect the portfolio of pre-existing homogeneous securities in the taxpayer's assets, to the extent that the number of securities transferred exceeds those borrowed.

- **Purchases** made during the term of the loan **shall be charged to the securities borrowed**, unless they exceed those necessary for the full repayment of the loan.

- **The income derived from the transfer** of the securities borrowed **will be attributed to the tax period in which the subsequent acquisition of other homogeneous securities takes place, and will be calculated as the difference between the transfer value and the acquisition value corresponding to those acquired** during the duration of the loan and after the transfer.

- **Where the borrower borrows new homogeneous securities in order to repay the securities, the acquisition value shall be taken to be the quoted value of the new homogeneous securities on the date on which the new loan is taken out.**

- **If the repayment is made by the borrower by means of the delivery of homogeneous securities pre-existing in his assets**, the acquisition value shall be taken as the market price of the securities on the date of cancellation of the loan.This quotation value will be taken as a

transmission value to calculate the return income made with pre-existing homogeneous values.

It should be noted that, although the eighteenth additional provision of Law 62/2003 has been repealed with regard to Corporate Income Tax, with effect from 1 January 2015, by Law 27/2014 of 27 November (BOE of 28 November), it remains in force for IRPF.

Example:

On 3 May 2022, Ms. E.R.L. sold 400 shares in the "TASA" public limited company on the stock exchange, with a par value of 6 euros, at 300 per cent of the share price on that date.The shares sold are part of a package of 550, which were acquired by doña E.R.L. according to the following detail:

Number of actions	Date of acquisition	Acquisition price	Price / action
250	02-02-1990	3,250 euros	13 euros
210	06-05-1995	3,570 euros	17 euros
90	13-01-1998	540 euros	6 euros

Determine the amount of the capital gain or loss obtained in said transaction, knowing that the valuation of the shares for Wealth Tax purposes for the 2005 financial year amounted to 15 euros per share and taking into account that the taxpayer has not transferred any assets since 1 January 2015 to which the ninth transitory provision of the Law of IRPF was applicable.

Solution:

In order to determine the profit or loss of property resulting from the transmission of the 400 shares, it is necessary, first, to identify those sold within the totality of the holdings.To this end, the legal criterion that the shares sold are those that were acquired first (FIFO criterion) must be applied, so that the 400 shares sold correspond to the 250 acquired on 02-02-1990, and 150 of those acquired on 06-05-1995.

Once the shares sold have been identified, within the totality of the shares held, the total net profit or loss must be calculated separately for the 250 shares acquired in 02-02-1990 and for the 150 acquired in 06-05-1995, according to the following detail:

1º. Determination of the total capital gain or loss:

Information	Acquired in 02-02-1990	Acquired in 06-05-1995
Number of shares sold (400)	250	150
Transmission value (EUR 300 per 100)	4,500	2,700

Information	Acquired in 02-02-1990	Acquired in 06-05-1995
Cost price	3,250	2,550
Capital gain	1,250 (1)	150 (2)

2º. Determination of capital gains generated before 20-01-2006:

Value for purposes I. Heritage 2005 (transmission value):3,750

Cost price:3,250

Capital gain generated before 20-01-2006 (3.750 -3.250) = 500

3º. Calculation of the reduction

a. Profit generated with prior to 20-01-2006 eligible for reduction (3)

Maximum limit:400,000

∑ value of transmission of assets entitled to reduction from 01-01-2015:0

Transfer value of the asset to which the D.T.9ª Ley del IRPF applies:4,500

Capital gain eligible for reduction:500

b. Applicable reduction

Number of years of permanence at 31-12-1996:up to 7 years

Reduction by abatement coefficients (100%):500

c. Reduced capital gain

Eligible capital gains:0

4º. Determination of the non-reducible capital gain:(generated from 20-01-2006):

Transmission value:4,500

Value for purposes I. Heritage 2005 (acquisition value):3,750

Non-reducible capital gain (4,500 - 3,750) = 750

5º. Determination of the computable capital gain:

The computable wealth gain amounts to:(750+ 150) = 900

Notes to the example

(1) As the transfer value of the shares (4,500 euros) is higher than their valuation for Wealth Tax purposes for 2005 (250 x 15 = 3,750), the part of the capital gain generated prior to 20-01-2006, which is the only part that can be reduced, must

be determined.(Go back)

(2) As the shares were acquired after 31-12-1994, no reduction coefficients are applicable to the capital gain obtained.(Go back)

(3) As the maximum limit applicable to the transfer value is 400,000 euros and, in this case, the transfer value of the shares entitled to the application of the reduction coefficients is 4,500 euros without any other transfer having taken place since 1 January 2015 entitled to the application of the ninth transitory provision of the Law of IRPF, the reduction coefficients will be applied to the entire amount of the capital gain generated prior to 20-01-2006.(Return)

Special case:payment of dividends by delivery of fully paid-up shares

It is common practice for companies listed on the stock exchange to replace the payment to their shareholders of a cash dividend by an increase in capital by issuing new shares fully released from reserves from undistributed profits. granting its shareholders the corresponding rights of free allocation for the subscription of the same.

In these cases, shareholders, holders of the rights of free allocation can subscribe to the new shares, or transmit those rights in the market.In the event that neither of these two possibilities is chosen, the company agrees to satisfy the shareholders a certain amount of cash compensation for each allocation right.

The tax treatment applicable to the natural person partners who are contributors to the IRPF this will be summarized in the following table:

Shareholder options in the "scrip dividend" (flexible dividend)	Taxation	
	As of 01-01-2017	Until 31-12-2016
Sale of free assignment rights in the secondary market.	Capital gain in the year in which the transfer takes place, subject to withholding tax.	The amount obtained reduced the acquisition value of the shares when they were transferred.If the amount obtained was greater than the acquisition value of the shares the excess was considered to be net profit.
Delivery to shareholders of fully released shares.	It does not constitute income (*)	It does not constitute income (*)
Compensation for assignment rights not exercised or transmitted.	Dividend:Performance of capital furniture subject to retention.	Dividend:Performance of capital furniture subject to retention.

(*) The acquisition value of both the paid-up shares and the shares from which they derive is calculated by dividing the total cost by the number of shares.

Example

On March 3, 2007, Mr. M.P.Z. acquired 200 shares of the RR company in the stock exchange, amounting to 2.000 euros (10 euros per share), according to their quotation on that date.

On January 5, 2011, the RR company announced that, in order to improve its dividend payment policy, it agreed to an increase in social capital by issuing new fully released shares from undistributed earnings reserves. granting its shareholders the corresponding rights of free assignment.

For those holders of free allocation rights who do not subscribe to or transmit new shares, the RR company undertook to pay 1,50 euros gross for each of them.

On January 15, 2011, Mr. M.P.Z. sold all of his free assignment rights for 300 euros.

On 5 May 2022 the company RR carries out a new capital increase and Mr. M.P.Z. sells all his rights obtaining 400 euros.

On August 7 Don M.P.Z. sells all shares for 2.200 euros.

Solution:

1.Sale of subscription rights 5-05-2022

Capital gains arising from transfers of subscription rights = 400

2.Sale of RR shares on 07-08-2022

a. **Determination of the acquisition value of the shares for the transfer of free-of-charge allocation rights carried out prior to 1 January 2017.**

Note: Pursuant to the provisions of article 306.2 of the Consolidated Text of the Capital Companies Act, approved by Royal Legislative Decree 1/2010, of 2 July (BOE of 3 July), the rules of transferability set forth in said article for pre-emptive subscription rights shall apply to the rights of free allotment of the new shares in the event of a capital increase charged to reserves.

Consequently, following the tax regime established for pre-emptive subscription rights, and in accordance with the provisions of the twenty-ninth transitory provision of the Law on Personal Income Tax , the amount obtained from the sale of free-of-charge allocation rights on 15 January 2011 (300 euros) is deducted from the value at which the shares were acquired on 3 March 2007 (2,000 euros).

Acquisition value = 2,000

Value of subscription rights = 300

New acquisition value (2,000 - 300) = 1,700

Acquisition value/share (1,700 ÷ 200) = 8.50

b. **Determination of capital gain or loss**

Transmission value = 2,200

Acquisition value = 1,700

Capital gain (2,200 -1,700) = 500

c. **Capital gains from transfers of traded shares = 500**

2.Transfers for valuable consideration of securities not admitted to trading on any of the regulated securities markets in the European Union

Regulations:Art. 37.1 b) Ley IRPF.

In general:transfer of unlisted securities

Specific valuation rule

When the change in the value of assets derives from 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 (OJEU of 12 June), which are representative of the equity of companies or entities, the capital gain or loss will be calculated as the difference between their acquisition value and the transfer value.

> Please note that Article 37.1.b) of the Law of IRPF refers to securities as defined in Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, but this Directive has been repealed with effect from 3 January 2017 by Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.Article 94 provides that references to Directive 2004/39/EC shall be construed as references to Directive 2014/65/EU.

- Transmission value

The higher of the following two values shall be deemed to be the transfer value, unless it is proved that the value actually paid corresponds to that which would have been agreed upon by independent parties under normal market conditions:

a. **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 accrual date of IRPF.

b. **The result of capitalising at the rate of 20 per cent** the average of the results of the three financial years ended prior to the accrual date of IRPF.To this last effect, will be counted as profits dividends distributed and allocations to reserves, excluding those of regularisation or update their balance sheets.

   The transfer value thus calculated will be taken into account to determine the acquisition value of the securities or shares that corresponds to the purchaser.

   > **This rule does not apply** when, as the investee company was incorporated in the first or second financial year closed prior to the date of accrual of IRPF, the results of "the three financial years closed prior to the date of accrual of IRPF" are not available at the latter date.
   >
   > **On the other hand, this rule does apply** when the investee company has been inactive and has not obtained a loss or profit in one or more of the three financial years closed prior to the date of accrual of the IRPF, and the result of the financial year or years in which it was inactive must be taken as nil, and then averaged by three.Resolution of the Economic-Administrative Tribunal (TEAC) of 26 April 2022, Claim number 00/7287/2021, in an extraordinary appeal for the unification of criteria.

- Acquisition value

The following particularities must be taken into account when determining the acquisition value:

a. **Acquisition value in case of transfer of subscription rights**.

To determine the acquisition value of the shares transferred, only the amount of the subscription rights sold before 23 March 1989, the date of entry into force of Royal Decree-Law 1/1989 of 22 March 1989 (BOE of 23 March 1989) will be deducted.

The disposal of pre-emptive subscription rights deriving from this type of shares **determines that the amount obtained shall in all cases be considered as a capital gain** for the transferor in the tax period in which said transfer takes place, without the acquisition value of said rights being computed in these cases, and for which the period of permanence shall be taken as that between the time of acquisition of the security from which the right derives and the time of transfer of the latter.

b. **Acquisition value of partially paid-up shares**.

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

c. **Acquisition value of fully paid-up shares**.

In the case of fully paid-up shares, the acquisition value, both of these and of any bonus shares, shall be that resulting from dividing the total cost by the number of securities, both old and bonus shares.The latter shall have, for the purposes of the period of permanence, the same seniority as the originating actions.

- Identification of the securities transferred

In order to be able to identify the securities sold, especially when not all the securities held have been transferred, the Law establishes a special criterion, according to which **when there are homogeneous values and not all of them are sold, it is understood that those transferred by the taxpayer are those that were acquired first** (FIFO criterion).

Example:Transfers for valuable consideration of unlisted securities

Example

Ms. G.C.A. on 03-01-1991 subscribed 1,500 shares in S.A. "Beta", which is not listed on the stock exchange, for an amount equivalent to 9,000 euros.On 21-12-2000 he acquired 2,000 shares in the same company, paying 25,000 euros.

On 05-11-2022 he sells 3,000 securities for 66,000 euros.The share capital of S.A. "Beta" consists of 12,000 shares, and the results obtained by the aforementioned entity in the last three financial years closed prior to 31-12-2022 are 80,000, 60,000 and 40,000 euros, respectively.

The net asset value corresponding to the transferred securities resulting from the balance sheet for the financial year 2021 closed in July 2022 is EUR 21/share.

Determine the capital gain or loss obtained in the event that the taxpayer does not have sufficient proof that the amount of the transfer corresponds to that which would have been agreed by independent parties under normal market conditions and taking into account that no transfer of assets has been made since 1 January 2015 to which the ninth transitional provision of the Law of IRPF was applicable.

Solution:

In order to determine the gain or loss realised, it is first necessary to identify the shares sold within the total number of shares held.For this purpose, the legal criterion that the shares sold are those that were acquired first (FIFO criterion) must be applied.In other words, the 3,000 shares sold correspond to the 1,500 shares subscribed on 03-01-1991 and 1,500 of those acquired on 21-12-2000.

1.Determination of the total capital gain or loss:

Information	Acquired on 03-01-1991	Acquired on 21-12-2000
Number of shares sold (3,000)	1,500	1,500
Transmission value (1,500 x 25)	37,500	37,500
Cost price	9,000	18750
Capital gain	28,500	18750

2.Determination of capital gains generated before 20-01-2006:

As part of the shares were acquired prior to 31-12-1994, the part of the capital gain generated prior to 20-01-2006 must be determined in order to apply the appropriate reduction or abatement coefficients.

Profit generated until 20-01-2006:(28,500 ÷ 11,629 days) x 5,496 days (2) = 13,469.43

3.Calculation of the reduction

a. Profit generated prior to 20-01-2006 eligible for reduction **(3)**

   Maximum limit:400,000.00

   ∑ value of transmission of assets entitled to reduction from 01-01-2015:0

   Transfer value of the asset to which D.T.9ª Ley del IRPF = 37.500

   Capital gain eligible for reduction = 13,469.43

b. Applicable reduction

   Number of years of service up to 31-12-1996:6 years

Reduction by abatement coefficients (57.12% s/13,469.43) = 7,693.74

c. Reduced capital gain

Reduced capital gains (13,469.43 – 7,693.74) = 5,775.69

5.Determination of the non-reducible capital gain (generated from 20-01-2006):

Profit generated to from 20-01-2006:(28,500 ÷ 11,629 days) x 6,133 days (4) = 15,030.57

6.Determination of the computable capital gain:

5.775,69 + 15.030,57 + 18.750,00 = **39.556,26**

Notes to the example

(1) In the absence of proof by the taxpayer that the amount of the transfer corresponds to the market value, i.e. the value that would have been agreed upon by independent parties under normal market conditions, the transfer value may not be less than the higher of the following:

a. Value agreed on transfer:22 euros/share.
b. The value of the net assets corresponding to the securities transferred according to the balance sheet of the last financial year:21/share.
c. At 20 per cent of the average of the results of the last three financial years for which the accounts have been closed:
(80.000 + 60.000 + 40.000) ÷ 3 = 60.000

(60.000 x 100) ÷ 20 = 300.000

300,000 ÷ 12,000 = 25 euros/share (Back)

(2) The capital gain generated between the date of subscription of the shares (03-01-1991) and 19 January 2006, inclusive, is determined by dividing the capital gain corresponding to these shares (28,500) proportionally by the number of days elapsed between the date of subscription and the date of transfer of the shares, which was 05-11-2022 (11,629 days), with respect to the total number of days between the date of subscription of the shares and 19-01-2006, inclusive (5,496).(Go back)

(3) As the maximum limit applicable to the transfer value is 400,000 euros and, in this case, the transfer value of the shares with the right to the application of the reduction coefficients is 37,500 euros and no other transfer with the right to the application of the ninth transitory provision of the Law of IRPF has taken place in 2022 (or in the two previous years), the reduction coefficients will be applied to the entire amount of the capital gain generated prior to 20-01-2006.(Return)

(4) The capital gain generated as from 20-01-2006 is determined by dividing the capital gain corresponding to these shares (28,500) proportionally by the number of days between the date of subscription and the date of transfer of the shares (11,629 days), with respect to the total number of days between 20-01-2006 and the date of transfer of the shares (05-11-2022), which amounts to 6,133 days.(Go back)

Transfer of shares or units acquired before 31 December 1994

In this case, if a capital gain is obtained, a distinction must be made between the part of the capital gain generated prior to 20 January 2006 (the only part on which the reduction or abatement coefficients are applicable) and the part generated after that date on which the reduction or abatement coefficients are not applicable.

The determination of capital gains generated prior to 20 January 2006 and the application, where applicable, of the reduction coefficients shall be carried out in accordance with the general rule

discussed in this Chapter.

Special taxation rules for partners who are taxpayers of personal income tax in civil partnerships and who have become taxpayers of corporation tax

Regulations:Thirty-second transitional provision.3 and 4 LIS

In the transfer by taxpayers of IRPF of their shareholdings in civil companies which from 1 January 2016 are subject to corporation tax, a distinction must be made between:

A. Civil companies that have kept accounts in accordance with the Commercial Code in 2014 and 2015 in accordance with the provisions of Article 68 of the IRPF Regulation.

The difference between the acquisition or ownership value of the holdings and the transfer value of the holdings shall be computed as a capital gain or loss.To this end:

Acquisition value (AV): It is the price or amount paid for its acquisition.

Value of ownership (Reserves) (VT): This is the result of making, where appropriate, two adjustments to the acquisition value:

- Addition of the shareholder's share of the amount of company profits which, without actual distribution, were obtained by the company during the tax periods in which the income attribution system was applicable in the period of time between acquisition and disposal **(VT1).**
- Subtraction of the profits distributed to the shareholder, which were obtained by the company during the tax periods in which the system of attribution of income was applicable in the period of time prior to the acquisition by the shareholder of his shareholding in the company **(VT2).**

  In short:

$$VT = VA + VT1 - VT2$$

B. Civil law companies which have not kept accounts in accordance with the Commercial Code

As no accounts have been kept, no amount can be attributed to book reserves or equity items in the balance sheet, and consequently there are no contributions from shareholders or profits recorded in the accounts.

Consequently, a special rule equivalent to the above is established for these civil companies for calculating the acquisition value of the holdings, taking into account the absence of accounting and without there being in this case any adjustments to the acquisition value derived from the cost of ownership, which consists of understanding that at 1 January 2016, for tax purposes, all their equity is made up of contributions from the shareholders, with the limit of the difference between

the value of the tangible fixed assets and real estate investments, as reflected in the corresponding record books, and the liabilities payable, unless the existence of other assets is proven.

Therefore, the acquisition value of the holdings at 1 January 2016 will be determined by the difference between the value of the property, plant and equipment and investment property, as reflected in the corresponding books of records, and the liability payable, unless the existence of other assets is proven.

Example

The civil company X with legal personality and commercial purpose, which in 2014 and 2015 kept accounts in accordance with the Commercial Code, was incorporated in 2007, with the partners being taxed from that time onwards under the income attribution system and becoming taxable as of 1 January 2016 for corporate income tax purposes.

Partner R.C. acquired on 1 June 2015 from another partner a 30 per cent share in the civil partnership, for which he paid EUR 30,000.

On 2 March 2022, the shareholder transferred its shareholding for 45,000 euros.

Calculate the ownership value (VT) of the transferred shareholding, taking into account that on the date of the transfer, the civil partnership had reserves of 20,000 euros, of which 16,666.66 corresponded to profits generated as from 1 June 2015 and for which the company had been taxed under the income attribution system, and that on 2 February 2022 the partner R.C. was distributed reserves of 4,200 euros, of which 4,000 euros corresponded to profits obtained by the company prior to 1 June 2015 and for which the company had been taxed under the income attribution system.

Solution:

1º. Transmission value:**45.000**

2º. Ownership value

Acquisition value of the shares (VA) = 30,000

Amount of undistributed profits at the date of transfer, generated by the company between the acquisition and the transfer (VT1) **(1)** (0.30 X 16,666.66) = 5,000

Amount of profits distributed to the shareholder, generated by the company prior to the acquisition (VT2) **(2)** = 4,000

Ownership value (Reserves) VT = VA + VT1 - VT2

VT = (VA) 30.000 + (VT1) 5.000 - (VT2) 4.000 = **31.000**

3º. Capital gain = Transfer value - Ownership value (VT) = 14.000

Capital gain = 45.000 - 31.000 = 14.000

Notes for the example:

(1) The shareholder R.C. has already been taxed on the reserves generated from the date of acquisition of his shareholding and which were attributed to him under the income attribution system, so the acquisition value of his shareholding should be corrected by that amount to avoid double taxation.As the total amount of these reserves is 16,666.66 and the shareholder has a 30 percent shareholding in the company, the acquisition value must be corrected by 5,000 (0.30 X 16,667).(Go back)

(2) The shareholder R.C. has not been taxed on the distribution of profits made on 2 February 2022, as his distribution is exempt, and he has not been taxed on these profits under the income attribution system either, as the company obtained the profits prior to the acquisition of his shareholding by R.C. Consequently, the acquisition value should be reduced by that amount in order to avoid avoidance of taxation of that income.(Go back)

3.Transfers or redemptions of shares or units in collective investment undertakings governed by Law 35/2003

Regulations:(Arts.37.1.c);94 and thirty-sixth transitory provision Law IRPF and 52 and fourth additional provision Regulation IRPF

General scheme

Specific valuation rule

In the transfer or redemption for valuable consideration of shares or holdings representing the capital or assets of collective investment institutions regulated in Law 35/2003, of 4 November (BOE of 5 November), the capital gain or loss will be calculated as the difference between the acquisition value and the transfer value.

A. Transfer value

The transfer value shall be determined by the net asset value applicable on the date on which such transfer or redemption takes place or, failing that, 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 holdings 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 redemption of units, the transfer value so calculated may not be less than the higher of the following two values:

a. **The price actually agreed in the transmission**.

b. **The listed value on 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, in particular, in multilateral securities trading systems provided for in Chapter I of Title X of the consolidated text of the Securities Market Act, approved by Royal Legislative Decree 4/2015 of 23 October (BOE of 24 October), on the date of transfer.

Please note that Article 37.1.c) of the Personal Income Tax Act refers to Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments which has been repealed with effect from 3 January 2017 by Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.This, in Article 94, provides that references to Directive 2004/39/EC shall be construed as references to Directive 2014/65/EU.

B. Acquisition value

In determining the acquisition value of the shares or holdings, account must be taken, where applicable, of the same particularities as those mentioned for the transfer of subscription rights and the receipt of fully or partially paid-up shares in the case of onerous transfers of securities admitted to trading on any of the regulated securities markets in the European Union, which are as follows:

a. **Acquisition value of partially paid-up shares.**

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

b. **Acquisition value of fully paid-up shares.**

   In the case of fully paid-up shares, the acquisition value, both of these and of any bonus shares, shall be that resulting from dividing the total cost by the number of securities, both old and bonus shares.The age of these actions shall be that of the shares from which they proceed.

c. **Acquisition value in case of transfers of subscription rights made before 1 January 2017**

   Regulations:Twenty-ninth Transitional Provision Law IRPF.

   For the determination of the acquisition value of the securities, the amount obtained by the transmissions of subscription rights made prior to 1 January 2017 shall be deducted, with the exception of the amount of such rights which it had taxed as a net profit.Where the full subscription rights have not been transmitted, those transmitted shall be understood to correspond to the securities first acquired.

C. Identification of the values conveyed

In order to be able to individualise the securities transferred, especially when not all the securities owned have been transferred, the Law establishes a special criterion, according to which **when there are homogeneous securities and not all of them are sold, it is understood that those transferred by the taxpayer are those that were acquired first** (FIFO criterion).

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

Transfer of shares or units acquired before 31 December 1994

In this case, if a capital gain is obtained, a distinction must be made between the part of the capital gain generated prior to 20 January 2006 (the only part on which the reduction or abatement coefficients are applicable) and the part generated after that date on which the reduction or abatement coefficients are not applicable.

The determination of the capital gain generated prior to 20 January 2006 and the application, where applicable, of the reduction coefficients will be carried out in accordance with the rules mentioned in the previous section:Determination of the amount of capital gains or losses:general

rules, of this Chapter.

Special case:transfers of units in listed investment funds

Without prejudice to the above paragraphs, in the case of transfers of units in listed investment funds or shares in SICAVs listed index, as referred to in 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, carried out on a stock exchange, the transfer value shall be determined by the share price on those markets on the date on which the transfer takes place or by the agreed price when it is higher than the share price.

Special tax deferral system

Content of the special tax deferral scheme and requirements for application:

When the amount obtained as a result of the redemption or transfer of units or shares in collective investment institutions **is used for the acquisition or subscription of other shares or units in said institutions, the capital gain or loss will not be computed**, with the new shares or units subscribed retaining the value and date of acquisition of those transferred or redeemed.

This tax deferral regime for the taxation of capital gains **is only applicable in the following cases**:

1.On redemptions of units in collective investment undertakings treated as investment funds.

2.On transfers of shares in collective investment undertakings in corporate form, provided that the following two conditions are met:

- The number of members of the collective investment undertaking whose shares are transferred exceeds 500.
- The taxpayer has not held, at any time during the 12 months preceding the date of transfer, more than 5 per cent of the capital of the collective investment undertaking.

  For these purposes, the taxpayer must provide documentary notification of this circumstance to the entities through which the transfer or redemption transactions and the acquisition or subscription of the shares are carried out.

This special tax deferral regime is also applicable to members or participants of collective investment undertakings, regulated by Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009, other than those incorporated in tax havens or territories considered to be tax havens, 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 that meet the following requirements:

- That the acquisition, subscription, transfer and redemption of the shares or units is carried out through marketing entities registered with the National Securities Market Commission (CNMV).
- Where the collective investment undertaking is structured in compartments or sub-funds, the number of members and the maximum percentage of participation refer to each compartment

or sub-fund marketed.

Note: Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 repeals, with effect from 1 July 2011, Directive 85/611/EEC and provides that references to the repealed Directive shall be construed as references to Directive 2009/65/EC in accordance with the correlation table set out in Annex IV thereto.

Cases in which the tax deferral scheme is not applicable

The tax deferral scheme is not applicable in the following cases:

1.When the purpose of the transfer or redemption or, as the case may be, subscription or acquisition is **shares representing the assets of listed investment funds**, i.e. those whose shares are admitted to trading on the stock exchange in accordance with the provisions of article 79 of the Regulations of Law 35/2003 of 4 November on collective investment institutions, approved by Royal Decree 1082/2012 of 13 July (BOE of 20 July), or when the purpose of the transfer or redemption is **shares of the so-called listed index investment companies** (SICAV index listed), in accordance with the same provision.

Furthermore, as from 1 January 2022, this deferral regime will also not be applicable when the redemption or transfer or, as the case may be, the subscription or acquisition is for the purpose of **shares and units in collective investment undertakings similar to listed investment funds or companies of the same type** mentioned in the previous paragraph, 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.In such cases, the gain or loss on the transfer or redemption of such units must always be taken into account.

However, the thirty-sixth transitional provision of the Personal Income Tax Act establishes a transitional regime that allows the deferral to continue to apply to shares or units in foreign listed investment funds and companies provided that they were acquired before 1 January 2022, with the proviso that the reinvestment must be made in collective investment undertakings other than listed investment funds and companies.

Nor is the deferral regime applicable in the case of participants in the Banking Asset Funds, in accordance with the provisions of the seventeenth additional provision of Law 9/2012, of 14 November, on the restructuring and resolution of credit institutions.

2.When, by any means, **the amount derived from the redemption or transfer of shares or units** of collective investment institutions is made available to the taxpayer.

Attention: *Law 11/2021 of 9 July on measures to prevent and combat tax fraud, with effect from 1 January 2022, amends Article 94 of the Law of IRPF in order to standardise the treatment of investments in certain collective investment undertakings, known as exchange-traded funds and investment companies (ETFs), regardless of the market, domestic or foreign, on which they are listed.This extends to listed collective investment undertakings listed on a foreign stock exchange the treatment of those listed on the Spanish stock exchange with regard to the non-applicability of the deferral regime.*

Example

On 10 July 2022, Ms. F.L.M. requested the management company of the mutual fund "Z" to take the necessary steps to transfer 10 units she holds in this fund to the mutual fund "X".

The transfer of units from one fund to another takes place on 10 July 2022, with a net asset value of EUR 6,000 per unit at that date.

The value and acquisition date of the shares transferred are as follows:

Participations	Date of acquisition	Price / participation	Cost price
3	02-04-1998	4,270	12,810
3	03-02-2000	4,900	14,700
4	05-06-2004	6,400	25,600
Total			53,110

Determine the tax treatment applicable to the transfer of units between the two mutual funds.

Solution:

As the requirements for the application of the tax deferral regime are met, the capital gain or loss disclosed in the transfer operation will not be computed, the quantification of which is determined by the difference between the net asset value applicable on the date of the transfer (6,000 x 10 = 60,000 euros) and the acquisition value of the units (53,110 euros).

For the purposes of a future transfer or redemption of the units acquired on 10 July 2022, these will retain the original date and value of acquisition, so that at that time tax will be payable on the capital gain or loss obtained.

4.Non-monetary contributions are refunded to companies

Regulations:Art. 37.1.d) Law IRPF

General scheme

Specific valuation rule

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

- **The nominal value of the shares or units received** for the contribution or, where applicable, the corresponding part thereof.To this value is added amount of the premiums of issuance.
- **The market value of the securities received**

on the day on which the contribution is made or on the day immediately preceding that on which the contribution is made.
- **The market value of the asset or right contributed**.

The prevailing transfer value shall be the value considered to be the acquisition value of the securities received as a result of the non-cash contribution.

Contribution of assets or rights acquired before 31 December 1994

In this case, if a capital gain is obtained, a distinction must be made between the part of the capital gain generated prior to 20 January 2006 (the only part on which the reduction or abatement coefficients are applicable) and the part generated after that date on which the reduction or abatement coefficients are not applicable.

The determination of the capital gain generated prior to 20 January 2006 will be carried out in accordance with the distribution rules discussed in this Chapter.

Example

On 12 June 2022, Ms. M.A.P. contributed a plot of land whose cadastral value in the aforementioned year was 72,000 euros to the public limited company "DASA", whose shares are admitted to trading on the Stock Exchange, receiving from said company 11,000 shares with a nominal value of 6 euros, the share price on said date being 210 per cent.

The plot had been acquired on 3 October 1999 for the equivalent of 93,000 euros, including the expenses and taxes inherent to the acquisition paid by Mrs. M.A.P., the market value of the plot on the date of the contribution being 138,000 euros.

Determine the amount of the capital gain or loss obtained.

Solution:

Transmission value:

1. Nominal amount of securities received (11,000 x 6) = 66,000

2. Quoted value of securities received (11.000 x 6 x 210 ÷ 100) = 138.600

3. Market value of the site:138,000

Transmission value prevailing **(1)**:138,600

Cost price:93,000

Capital gain (138,600 - 93,000) = 45,600

Note to example:

(1) The transfer value thus calculated shall be taken into account in determining the acquisition value of the securities received as a result of the non-cash contribution.(Go back)

Special tax deferral system

Requirements

The special tax deferral regime provided for in Articles 76 to 89 of Chapter VII of Title VII of the LIS, applies to taxpayers of the IRPF who make the contributions indicated below, provided that the entity receiving the contribution is resident in Spanish territory or carries out activities there through a permanent establishment to which the assets contributed are assigned and provided that, once the contributions have been made, the taxpayer holds at least 5% of the equity of the entity receiving the contribution.

Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

Contributions should consist of:

- Contributions from branches of activity, understood as the set of elements that are likely to constitute an autonomous economic unit.
- Contributions of assets involved in economic activities.

  In both cases, the taxpayer must keep the accounts of his economic activity in accordance with the provisions of the Trade Code.. Es.
- Contributions of shares or equity investments.

  In this case, in accordance with the provisions of Article 87.1 (c) of the LIS, in addition to the requirements indicated at the beginning of this section, the following requirements must be met:

  1. The entity whose share capital they represent is not subject to the special regime for Spanish or European economic interest groupings and temporary joint ventures provided for in the LIS nor does it have as its main activity the management of movable or immovable assets under the terms provided for in article 4.eight.two of Law 19/1991, of 6 June, on Wealth Tax.
  2. They represent a share of at least 5 per cent of the institution's own funds.
  3. They must have been held continuously by the contributor during the year preceding the date of the public document formalising the contribution.

Valuation of assets received

Capital gains arising as a result of non-monetary contributions are not included in the tax base of the taxpayer, and the shares or holdings acquired are valued, for the purposes of future transfers, at the same tax value as the branch of activity or the assets contributed (value determined in accordance with the provisions of IRPF) and taking as their age the date of acquisition of the contributed item.

***Note**: the special tax deferral scheme shall not apply where the main purpose of the transaction carried out is tax evasion or tax avoidance.In particular, the scheme does not apply where the transaction is not carried out for valid economic reasons, such as restructuring or rationalisation of the activities of the entities involved in the transaction, but merely for the purpose of obtaining a tax advantage.*

Obligation to communicate

The aforementioned contributions must be notified to the tax authorities, indicating, where applicable, that this special tax regime under Chapter VII of Title VII of the LIS does not apply.The notification must be submitted by the acquiring entity, unless the acquiring entity is not resident in Spanish territory, in which case the notification shall be submitted by the transferring entity.However, if neither of them (neither the acquiring nor the transferring entity) is resident for tax purposes in Spain, the obligation to report will fall on the shareholders of the transferring entity, provided that they are resident in Spanish territory.

5.Separation of partners and dissolution of companies

Regulations:Art. 37.1.e) Law IRPF

General scheme

Specific valuation rule

In the event of the separation of the partners, as well as in the event of the dissolution of companies, the difference between the following shall be considered as capital gain or loss, independently of those corresponding to the company:

- **Value of the social liquidation quota or the market value of the assets received**, and
- **Acquisition value of the relevant security or equity share**.

Article 37.1.e) of the Law of IRPF only refers to "the cases of separation of partners ...", without distinguishing or specifying what the causes of separation of the partner from the company must be or limiting them to the cases in which the commercial regulations attribute to the partners the possibility of exercising the right to separate from the company, so it must be understood that the cases of 'separation of partners' contemplated in the aforementioned Article 37.1.e) include all cases in which the partner ceases to hold such status with respect to the company.

For this reason, if an individual shareholder transfers all of his shares to the company in which he has a holding for redemption via a capital reduction, we must look at the result of this operation, which is the "separation of the shareholder", insofar as he ceases to participate in the company and loses the status of shareholder, which means that the specific valuation rule contained in Article 37.1.e) of the Law of IRPF , which considers the amount received as capital gain, is preferentially applicable and the general rule laid down in Article 33.3.a) of the Law of IRPF for capital reduction with return of contributions, which would lead to the income obtained by the shareholder being classified as income from movable capital, is not applicable.

Company shares acquired before 31 December 1994

In this case, if a capital gain is obtained, a distinction must be made between the part of the capital gain generated prior to 20 January 2006 (the only part on which the reduction or abatement coefficients are applicable) and the part generated after that date on which the reduction or abatement coefficients are not applicable.

The determination of capital gains generated prior to 20 January 2006 and the application, where applicable, of the reduction coefficients shall be carried out in accordance with the distribution rules discussed in this Chapter.

Example:Separation of partners or dissolution of partnerships

In the dissolution of the public limited company "MANSA", which is not listed on the stock exchange, on 15 March 2022, Mr. R.O.L., who held 15% of its share capital, was awarded a plot of land with a book value of 16,500 euros on the aforementioned date and, in addition, the sum of 6,000 euros, which corresponds to the company's voluntary reserves.The market value of the awarded plot is estimated, according to expert opinions issued for this purpose, at 132,000 euros.

The shareholding was acquired by Mr R.O.L. on 3 May 1993, for an amount equivalent to 153,000 euros, including the expenses and taxes inherent in the acquisition.

Determine the amount of the capital gain or loss obtained as a result of the dissolution of the company.

Solution:

Transmission value:138,000

Market value of the site:132,000

Value of the social liquidation quota:6,000

Acquisition value of the equity interest:153,000

Equity loss (138.000 - 153.000) =15.000

Although the period of permanence of the company's shareholding in the assets of Mr R.O.L. on 31-12-1996 is longer than two years, as a capital loss has been obtained, the reduction coefficients are not applicable.

Dissolution and liquidation of certain civil companies:Tax deferral scheme

Regulations:nineteenth transitional provision Law IRPF

Delimitation

Civil companies with legal personality and commercial purpose which, prior to 1 January 2016, applied the income attribution regime of IRPF and which, as of that date, met the requirements to acquire the status of corporate income taxpayers were offered the possibility of validly adopting a

dissolution agreement with liquidation during the first six months of the 2016 financial year and, following the agreement, to carry out, within the six months following its adoption, all acts or legal transactions necessary for the extinction of the civil company.

For the partners of the civil partnership that opted for dissolution and liquidation, it was established that there was a capital gain when they received credits, money or a sign representing it, while for the remaining assets that were awarded to them, taxation was deferred to the moment when they were transferred, at which time the gain was determined.

The rules for the valuation of the assets and the taxation applicable to the partner depending on the result obtained are as follows.

Valuation of assets

The acquisition value and, where applicable, the ownership value of the shares or holdings in the capital of the civil law company being dissolved was increased by the amount of the debts awarded and decreased by the amount of the claims and money or sign representing them awarded.That is:

(+) Acquisition value of shares or units (1)

(+) Ownership value (2)

(+) Foreclosed debts

(-) Loans and foreclosed money

(=) Result

Notes:

(1) In the case of civil companies that have kept accounts in accordance with the commercial code in 2014 and 2015 in accordance with the provisions of Article 68 of the Regulations of IRPF, it is the price or amount paid for the acquisition of the shares or holdings.In all other cases, the acquisition value of the holdings at 1 January 2016 shall be determined by the difference between the value of the tangible fixed assets and investment property, as reflected in the relevant books of records, and the liability payable, unless the existence of other assets is proven.(Return)

(2) In the case of civil law companies that have kept accounts in accordance with the Commercial Code in the financial years 2014 and 2015 in accordance with the provisions of Article 68 of the Regulation of the IRPF.(Return)

Profit-related taxation

Result < 0

If the result of the above operations was negative, the amount should be considered as a capital gain in 2016 and the acquisition value of the remaining foreclosed items other than credits, money or a sign representing it should be set at 0.

Result = 0

If the result was 0, there was no capital gain or loss.The remaining foreclosed assets that were not credit, cash or a sign representing it had an acquisition value of zero.

Result > 0

If the result was positive (greater than 0), there was also no capital gain or loss.

The acquisition value of each of the remaining asset items awarded, other than the receivables, money or the sign representing it, was that which resulted from distributing the positive result among them according to the market value resulting from the final liquidation balance sheet of the company that was being extinguished.

Date of acquisition of the foreclosed items other than the receivables, money or a sign representing it

The items awarded, other than receivables or money, are deemed to have been acquired by the partner on the date on which they were acquired by the civil partnership that was dissolved, in accordance with the nineteenth transitional provision of the Personal Income Tax Act .

6.Spin-off or merger of companies

Regulations:Art. 37.1.e) Law IRPF

General scheme

Specific valuation rule

In mergers of one or more entities with another existing entity (merger by absorption) or of two or more entities giving rise to a new entity (merger into a new company), as well as in spin-offs (total or partial) of an entity, the shareholders of the merged or absorbed companies surrender their shares and receive in exchange other shares of the acquiring companies in the corporate assets of the merged or absorbed companies.This results in a change in the composition of the partners' assets, which may result in a gain or loss of assets.Such capital gain or loss shall be computed as the difference between:

- **Acquisition value of the securities, rights or securities representing the shareholder's interest**, and
- **Market value of the securities, cash or rights received or the market value of those delivered**.

Company shares acquired before 31 December 1994

In this case, if a capital gain is obtained, a distinction must be made between the part of the capital gain generated prior to 20 January 2006 (the only part on which the reduction or abatement coefficients are applicable) and the part generated after that date on which the reduction or abatement coefficients are not applicable.

The determination of the capital gain generated prior to 20 January 2006 and the application, where applicable, of the reduction coefficients will be carried out in accordance with the distribution rules discussed in section "Determination of the amount of capital gains or

losses:general rules", of this same Chapter.

Special tax deferral system

Regulations:(Arts.37.3 Ley IRPF y 81 LIS

Requirements

The special tax deferral regime provided for in Articles 76 to 89 of Chapter VII of Title VII of the LIS, is applicable to the taxpayers of IRPF who are the partners in merger and spin-off operations provided that the requirements are met:

- They are resident in Spanish territory or in the territory of another Member State of the European Union or in the territory of any other State, provided that, in the latter case, the securities are representative of the share capital of an entity resident in Spanish territory.
- The transactions must not involve entities domiciled or established in countries or territories classified as tax havens or where the income is obtained through such countries or territories.

Valuation of assets received

Where the above requirements are met, capital gains arising on the attribution of shares or holdings in the acquiring entity to the shareholders of the merged or spun-off companies shall not be included in the taxable base of the taxpayer.

The valuation and seniority of the shares received by virtue of merger and spin-off operations must be carried out, for the purposes of future transfers, at the acquisition value and seniority of the shares delivered.Such valuation shall be increased or decreased by the amount of additional cash compensation given or received.

> When the shareholder has the status of **entity under the system of attribution of income**, the gain generated on the occasion of such attribution of securities will not be included in the tax base of the persons or entities that are shareholders, heirs, co-owners or participants in said shareholder, provided that the transaction is subject to the tax system established in Chapter VII of Title VII of the LIS or is carried out under the protection of Council Directive 2009/133/EC of 19 October on the common system of taxation applicable to mergers, divisions, partial divisions, transfers of assets and exchanges of securities carried out between companies of different Member States and the transfer of the registered office of an SE or SCE from one Member State to another, and the securities received by the shareholder retain the same tax value as the exchanged securities.

***Note**: the special tax deferral scheme shall not apply where the main purpose of the transaction carried out is tax evasion or tax avoidance.In particular, the scheme does not apply where the transaction is not carried out for valid economic reasons, such as restructuring or rationalisation of the activities of the entities involved in the transaction, but merely for the purpose of obtaining a tax advantage.*

Loss of the status of resident in Spanish territory

Regulations:Art. 81.3 LIS

- **Temporary imputation**

  In the event that the shareholder who applied the special tax deferral regime loses the status of resident in Spanish territory, the difference between the market value of the shares or holdings received and their value calculated as indicated above (i.e. the acquisition value and age of the shares delivered) will be included in the taxable base of IRPF for the last tax period to be declared for this tax, unless the shares or holdings remain attached to a permanent establishment located in Spanish territory.

- **Deferment of debt repayment due to change of residence to other EU or EEA States**

  However, the payment of the resulting tax debt, when the shareholder acquires residence in a Member State of the European Union or of the European Economic Area with which there is an effective exchange of tax information under the terms provided for in section 2 of the First Additional Provision of Law 36/2006, of 29 November, on General Tax Measures for the prevention of tax fraud, **will be deferred by the Tax Administration at the request of the taxpayer** until the date of transfer to third parties of the shares or holdings affected, with the provisions of LGT and its implementing regulations being applicable, as regards the accrual of interest for late payment and the provision of guarantees for such deferral.

  For LGT see Ley 58/2003, de 17 de diciembre, General Tributaria.

- **Recovering the status of resident in Spanish territory**

  If the taxpayer becomes a taxpayer of IRPF again without having transferred the ownership of the shares or holdings, he/she may request the rectification of the self-assessment in order to obtain a refund of the amounts paid corresponding to these capital gains.The request for rectification may be submitted as from the end of the deadline for the first tax period for which a self-assessment of IRPFmust be submitted.

Obligation to communicate

Merger and spin-off transactions to which the special tax deferral regime provided for in LIS applies must be notified to the tax authorities by the entity acquiring the transactions.However, if the acquiring entity is not resident in Spanish territory, such notification shall be made by the transferring entity.And if neither the acquiring nor the transferring entity is resident in Spanish territory, it will be the partners, provided that they are resident in Spanish territory, who must submit the notification.

7.Transfers

Regulations:Art. 37.1.f) Law IRPF

Specific valuation rule

In the case of a transfer, the capital gain will be computed in the transferor (lessee) for the amount corresponding to him in the transfer, after deducting the amount corresponding to the owner for his

share in the transfer.

Where the right of transfer has been acquired for a price, the price shall be regarded as the purchase price.

The reducing or abatement coefficients of the transitional regime are not applicable when dealing with affective goods in these cases, unless the disaffectation has occurred more than three years before the date of transfer.

***Note**: any sums received by the owner of the leased property as a share in the transfer constitute income from real estate.*

Example

Mr. M.M.A. has been operating as a restaurant in rented premises since 10 May 2000, determining the net income from his activity using the objective assessment method.

During the month of August 2006, he carried out renovation works of the premises, satisfying for that reason the amount of 20.000 euros.

On 25 June 2022, on his retirement, he transfers the business premises, earning 28,500 euros after the amount corresponding to the lessor for a shareholding in the transfer has been discounted.

Determine the amount of the wealth gain obtained as a result of the transfer of the business premises.

Solution:

- Transfer amount:28,500
- Acquisition price **(1)**:0
- Capital gain obtained = 28,500

Note for the example:

(1) The refurbishment of the premises cannot be considered as the acquisition price of the right of transfer, as these amounts were not paid to acquire the right of transfer which, according to the data in the example, was not acquired by means of a price.**(Go back)**

8.Compensation or sums insured in respect of losses or damage to assets

Regulations:Art. 37.1.g) Law IRPF

Specific valuation rule

In the case of compensation or capital insured for losses or claims in assets, the difference between:

- **The amount perceived as compensation** , and
- **The proportionate part of the acquisition value corresponding to the damage**.

When compensation is not in cash, these are calculated the difference between the market value of the assets, rights or services received and the proportional part of the acquisition value that corresponds to the damage.

Only when an increase in the value of the taxpayer's assets is derived will the net profit be computed.As a result, **in all cases where only the repair of the damage is covered, no financial gain shall be counted for fiscal purposes.**

Example: Compensation or sums insured in respect of losses or damage to assets

Don S.M.G., has owned since 1990 a villa purchased for an amount equivalent to 150.300 euros, including the expenses and taxes inherent in the acquisition satisfied by it.

On 8 September 2022, as a result of a fire in the chalet, it was totally destroyed and the insurance company paid the sum of 89,800 euros.According to the specifications on the receipt of the IBI , the value of the land represents 40 per 100 of the total cadastral value of the land.

Determine the amount of the capital gain or loss obtained.

Solution:

- Perceived compensation:89,800
- Proportional part of the value acquisition that corresponds to the damage **(1)** :90,180
- Equity loss (89,800 - 90,180) = -380

Note for the example:

(1) The determination of the proportion of the acquisition value corresponding to the damage is determined by applying the percentage of 60 per 100 to the acquisition value of the chalet (150.300 x 60%) = 90.180.**(Go back)**

9.Exchange of goods or rights, including exchange of securities

Regulations:Art. 37.1.h) Law IRPF

General scheme

Specific valuation rule

In the case of an exchange of assets or rights, including the exchange of securities, the capital gain or loss shall be determined by the difference between **the acquisition value of the asset or right being transferred and the higher of the following two values**:

- The market value of the good or right delivered.
- The market value of the good or right received in exchange.

Special case:swap land by floors or premises to build on it

In this scenario, the property gain or loss of the owner of the land will occur at the time of transmission of the land and will be determined by applying the above mentioned rule.

Once the capital gain or loss obtained has been determined, the taxpayer may choose to pay tax in the tax period in which the change in capital takes place (transfer of the land) or to allocate it proportionally as the buildings are delivered or, where applicable, cash payments are received, provided that more than one year elapses between the transfer of the land and the delivery of the buildings or cash, by application of the special rule for the temporary allocation of transactions in instalments or with deferred payment.

Goods or rights delivered acquired before 31 December 1994

In this case, if a capital gain is obtained, a distinction must be made between the part of the capital gain generated prior to 20 January 2006 (the only part on which the reduction or abatement coefficients are applicable) and the part generated after that date on which the reduction or abatement coefficients are not applicable.

The determination of capital gains generated prior to 20 January 2006 and the application, where applicable, of the reduction coefficients shall be carried out in accordance with the distribution rules discussed in this Chapter.

Example

On 25 June 2022, Mr. A.O.P. transferred a plot of land he owned in exchange for a flat for his own use to be delivered in October 2023, the market value of which is estimated to be 600,000 euros in that year.

The solar transmission was acquired by don A.O.P. by inheritance on 10 January 1989, amounting to the administratively verified value for the purposes of the Successions and Donations Tax in that financial year to an amount equivalent to 100.000 euros.The market value of the solar power plant at the date of transmission amounted to EUR 600.000.

The taxpayer has not since 1 January 2015 transmitted assets to whose profit the ninth transitional provision of the IRPF Act applies.

Determine the capital gain or loss obtained by Mr. A.O.P. and the completion of his personal income tax return, financial year 2022, knowing that the taxpayer has opted to allocate the capital gain to the financial year 2022 in which the flat will be handed over to him.

Solution:

1.Determination of the capital gain or loss obtained by Mr. A.O.P.

a. Market value of the floor to be received:600,000

   Market value of the solar delivered:600,000

b. Acquisition value of the solar that yields:100,000

c. Wealth gain (600.000 - 100.000) = 500.000

2.Determination of capital gains generated before 20-01-2006 (1):

Reducable capital gain (500,000 ÷ 12,219) x 6,219 = 254,480.73

3.Calculation of the reduction:

a. Profit generated with prior to 20-01-2006 eligible for reduction **(2)**

Maximum limit:400,000

∑ value of transmission of assets entitled to reduction from 01-01-2015:0

Transfer value of the asset to which the D.T.9ª Ley del IRPF applies:400,000

Capital gain eligible for reduction (254,480.73 x 400,000) ÷ 600,000 = 169,653.82

b. Applicable reduction

Number of years of service up to 31-12-1996:up to 8 years

Reduction by abatement coefficients (66.66% x 169,653.82) = 113,091.24

c. Reduced capital gain

Reduced capital gains:(254,480.73 + 113,091.24) = 141,389.49

4.Determination of the non-reducible capital gain (generated from 20-01-2006):

Non-reducible wealth gain:(500,000 + 254,480.73) = 245,519.27

5.Eligible capital gain (141.389,49 + 245.519,27) = **386.908,76**

6.Capital gains attributable to 2022:0<e2></e2><e1></e1> (3)

Notes for the example:

(1) **This part of the gain is determined in proportion to the number of days elapsed between the date of acquisition (10-01-1989) and 19-01-2006, inclusive, which amounts to 6,219 days, compared to the total number of days elapsed between the date of acquisition and the date of transfer (25-06-2022), which is 12,219 days.(Back)<e3></e3>**

(2) **Although the value of the transfer is 600,000 euros, the maximum limit is 400,000 euros.Therefore, the part of the gain generated before 20-01-2006 that corresponds proportionally to a transfer value of 400,000 euros is eligible for reduction.On the next transmission, even if the asset has been acquired by the taxpayer before 31 December 1994, it will not be able to implement the reductions in the ninth transitional provision of the IRPF Act.(Go back)**

(3) **As the taxpayer has opted to allocate the capital gain obtained in 2022 to the year in which he receives the agreed consideration (delivery of a flat for his own use) 2023, it will be in this year when he must make the tax allocation of the total capital gain obtained and recorded in the personal income tax return 2022.(Go back)**

Special tax deferral regime for security swaps

Regulations:(Arts.37.3 Ley IRPF y 80 LIS

Requirements

The special tax deferral regime provided for in Chapter VII of Title VII of the LIS, is applicable to taxpayers of the IRPF who carry out the exchange of securities defined in Article 76.5 of the LIS as the operation whereby an entity acquires a holding in the share capital of another which enables it to obtain a majority of the voting rights therein or, if it already has such majority, to acquire a greater holding, by attributing to the shareholders, in exchange for their securities, other securities representing the share capital of the first entity and, where appropriate, a cash payment not exceeding 10% of the nominal value or, in the absence of nominal value, a value equivalent to the nominal value of such securities deducted from its accounts;provided that the requirements are met:

- The members exchanging securities reside in Spanish territory or in the territory of another Member State of the European Union or in the territory of any other State, provided that, in the latter case, the securities received represent the share capital of an entity resident in Spain.
- The entity acquiring the securities must be resident in Spanish territory or fall within the scope of Directive 2009/133/EC .
- The transactions must not involve entities domiciled or established in countries or territories classified as tax havens or where the income is obtained through such countries or territories.

Valuation of assets received

When the above requirements are met, capital gains arising on the occasion of the exchange of securities shall not be included in the taxable income of the taxpayer.

The **valuation and seniority** of the shares received by the shareholders by virtue of the exchange must be carried out, for the purposes of future transfers, at the acquisition value and seniority of the shares delivered.Such valuation shall be increased or decreased by the amount of additional cash compensation given or received.

> When the shareholder is considered as **entity under the income allocation system**, the gain generated on the occasion of the exchange of securities will not be included in the tax base of the persons or entities that are shareholders, heirs, co-owners or participants in said shareholder, provided that the transaction is subject to the tax regime established in Chapter VII of Title VII of the LIS or is carried out under Council Directive 2009/133/EC of 19 October 2009 on the common system of taxation applicable to mergers, divisions, partial divisions, transfers of assets and exchanges of securities carried out between companies of different Member States and to the transfer of the registered office of an SE or SCE from one Member State to another, and the securities received by the shareholder retain the same tax value as the exchanged securities.

***Note**: the special tax deferral scheme shall not apply where the main purpose of the transaction carried out is tax evasion or tax avoidance.In particular, the scheme does not apply where the transaction is not carried out for valid economic reasons, such as restructuring or rationalisation of the activities of the entities involved in the transaction, but merely for the purpose of obtaining a tax advantage.*

Loss of the status of resident in Spanish territory

Regulations:Art. 80.4 LIS

- **Temporary imputation**

  In the event that the shareholder who applied the special tax deferral regime loses the status of resident in Spanish territory, the difference between the market value of the shares or holdings and the value of these calculated as indicated above (i.e. the tax value of those delivered) will be included in the taxable base of IRPF for the last tax period to be declared for this tax, unless the shares or holdings are assigned to a permanent establishment located in Spanish territory.

- **Deferment of debt repayment due to change of residence to other EU or EEA countries**

  However, the payment of the resulting tax debt, when the shareholder acquires residence in a Member State of the European Union or of the European Economic Area with which there is an effective exchange of tax information under the terms provided for in section 2 of the First Additional Provision of Law 36/2006, of 29 November, on measures for the prevention of tax fraud, shall be deferred by the Tax Administration at the request of the taxpayer until the date of transfer to third parties of the shares or holdings affected, with the provisions of LGT, and its implementing regulations, being applicable as regards the accrual of interest for late payment and the constitution of guarantees for such deferral.

  For LGT see Ley 58/2003, de 17 de diciembre, General Tributaria.

- **Recovering the status of resident in Spanish territory**

  If the taxpayer becomes a taxpayer of IRPF again without having transferred the ownership of the shares or holdings, he/she may request the rectification of the self-assessment in order to obtain a refund of the amounts paid corresponding to these capital gains.The request for rectification may be submitted as from the end of the deadline for the first tax period for which a self-assessment of IRPFmust be submitted.

Obligation to communicate

The execution of securities exchange transactions to which the special tax deferral regime provided for in LIS applies must be notified to the tax authorities by the entity acquiring the transactions.However, if the acquiring entity is not resident in Spanish territory, such notification shall be made by the transferring entity.And if neither the acquiring nor the transferring entity is resident in Spanish territory, it will be the partners, provided that they are resident in Spanish territory, who must submit the notification.

10.Extinction of annuities or temporary

Regulations:Art. 37.1.i) Law IRPF

The lifetime or temporary income contract may be defined as a random contract that obliges the

debtor to pay a pension or annual revenue for a given time or for the life of one or more specified persons in exchange for capital in movable or immovable property, whose domain is transferred to him, of course, with the burden of the pension.

In the extinction of annuities or temporary annuities, the capital gain or loss shall be computed, for the person liable to pay the annuity, as the difference between the acquisition value of the capital received and the sum of the annuities actually paid.As for the annuitant, he exhausts his taxation during the receipt of the income.

11.Transfers of assets in exchange for an annuity

Regulations:Art. 37.1.j) Law IRPF

Specific valuation rule

In these cases of transfers of assets in exchange for a temporary or life annuity, the capital gain or loss will be determined by the difference between the following values:

- Actuarial financial present value of income.
- Acquisition value of the assets transferred.

> ***Note**: if the asset transferred is the main residence and the transferor is over 65 years of age or a person in a situation of severe or great dependence, the capital gain that may derive from this operation is exempt from IRPF.*

Assets acquired before 31 December 1994

In this case, if a capital gain is obtained, a distinction must be made between the part of the capital gain generated prior to 20 January 2006 (the only part on which the reduction or abatement coefficients are applicable) and the part generated after that date on which the reduction or abatement coefficients are not applicable.

The determination of capital gains generated prior to 20 January 2006 and the application, where applicable, of the reduction coefficients shall be carried out in accordance with the distribution rules discussed in this Chapter.

Example

Mr. S.M.T., aged 60, transfers his primary residence on 10 November 2022 in exchange for a life annuity, whose current actuarial financial value at the time of its constitution amounts to 180,000 euros, an amount that coincides with the market value of the property.The annual amount for the financial year 2022 is 15,000 euros.

The property was purchased on 2 April 1980 for the equivalent of 23,000 euros, including the costs and taxes inherent to the transfer.

Since 1 January 2015, the taxpayer had not transferred any assets to which the ninth

transitional provision of the Law of IRPF was applicable.

Determine the taxable income derived from this transaction in 2022.

Solution:

1.Determination of the capital gain or loss derived from the transfer of the property.

Transmission value:180,000

Cost price:23,000

Capital gain (180.000 - 23.000) = 157.000

2.Determination of capital gains generated before 20-01-2006 (1):

Reducable capital gain (157,000 ÷ 15,562) x 9,424 = 95,075.70

3.Calculation of the reduction:

a. Profit generated with prior to 20-01-2006 eligible for reduction **(2)**

   Maximum limit:400,000

   ∑ value of transmission of assets entitled to reduction from 01-01-2015:0

   Transfer value of the asset to which the D.T.9ª Ley del IRPF applies:180,000

   Capital gain eligible for reduction:95,075.70

b. Applicable reduction

   Number of years of service up to 31-12-1996:more than 10 years

   Reduction by abatement coefficients (100% x s/95,075.70) = 95,075.70

c. Reduced capital gains:0

4.Determination of the non-reducible capital gain (generated from 20-01-2006):

Non-reducible capital gain (157,000 -95,075.70) = 61,924.30

5.Eligible capital gain (61,924.30 + 0.00) **= 61,924.30**

6.Determination of the income from the annuity.

Investment income: (15,000 x 24%) **(3)** = 3,600

Notes for the example:

(1) The reducible capital gain is that which is estimated to have been generated before 20-01-2006.It is determined in proportion to the number of days elapsed between the date of acquisition (02-04-1980) and 19-01-2006, inclusive, which amounts to 9,424 days, with respect to the total number of days elapsed between the date of acquisition and the date of transfer (10-11-2022), which is 15,562 days.**(Go back)**

(2) As the maximum limit applicable to the transfer value is 400,000 euros and, in this case, the transfer value with the right to apply the reduction coefficients is 180,000 euros without there having been any other transfer with the right to apply the ninth transitory provision of the Law of IRPF, the reduction coefficients will be applied to the entire amount of the capital gain generated prior to 20-01-2006.(Return)

(3) The percentage of 24% corresponds to the annuitant's age (60 years) at the time the annuity is constituted (year 2022) and will remain constant throughout the life of the annuity.See in this respect, in Chapter 5, under the heading "Life or temporary income derived from the taxation of capital".(Return)

12.Transfer or extinction of rights in rem of enjoyment or use of immovable property

Regulations:Art. 37.1.k) Law IRPF

Specific valuation rules

As a general rule, wealth gain or loss is calculated by the difference between the transmission value (which is zero in the case of extinction of the right) and the acquisition value.

If the holder of the real right to enjoy or enjoy real property leased the same, the depreciation of the usufruct (with the limit of the full returns received by the lease) could be deducted as an expense in determining the returns of the real estate.Therefore, when the transfer or extinction of the duty occurs, the acquisition value must be reduced by the amount of the amortizations that could be deducted fiscally.

In the case of real rights of enjoyment or enjoyment constituted on buildings that do not generate income of real estate capital, the right is consumed by the use, so the value of acquisition must be reduced proportionally to the time of use.

Real rights to enjoy or enjoy property acquired before 31 December 1994

In this case, if a capital gain is obtained, a distinction must be made between the part of the capital gain generated prior to 20 January 2006 (the only part on which the reduction or abatement coefficients are applicable) and the part generated after that date on which the reduction or abatement coefficients are not applicable.

The determination of capital gains generated prior to 20 January 2006 and the application, where applicable, of the reduction coefficients shall be carried out in accordance with the distribution rules discussed in this Chapter.

Example:Transfer or extinction of rights in rem of enjoyment or use of immovable property

On 2 January 2003, Mr. A.M.C. acquired a temporary usufruct for a period of 20 years on an urban property, paying an amount equivalent to 60,000 euros.This urban property was rented during the years 2003 to 2007, with the right holder receiving an annual rent equivalent to 3,000 euros during 2003 and 4,200 euros during each of the remaining years.

On 2 January 2022, he transfers this right for an amount of 34,000 euros.

To determine the amount of the profit or loss of property obtained in the transmission of the said real right.

Solution:

Transmission value:34,000

Acquisition value: 3.000 (1)

Capital gain (34,000 - 3,000) = **31,000**

Notes for the example:

(1) For the years 2008 to 2021 in which the property was not leased, the acquisition value of the right in rem shall be reduced in the proportion that such periods represent to the duration of the right.The following operations must therefore be carried out:

Purchase amount:60,000

Decrease for the years 2008 to 2021 (60.000 ÷ 20) x 14 = 42.000

Reduced acquisition amount (60,000 - 42,000) = 18,000

Less tax-deductible depreciation:(2)

Total depreciation value 2003 to 2007 (3) (3.000 x 5) = 15.000

Total acquisition value (18,000 - 15,000) = 3,000 (Back)

(2) As this is a temporary usufruct, the deductible annual depreciation shall be the amount resulting from dividing the acquisition cost of the right paid by the number of years of duration of the right, without this amount exceeding the amount of the full income derived from the right.That is, 60,000 ÷ 20 = 3,000 euros.(Go back)

(3) The tax-deductible depreciation limit may not exceed the amount of income received in each financial year.(Go back)

13.Incorporations of goods or rights not arising from a transfer

Regulations:Art. 37.1.l) Law IRPF

In the case of additions of assets or rights that do not derive from a transfer, the market value of those assets or rights shall be computed as a capital gain.The more detailed commentary on this case of gains and losses not derived from the transfer of assets is contained in the section "Determination of the amount of capital gains or losses:General Rules," of this Chapter.

14.Transactions in futures and options markets

Regulations:Art. 37.1.m) Law IRPF

Income obtained on transactions carried out on futures and options markets are considered as capital gains or losses provided that they are carried out for speculative purposes and not for the purpose of hedging the risks of an economic activity carried out by the taxpayer, in which case they will be taxed as income from such activities.

Capital gains or losses obtained as a result of the above speculative transactions must be charged

against the tax period in which the settlement of the position or termination of the contract takes place.

According to the Comisión Nacional del Mercado de Valores (Spanish Securities and Exchange Commission)

- **A future** is a contract agreeing to exchange a specific quantity of the underlying asset (securities, indices, agricultural products, commodities, etc.) at a predetermined future date, at a price agreed in advance.

- **An option** is a contract that implies a right for the buyer and an obligation for the seller to buy (or sell) a certain amount of the underlying asset within a stipulated period of time at a price agreed in advance (strike price).

  The *option price* is what the buyer pays to obtain the right and is called the "premium".At maturity, the buyer will be interested or not in exercising it depending on the difference between the price set for the transaction and the price of the underlying asset on the spot market at that time.

15.Transfer of assets subject to or withdrawn less than three years beforehand

Assigned assets

Specific valuation rule

Regulations:(Arts.37.1.n) Law IRPF and 40.2 Regulation IRPF

Without prejudice to the application of the specific valuation rules so far commented that, where appropriate, may be applicable, for the determination of the profit or loss of property derived from affective or unaffected elements less than three years before the date of transmission, the following details must also be taken into account:

1.The acquisition value of the transferred item is constituted by its book value .This value consists of the following components:

> ***Note:*** *as of 1 January 2015, the monetary correction coefficients provided for in corporate income tax to update the acquisition value of the transferred asset and liability item disappeared in these cases.*

a. **The acquisition value, if the item has been acquired from third parties**.

   This value shall be the actual amount by which it was carried out, including any additional costs incurred until it is put into operational condition, as well as the financial costs incurred before the entry into operation of the good which, Being able to activate according to the General Accounting Plan, they would have been capitalized or activated.

b. **The cost of production, if the item has been produced by the taxpayer's own company**.

This value shall be the cost of acquisition of the raw materials consumed and other elements incorporated, as well as the proportion of the direct and indirect costs to be charged to their production.

c. **In the case of assets that have been assigned to the activity after their acquisition, the following cases must be distinguished:**

- **Allocation from 1 January 1999**.In this case, the acquisition value of the asset element at the time of the affectation and as the date of acquisition the corresponding to the original acquisition shall be taken as the acquisition value.
- **Allocation made before 1 January 1999**.In this case, the value of acquisition must be taken as the result of the criteria laid down in the rules of the Heritage Tax at the time of the affectation and as the date of acquisition that corresponds to the affectation.

d. **Whatever the prevailing value** of the above, **its amount will be increased or decreased** by the following amounts:

(+) The cost of investments or improvements made to the transferred item.

(-) The amount of tax-deductible depreciation, including, in any case, the minimum depreciation.

An exception to this last rule is made for items assigned to economic activities that are transferred on or after 31 March 2012, when they have benefited from the freedom of depreciation with or without maintenance of employment provided for in the thirtieth additional provision of the Law IRPF.

> **Accuracy:**In relation to the amortisation of intangible assets with an indefinite useful life, it should be noted that, while in the direct estimation methods, both normal and simplified, amortisation has to be carried out in accordance with the regulations of IS, in the objective estimation method there is a specific tax amortisation system with maximum amortisation percentages of 15% and minimum of 10%, which does not distinguish between intangible assets with a definite or indefinite useful life and which has remained unchanged to the present day.However, outside the objective estimation method, the regulation of the amortisation of intangible fixed assets with indefinite useful lives has undergone profound changes both in its commercial and accounting aspects and also in the tax aspect of the IS.In the latter, the tax deductibility of the amortisation of intangible assets of indefinite duration was not allowed until 1 January 2016, so that it is not possible to speak in relation to periods prior to that date of a "minimum amortisation" of such assets in the sense mentioned in Article 40 of the Regulations of IRPF (Resolution of the Central Economic-Administrative Court of 10 February 2020, in unification of criteria).

Less the amount of the partial disposals that, if any, had been made previously, as well as the losses suffered by the asset element.

In brief:

ACQUISITION VALUE (OR PRODUCTION COST OR ALLOCATION VALUE)

(+) IMPROVEMENTS

(-) WRITE-DOWNS + PREVIOUS DISPOSALS + LOSSES

= BOOK VALUE OF THE ASSET

2.The reduction coefficients of the transitional regime **are not applicable** to the capital gains obtained.

Note: *For the purposes of the application of the reduction coefficients of the transitional regime, assets not assigned to economic activities shall be considered to be those in which the withdrawal from these activities has taken place more than three years prior to the date of transfer.*

Special rules

In addition to the rules discussed so far, there are certain special rules for the following assets:

1.Assets updated under Royal Decree-Law 7/1996 or Law 16/2012

In the case of assets updated in accordance with the provisions of article 9 of Law 16/2012, of 27 December, adopting various tax measures aimed at consolidating public finances and boosting economic activity or, where applicable, article 5 of Royal Decree-Law 7/1996, of 7 June, the determination of the capital gain or loss obtained shall be carried out in accordance with the following rules:

- The difference between the acquisition price and the amortisations recorded for the same shall be reduced by the amount of the net increase in value deriving from the revaluation operations provided for in Law 16/2012 of 27 December 2012 or, where applicable, in Royal Decree-Law 7/1996, the positive difference thus determined being the amount of the monetary depreciation.

- The capital gain or loss shall be the result of reducing the difference between the transfer value and the book value by the amount of the monetary depreciation referred to in the previous rule.

2.Intangible fixed assets (taxi licence) transferred in the taxi transport activity included in the objective estimation system

Regulations:Seventh additional provision Law IRPF

Taxpayers who carry out the activity of taxi transport, classified under heading 721.2 of section one of the rates of the Tax on Economic Activities (IAE), who determine their net income using the objective assessment method, will reduce the capital gains arising from the transfer of intangible fixed assets, when the transfer is motivated by permanent disability, retirement or cessation of activity due to restructuring of the sector or when, for other reasons, they are transferred to family members up to the second degree.

Capital gains shall be reduced in accordance with the following rules:

- Is calculated, the part of the gain generated before 1 January 2015, understanding as such the part of the capital gain which proportionally corresponds to the number of days elapsed

between the acquisition date and 31 December 2014, both inclusive, with respect to the total number of days that had remained in the taxpayer's equity.

- The part of the capital gain generated before 1 January 2015 will be reduced by applying the following percentages according to the number of years elapsed from the acquisition date until 31 December 2014.

Up to (years)		Over (years)											
1		1	2	3	4	5	6	7	8	9	10	11	12
Reduction	4%	8%	12%	19%	26%	33%	40%	47%	54%	61%	74%	87%	100%

Example

Mr J.V.C., a taxi driver, who calculates the net income from his activity using the objective assessment method, retired on 10 January 2022.For this reason, and in order for his son to continue his business, he transferred his municipal licence to him on that date for 60,000 euros.The book value at the date of transfer of the municipal licence, which was acquired on 5 March 2004, taking into account tax-deductible depreciation, is EUR 0.

Determine the amount of the reduced capital gain derived from this transaction.

Solution:

Transmission value:60,000

Book value:0

Capital gain = 60,000

Capital gains generated up to 31-12-2014 **(1)**

(60.000 ÷ 6.520) x 3.954 = 36.386,50

Reduction applicable (36,386.50 x 74%):26926.01

Eligible capital gain (60.000 - 26.926,01) = 33.073,99

Note for the example:

(1) It is determined in proportion to the number of days elapsed between the date of acquisition (05-03-2004) and 31-12-2014, inclusive, which amounts to 3,954 days, with respect to the total number of days elapsed between the date of acquisition and the date of transfer (10-01-2022), excluding the latter since it no longer forms part of the assets, which is 6,520 days.(Go back)

3.Transfer of assets that have benefited from free depreciation

Regulations:Thirtieth Additional Provision Law IRPF

In the event of transfer in the 2022 financial year of items used for business activities that have

enjoyed the freedom of depreciation for investments in tangible fixed assets and investment property used for business activities both with maintenance of employment (investments made in 2009 and 2010) and without this requirement (investments made between 1 January 2011 and 30 March 2012), for the calculation of the capital gain or loss, the acquisition value will not be reduced by the amount of the depreciation deducted for tax purposes that exceeds the amount that would have been deductible for tax purposes had the depreciation not been applied.

For the transferor, the aforementioned excess shall be considered as full income from the economic activity in the tax period in which the transfer is made.

Example:Transfer of asset-related elements subject to tax

Mr. B.L.T., a manufacturer of wooden furniture, who determines the net income from his activity in the simplified modality of the direct estimation system, has transferred on 30 June 2022 for the sum of 210,000 euros a property used for his activity.On the occasion of the sale he has satisfied 3.000 euros in Municipal Tax on value increase of Urban Nature Land and 10.000 euros to the real estate agency that mediated in the operation.

The property was acquired by inheritance in 1985, the declared value for the purposes of the Successions and Donations Tax being an amount equivalent to 18.000 euros.In the securities audit file carried out by the Tax Administration, that value was fixed at an amount equivalent to 45.000 euros.

The property was rented from its acquisition until 31 December 1997, and on 1 January 1998 the premises were assigned to the economic activity carried out by its owner.Based on receipt of the IBI , the cadastral value of the property for the financial year 1998 amounted to eur 54.000, of which 40 per 100 was the value of the land.

To determine the amount and qualification of the profit or loss obtained in that transmission, knowing that the owner of the activity has amortized that property using the maximum linear coefficient of amortization established for the assets used.

Solution:

Determination of capital gain or loss:

Transfer value (210,000 - 13,000) = 197,000

Cost price:

Affectation value:**(1)** = **54.000**

(-) Depreciation:From 1998 to 2021:3% (60% (60% s/54,000) x 24 years = 23,328

(-) Depreciation for the year 2022:1/2 [3% (60% s/54.000)] = 486

Total depreciation: (23.328 + 486) = 23.814

Total acquisition value (54.000 -23.814) =30.186

Capital gains (197,000 – 30,186) = 166,814

Note for the example:

(1) As the property was assigned prior to 01-01-1999, the acquisition value has been taken as the value of the property for Wealth Tax purposes.That is, the value greater than the following three:The cadastral, the one declared for the purposes of the Tax on Successions and Donations and the one verified by the Administration for the purpose of this last tribute.(Go back)

Summary table of special rules

Special rules (summary table)

Type of operation	Valuation of gain or loss
Quoted values	The gain or loss is determined by the difference between the acquisition value and the transfer value, the latter determined by the market price at the date of transfer or the agreed price if it is higher. The acquisition value shall be reduced by the amount obtained by transmissions of subscription rights made prior to January 1, 2017, with the exception of the amount of such rights which it had taxed as a net profit.
Unquoted values **Shares and shares in the own funds of companies not listed on Spanish exchanges**	The gain or loss shall be determined by the difference between the acquisition value and the transfer value, being the latter: • The amount actually satisfied (provided it is proven to be the value that would be established for that operation between independant parties under normal market conditions). • In another case, it may not be less than the largest of: ◦ The value of the net assets corresponding to the securities transferred resulting from the last balance sheet of the entity closed prior to the date of accrual of personal income tax. ◦ The value resulting from capitalising at 20 per cent the average of the profits of the last three financial years closed prior to the date of accrual of personal income tax.
Fully released shares	The acquisition value of the transmitted and originating shares shall be the result of the distribution of the total acquisition cost between all shares, both old and released.
Transmission of preferential subscription rights arising from shares or holdings in companies of which the taxpayer is the holder	The amount obtained by the transmission of subscription rights derived from securities not admitted to negotiation and since 1 January 2017 of those admitted to negotiation has the consideration of the net profit for the transcee in the tax period in which the said transmission takes place. The retention to be practiced on the wealth gains derived from the transmission of subscription rights is 19 per 100.
Investment funds	The gain or loss will be determined by the difference between the acquisition value and the transmission value, the latter being • The Net Asset value and, if it does not exist • The value of the net worth corresponding to the shares or shares transmitted resulting from the last closed balance sheet (in the case of

	redemption of shares). Where the investment made in one fund is transmitted (total or partial transfer) to another fund, the profit or loss of equity obtained shall not be computed at that time, and the new shares or shares shall retain the value and date of acquisition of the transfers. It applies to Spanish investment funds and those incorporated in another Community country registered in CNMV. It does not apply to listed investment funds or shares of listed index SICAVs or where the redemption or transfer proceeds are made available to the taxpayer.
Non-cash contributions to companies	The gain or loss shall be determined by the difference between the acquisition value and the transfer value, the latter being the higher of: • The nominal value of the shares or social shares received. • The quotation value of the received securities. • Market value of the asset or right contributed. Special regime of tax deferment for certain contributions.
Separation of partners or dissolution of companies	The gain or loss will be determined by the difference between: • The value of the social liquidation share or the market value of the goods received, and • The acquisition value of the relevant title or equity holding.
Splits, mergers or absorption of companies	Wealth gain or loss will be determined by the difference between: • The acquisition value of the securities, rights or securities representing the participation of the partner, and • The market value of the securities, numerary or duties received or the market value of the securities delivered. Special regime of tax deferment in certain cases.
Transfers	The wealth gain shall be computed to the assignor for the amount corresponding to it in the transfer.
Indemnities or capital insured for losses in capital assets	The profit or loss will be determined by the difference between the perceived amount, or market value of the goods, rights or services received (if the compensation is not in cash) and the proportional share of the acquisition value that corresponds to the damage. Where only the repair of the damage is covered, no financial gain shall be counted for fiscal purposes.

Exchange of goods or rights, including exchange of securities	The capital gain or loss is determined by the difference between the acquisition value and the transfer value, whichever is higher: • The market value of the good or right delivered. • The market value of the good or right received in exchange. Special case:swap land by floors or premises to build on it.Special regime of tax deferment in the exchange of shares in certain cases.
Extinction of life or temporary annuities	The difference between the acquisition value of the capital received (in movable or immovable property) and the rents paid for the rent.
Transfer of assets in exchange for annuities or temporary annuities	Wealth gain or loss will be determined by the difference between: • The current actuarial financial value of income. • The acquisition value of the transmitted patrimonial element.
Transfer or extinction of rights in rem of enjoyment or use of real estate	Wealth gain or loss will be determined by the difference between: • The transmission value (which in the case of right extinction is zero). • The acquisition value that should be minority in the deduced amortizations if the right was leased. If the right is vested in real estate that does not generate income from real estate capital, the right is consumed by use, so that the acquisition value must be reduced in proportion to the period of use.
Incorporation of assets and rights not resulting from transfer	The market value of those will be computed as a wealth gain.
Futures and options	It is profit or loss of wealth the yield obtained when it is not a risk-covering operation in the development of economic activity.
Assets assigned to the activity or disposed of less than three years previously	Wealth gain or loss will be determined by the difference between: • The transfer value. • The accounting value of the asset item that will be determined by: Acquisition value (or production cost or allocation value) more:Improvements less:Amortizations + previous disposals + losses The reducing coefficients of the transitional regime do not apply to the net income obtained.

Virtual currencies

Subject

Regarding the **cryptocurrencies or virtual currencies,** we can find a legal definition of them in section 5 of article 1 of Law 10/2010, of 28 April, on the prevention of money laundering and the financing of terrorism (BOE of 29 April), which states:

"5.Virtual currency shall mean a digital representation of value that is neither issued nor guaranteed by a central bank or public authority, is not necessarily associated with a legally established currency and does not have the legal status of currency or money, but is accepted as a medium of exchange and can be transferred, stored or traded electronically.".

Taking into account this definition, virtual currencies ("cryptocurrencies" or "payment tokens") are considered, for tax purposes, as **intangible assets**, computable in units or fractions of units, which are not legal tender, which can be exchanged for other goods, including other virtual currencies, rights or services, if accepted by the person or entity transferring the good or right or providing the service, and which can generally be acquired or transferred in exchange for legal tender.

As each virtual currency has its origin in a specific computer protocol, different scope of acceptance, different liquidity, value and denomination, different virtual currencies are different goods.

Buying and selling virtual currencies:investor's personal income tax liability

Individuals, taxpayers of IRPF, can buy and sell virtual currencies and when these transactions are not carried out in the context of an economic activity they can give rise to a capital gain or loss for the difference between the transfer value and the acquisition value.

Depending on the type of transaction, the following scenarios can be distinguished:

(a) Exchange of virtual currencies for legal tender (fiat currency)

Regulations:(Arts.35, 14 and 46.b) Law IRPF

Subject

In accordance with Article 1.6.of Law 10/2010 of 28 April 2010 on the prevention of money laundering and terrorist financing *shall mean "exchange of virtual currency for fiat currency"* the purchase and sale of virtual currencies through the delivery or receipt of euros or any other foreign currency that is legal tender or electronic money accepted as a means of payment in the country where it was issued.

Capital gain or loss

The sale of virtual currencies in exchange for euros or other legal tender, carried out outside an economic activity, **will give rise to a capital gain or loss**, the amount of which will be determined by the difference between the respective transfer and acquisition values .

The capital gain or loss shall be determined, for each sale transaction of each type of cryptocurrency, by the difference between the amount of euros obtained in the sale (unless it is lower than its normal market value on the date of the sale, in which case the latter shall prevail) and its acquisition amount in euros, determined, where applicable, by applying the exchange rate to euros of the currency in force on the date of acquisition of the cryptocurrency being sold, taking into account the expenses and taxes arising from the performance of such transactions, and referred to in article 35 of the Law of IRPF, provided that they are directly related to the same and are paid by the taxpayer.

Identification of the coins transmitted

Cryptocurrencies of a type, computable in units or fractions of units, have their origin in the same computer protocol and all cryptocurrencies of the same type have the same characteristics, being the same as each other, which gives the different units or fractions of units of the cryptocurrency in question the nature of homogeneous goods.

For the purposes of determining the corresponding capital gain or loss and insofar as the Law of IRPF does not establish a different specific rule to identify, in the case of homogeneous virtual currencies (e.g. bitcoin), those that are deemed to be transferred, it should be considered that in the event of partial sales of virtual currencies that have been acquired at different times and at different values, those that are transferred are those acquired first (**FIFO criterion**).

Temporary imputation of capital gain or loss

In accordance with Article 14 of the Law of IRPF, this will occur when the virtual coins are delivered by the taxpayer by virtue of the purchase contract, regardless of when the sale price is received, and therefore the capital gain or loss produced must be attributed to the tax period in which the delivery was made.

Income class

The amount of capital gains or losses arising from the transfer of virtual currencies in exchange for money constitutes **savings income** in accordance with the provisions of Article 46.b) of the Personal Income Tax Act and are included and offset in the savings tax base in the manner and within the limits established in Article 49 of the same Act.

Transactions involving the sale of virtual currencies in exchange for euros carried out outside an economic activity must be included in the personal income tax return for the tax period in which such transactions are carried out under the specific heading "Capital gains and losses arising from the transfer or exchange of virtual currencies by private individuals" in the return.

Summary

Capital gain or loss.

Amount:difference between transfer and acquisition value

Chargeable to the year in which the currency is delivered under the contract of sale.

Savings income because it derives from the transfer of a capital item

(b) Exchange of one virtual currency for a different virtual currency

Regulations:(Arts.37.1.h), 14 and 46.b) Law IRPF

Delimitation

The exchange of a virtual currency for a different virtual currency constitutes, insofar as they are different goods, an exchange, in accordance with the definition contained in Article 1.538 of the Civil Code, which provides:*"Swap is a contract by which each of the contracting parties undertakes to give one thing in order to receive another"*.

Capital gain or loss

Such an exchange, when carried out outside of an economic activity, results in a change in the composition of assets, as an amount of one virtual currency is replaced by an amount of a different virtual currency, and this change in the value of assets is reflected in the value of the virtual currency being acquired in relation to the value at which the virtual currency being exchanged was obtained.

Consequently, the exchange between different virtual currencies by a taxpayer outside of an economic activity gives rise to income which is classified as a capital gain or loss.

To quantify the capital gain or loss the specific valuation rule for swaps provided for in Article 37.1.h) of the Personal Income Tax Act is applied, according to which the capital gain or loss is determined by the difference between the acquisition value of the virtual currency that is given and **the higher** of the following two:

- The market value of the delivered virtual currency.
- The market value of the good or right received in exchange.

For the purposes of subsequent transfers, the acquisition value of the virtual currencies obtained in exchange shall be the value taken into account by the taxpayer by application of the rule provided for in the aforementioned Article 37.1.h) as the transfer value in that exchange.

As regards the market value of the virtual currencies being exchanged, it is that which would correspond to the price agreed for their sale between independent parties at the time of the exchange.

Identification of the coins transmitted

Cryptocurrencies of a type, computable in units or fractions of units, have their origin in the same

computer protocol and all cryptocurrencies of the same type have the same characteristics, being the same as each other, which gives the different units or fractions of units of the cryptocurrency in question the nature of homogeneous goods.

For the purposes of determining the corresponding capital gain or loss and insofar as the Law of IRPF does not establish a different specific rule to identify, in the case of homogeneous virtual currencies (e.g. bitcoin), those that are deemed to be transferred, it should be considered that in the event of partial sales of virtual currencies that have been acquired at different times and at different values, those that are transferred are those acquired first (**FIFO criterion**).

Temporary imputation of the gain

This imputation will take place, in accordance with Article 14 of the Law of IRPF, at the moment when the virtual currencies are exchanged.

The loss of assets that may arise from an exchange between different virtual currencies must be established (at the request, where appropriate, of the tax administration and inspection bodies) by means of the means of proof generally accepted in law.

Income class

The amount of capital gains or losses from transactions involving swaps between different virtual currencies constitutes **savings income** in accordance with Article 46.b) of the Personal Income Tax Act and are included and offset in the savings tax base in the manner and within the limits established in Article 49 of the same Act:

Exchange transactions between virtual currencies carried out outside an economic activity must be included in the personal income tax return corresponding to the tax period in which such transactions were carried out, which, where applicable, must be filed by the taxpayer in the section "Capital gains and losses arising from the transfer or exchange of virtual currencies by private individuals" of the tax return.

Summary

The exchange between different virtual currencies gives rise to a capital gain or loss.

The change in assets is valued in accordance with the specific rules for swaps.

The market value of the virtual currencies being exchanged is that which would correspond to the price agreed for their sale between independent parties.

Gains or losses are savings income.

c) Losses of assets.Failure to return the deposited coins or bankruptcy of the virtual currency trading platform.

Regulations:(Arts.14.2.k) and 45 Ley IRPF

In these cases, the amount of a credit not repaid on maturity does not automatically constitute a capital loss, as the creditor maintains his right to the credit, and must resort to the special rule of temporary imputation provided for in Article 14.2.k) of the Law of IRPF for these cases of uncollected credits.

Temporary imputation of the loss

According to Article 14.2.k) of the Law of IRPF, capital losses arising from overdue and uncollected credits may be attributed to the tax period in which any of the following circumstances apply:

1. The effectiveness of a debt reduction established in a judicially homologated refinancing agreement referred to in Article 71 bis and the fourth additional provision of Law 22/2003, of 9 July, on Insolvency, or in an out-of-court payment agreement referred to in Title X of the same Law.

2. That, in the event of the debtor in a competitive situation, the agreement in which a removal of the amount of the credit is agreed becomes effective in accordance with the provisions of Article 133 of Law 22/2003, of 9 July, Branch, in which case the loss shall be counted for the amount of the removal.

   Otherwise, that the insolvency proceedings end without the credit having been paid, except when it is agreed to terminate the insolvency proceedings for the reasons referred to in sections 1, 4 and 5 of Article 176 of Law 22/2003, of 9 July, on Insolvency Proceedings.

3. That the one-year period is fulfilled from the beginning of the judicial proceeding different from any insolvency proceedings whose aim is to enforce the unpaid credit.

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

Income class

As this is a capital loss which has not been revealed on the occasion of the transfer of assets, it will form part of the general income and must be included in the general taxable base of the IRPF (Articles 45 and 48 of the Law of IRPF).

Summary

As the amount of a receivable that is not repaid when due does not constitute a capital loss.

The special rule of temporary imputation foreseen in article 14.2.k) of the Law of IRPF is applied for these cases of uncollected credits.

It will form part of the general income and must be included in the general taxable base of the IRPF.

Tax return and taxation of capital gains and losses

Regulations:(Arts.44 to 46 of the Personal Income Tax Law

For the purposes of calculating tax, the taxpayer's income, including income and capital gains and losses, must be classified as general income or savings income and, consequently, will be taken to the general tax or savings base.

Capital gains and losses which are integrated into the general tax base

Regulations:Art. 45 Law IRPF

The **capital gains and losses that do not derive from the transfer of assets** are included in the general tax base and must be declared under heading F1 of the tax return.For example, the following can be cited:

a) Prizes won through participation in games, contests, raffles or random combinations.

You must distinguish between:

i. Prizes won by participating in games, raffles or random combinations **without advertising purposes**, where losses can be offset up to the limit of the winnings obtained.

ii. Prizes won by participating in games, raffles or random combinations **for advertising purposes**, where losses cannot be offset.

In both cases the prizes may be in cash or in kind;the former are subject to retention and the second are subject to account entry.

The declaration of the **cash prizes** subject to withholding shall be made under heading F1 of the tax return for the total amount of the prize, without deducting the withholding tax borne, which shall be declared as such in the section of the tax return corresponding to withholdings and other payments on account.

The total amount to be declared in the **prizes in kind** will be made up of the sum of the valuation of the prize received, which will be carried out at its market value, plus the payment on account, unless the latter has been passed on to the taxpayer.This amount may not be reduced, where appropriate, in public writing and registration expenses by constituting the same a higher acquisition value for the purpose of a future transmission of the prize received.

In any case, the capital gain derived from the prize will be imputed to the tax period in which the prize is payable in accordance with the competition rules.

b) Subsidies for the purchase of social housing or subsidised housing.

(c) Grants or subsidies for the entry into the principal residence or for the repair of structural defects in the principal residence.

d) Public aid to owners of Spanish Historical Heritage properties listed in the General Register of Properties of Cultural Interest.

The temporary allocation of subsidies or aid referred to above may be carried out by quarters in the tax period in which they are obtained and in the following three.

(e) Public support for the first establishment of young farmers provided for in the National Rural Development Framework for the acquisition of an equity stake in agricultural holdings

These may be allocated in quarters, in the tax period in which they are obtained and in the following three tax periods.

f) Capital gains obtained by residents in 2022 as a result of forestry operations on public forests.

This capital gain has been subject in 2022 to the 19 per cent withholding tax, so the amount of the latter must be declared in the section of the tax return corresponding to withholdings and other payments on account.

(g) Public rental subsidies

Among them is the **Bono Alquiler Joven,** regulated by Royal Decree 42/2022, of 18 January, which regulates the Bono Alquiler Joven and the State Plan for access to housing 2022-2025**.**

The declaration of these amounts received as Youth Rental Subsidy shall be made under heading F1 (Capital gains and losses not deriving from the transfer of assets) of the tax return in the box ***[0303]***.

Accuracy: The Bono de Alquiler Joven is a grant for a period of two years for an amount of 250 euros per month for young people up to the age of thirty-five, with the aim of facilitating their emancipation.This aid is expressly compatible with the rental aid of the programme of aid to young people and to contribute to the demographic challenge, which consists of direct aid granted to young people up to the age of thirty-five included and with limited financial means, in their condition of tenants or assignees, with the aim of facilitating access to the enjoyment of a decent and adequate dwelling or room under a rental or assignment in use regime.

(h) Aid of EUR 200 for low-income and low net worth individuals

This aid is called "Direct aid line for individuals with low incomes and assets", established by article 31 of Royal Decree-Law 11/2022 of 25 June, adopting and extending certain measures to respond to the economic and social consequences of the war in Ukraine, to deal with situations of social and economic vulnerability, and for the economic and social recovery of the island of La Palma (BOE of 26 June), with the aim of alleviating the detrimental effect on prices caused by the energy crisis resulting from the invasion of Ukraine.

The declaration of this aid must be made under heading F1 (capital gains and losses not deriving from the transfer of assets) in box ***[0356].***

Accuracy: This is a one-off payment of 200 euros, which is available to individuals who are self-employed or employed and who are registered in the corresponding Social Security or mutual insurance scheme, or who are unemployed and registered at the employment office, or who are not receiving unemployment benefit or subsidy, provided that in 2021 they received an income of less than 14,000 euros per year, and have assets of less than 43,196.40 euros per year.

The calculation of income and assets is carried out jointly, taking into account all persons residing with the beneficiary at the same address on 1 January 2022 and who are linked to each other by marriage or an analogous relationship of at least two years prior to marriage or by kinship, up to the third degree, including those related, with any of the above, as well as other persons with whom any of the above live by virtue of foster care for adoption or permanent family foster care.

(i) Other capital gains deriving from State aid

Among them is the **"Bono Social Térmico",** aid created by Royal Decree-Law 15/2018, of 5 October, on urgent measures for energy transition and consumer protection (BOE of 6 October), aimed at alleviating energy poverty in vulnerable consumers, with regard to energy used for heating, hot water or cooking.

The declaration of this aid must be made under heading F1 (Capital gains and losses not arising from the transfer of assets) in box ***[0301]***.

Accuracy: is configured as a single payment direct aid charged to the General State Budget, granted by the State through the Ministry for Ecological Transition, although its management and payment corresponds to the Autonomous Communities and the Cities with Statute of Autonomy.

Its purpose is to complement the aid received under the Bono Social Eléctrico, and therefore beneficiaries of this aid are those who on 31 December of the previous year had also been beneficiaries of the Bono Social Eléctrico, provided for in Law 24/2013, of 26 December, on the Electricity Sector.

The amount will be determined according to their degree of vulnerability as defined in the regulations governing the Bono Social Eléctrico, as well as the climate zone in which the dwelling in which they are registered is located.

j) Bono Cultural Joven, aid created by Law 22/2021, of 28 December, on General State Budgets for the year 2022 (BOE of 29 December).

The amount of the voucher enjoyed constitutes for its beneficiaries a capital gain not subject to withholding tax.

The amount of the voucher used for the purchase of cultural products and services shall be declared under heading F1 (Capital gains and losses not deriving from the transfer of assets) of the tax return in the box ***[0323]*** *called "Bono Cultural Joven"*.

Accuracy: 400 euros per beneficiary to be used for the purchase of cultural products and services offered by the organisations participating in the programme.Its beneficiaries are those young people who have turned 18 during the year 2022 and meet the requirements established in article 5 of Royal Decree 210/2022, of 22 March, which establishes the regulatory rules for the Bono Cultural Joven (Youth Culture Voucher).

It is granted once only to each beneficiary and must be used by the beneficiary within one year of being granted.The total amount granted shall be paid in one single payment, in the form of a virtual prepaid card or physical card.Once this period has elapsed, the Bono Cultural Joven will be automatically deactivated, and the collaborating entity will proceed to refund the amounts not used.

Therefore, only the amount charged to the Bono Cultural Joven that has been used during the period for which it is granted (1 year) in the purchase of cultural products and services is considered a capital gain.

Remember: *in the case of cultural vouchers granted by the Autonomous Communities or local authorities, the amount should be entered in box* ***[0304].****Please note that this aid is instrumented through the delivery of vouchers for discounts on cultural products and services.*

(k) Other capital gains attributable to 2022, e.g. interest on late payments

The declaration of this gain must be made under heading F1 (Capital gains and losses not deriving from the transfer of assets), in box ***[0304]*** in the section corresponding to "Other capital gains and/or losses attributable to 2022", and will correspond to the amount received for this concept.

Accuracy: with regard to late payment interest paid to the taxpayer by the Tax Agency when making a refund of undue income, is subject to and not exempt from IRPF, in accordance with the criterion established by Supreme

Court Ruling no. 24/2023, of 12 January, handed down in appeal no. 2059/2020 (ROJ:STS 121/2023).

The Supreme Court in this judgment has changed the previous criterion, establishing as a doctrine that:*"the late payment interest paid by the Tax Agency when making a refund of undue income **is subject to and not exempt from IRPF**, constituting a capital gain which **constitutes general income**, in accordance with the provisions of Article 46.b) of the IRPF Law, interpreted a sensu contrario".*

The same criterion is applicable to late payment interest paid by other administrations, entities or parties other than the Tax Agency which, like the above, must be considered as a capital gain to be included in the general tax base.

Therefore, following Ruling No. 24/2023 of 12 January 2023, compensation interest (in general) qualifies as a capital gain to be included in the general tax base, since, as the Supreme Court states, it has not arisen on the occasion of the transfer of assets.

Capital gains and losses included in the savings tax base

Regulations:Art. 46 Law IRPF

Capital gains and losses arising on the transfer of assets are included in the savings tax base and must be declared under the corresponding heading of heading F2 of the tax return.

For example, the following can be cited:

- **Capital gains and losses arising from transfers or redemptions of shares or units in collective investment undertakings (investment companies and funds).**

  These capital gains have been subject to a withholding tax of 19% in 2022.The amount of these withholdings and payments on account must be declared in the section of the return relating to withholdings and other payments on account.

- **Capital gains and losses derived from shares or holdings traded on official markets.**
- **Capital gains and losses arising from the transfer or exchange of virtual currencies by individuals.**
- **Capital gains and losses arising from the transfer of real estate and rights in rem over real estate.**

Capital gains and losses arising from the receipt of premiums paid for the grant of a call option contract.

The contract of option to purchase a property is one in which one of the parties (grantor) grants the other (optionor) the exclusive power to decide whether or not to enter into a main contract of sale, to be concluded within a certain period and under certain conditions, which may be accompanied by the payment of a premium or price by the optionor.

By the purchase option contract, the purchaser acquires a right to decide unilaterally whether to make the purchase, and the transferor has a corresponding obligation to sell the object for the agreed price and within the time limit set for the exercise of the option.The grantor of the option is obliged to maintain the offer within the period specified, within which the purchaser can make use of his right and the purchase option is then extinguished or consummated, at the same time as the corresponding purchase contract is perfected.

The granting of this purchase option (in exchange for the payment of a premium), involves an exercise and

limitation of the holder's "ius disponendi" (insofar as the grantor undertakes not to dispose of the asset during the option period), which represents an alteration in the composition of the owner's assets, a situation that can be included in the concept of alteration of assets under the IRPF regulations, so that the income obtained is a capital gain that is taxed independently of that which, if applicable, may be produced subsequently on the occasion of the formalisation of the sale.

The income obtained in exchange for offering the purchase option right (the contract premium) constitutes a gain whose imputation must be made, in accordance with the provisions of Article 14.1 of the Personal Income Tax Law, in the tax period in which the purchase option right on the property is formalised and its amount will be determined by the value effectively paid provided that it is not lower than the market value, as there is no acquisition or improvement cost, because this alteration does not derive from a previous acquisition.

With regard to the integration of capital gains arising from the receipt of premiums paid for the granting of an option contract, SC Rulings 803/2022 and 804/2022, both of 21 June (ROJ:STS 2599/2022 and STS 2598/2022, respectively) have established as a criterion its inclusion in the savings income defined in Article 46 of the Personal Income Tax Law, as it implies a transfer, based on "traditio", derived from the transfer of powers inherent to the right of ownership which are temporarily relinquished by the owner.

- **Capital gains and losses arising from the transfer of other assets, e.g. shares not admitted to trading, etc.**

Special reference to subsidies and public aid which are classified as wealth gain

PUBLIC SUBSIDIES AND GRANTS

SUBSIDIES will be rated as a wealth gain:

a) When its obtaining is linked to an asset item not assigned to an economic activity.Among others:

- Subsidies for purchase or renovation of principal residence (boxes ***[0299]*** and ***[0300]***)
- Subsidies for the repair of structural defects in the main dwelling (box ***[0300]***)
- Public aid for the payment of IBI (box ***[0301]***)
- State aid under the Trade-in Plan for the goods concerned (household appliances, boilers, windows, air conditioning etc.)(box ***[0301]***)
- Public aid for the installation of ramps, lifts, even if installed to improve mobility (box ***[0301]***)
- Public aid for the purchase of sustainable vehicles (MOVALT, VEA and MOVES III 2022) when the beneficiaries are taxpayers of the IRPF who do not carry out any economic activity (box ***[0301]***).

Although these public subsidies are linked to an asset, they do not derive from its transfer and, therefore, must be included in the declaration of IRPF in section F1 under "Other capital gains and losses that do not derive from the transfer of assets".

b) When it is not linked to an asset and is not classified as income from work or economic activity, for example:

- Public aid for renting (box ***[0303]***)
- The "Aid of 200 euros for low-income and low net worth individuals" (box ***[0356]***), regulated in Article 31 of Royal Decree-Law 11/2022 of 25 June
- The "Bono Social Térmico" (box ***[0301]***)
- Bono Cultural Joven (box ***[0323])***
- Other cultural vouchers *(box* ***[0304])***

- Public aid to the owners of Spanish Historical Heritage assets for their conservation or rehabilitation.(Box ***[0266]***)
- Public aid for the first establishment of young farmers provided for in the National Rural Development Framework for the acquisition of an equity stake in agricultural enterprises (box ***[0279]***).

Tax-excluded earnings in cases of reinvestment

Regulations:Article 38 Personal Income Tax Law

Transfer of the habitual residence with reinvestment of the amount obtained in another habitual residence

Exemption

Regulations:(Arts.38.1 Ley IRPF, 41 Reglamento IRPF

Capital gains obtained in the transfer of the taxpayer's main residence may be exempt, **when the total amount obtained from the transfer is reinvested in the purchase of another main residence or in the refurbishment of that residence**.

> Without prejudice to the above, bear in mind that the exemption for capital gains derived from the transfer of the habitual residence by persons over 65 years of age or by persons in a situation of severe or great dependency is discussed in the section "Ganancias patrimoniales exentas", in this same Chapter.

Special case:transfer of principal residence with outstanding amounts to be amortised

When the taxpayer has used third-party financing to acquire the property transferred, the total amount obtained in the transfer will be considered, exclusively for these purposes, as the transfer value under the terms set out in the Law of IRPF minus the principal of the loan pending repayment.In these cases, therefore, it is not considered that there is a partial reinvestment, even if part of the amount obtained in the transfer of the property has been used to repay the outstanding loan.

Requirements and conditions for the application of the exemption

The application of the exemption does not operate automatically, but rather the taxpayer himself must express his wish to avail himself of it and it is conditional on both the property transferred and the property acquired or, where applicable, the renovated property being considered the main residence, as well as on the reinvestment being made within the terms and conditions indicated in the following sections:

Principal Residence item

Regulations:twenty-third additional provision Law IRPF and 41 bis Regulation IRPF.See also art. 55.5 Reglamento IRPF, as in force on 31 December 2012.

For tax purposes, the taxpayer's habitual residence is considered to be the **building** in which the taxpayer **resides for a continuous period of at least three years**.

> In relation to the tax benefits related to the habitual residence, in cases of acquisition of the property in pro indiviso, the taxpayer having resided uninterruptedly in the property since its acquisition, for the calculation of the three-year period to determine whether or not the property is considered a habitual residence, the date on which the acquisition

of the undivided share took place must be taken as the date on which the remaining share was acquired to complete 100 per cent of the ownership of the common property, without the date on which the remaining share was acquired on the occasion of the division of the common property, the dissolution of the community of property, the extinction of the matrimonial property regime of participation or the dissolution of community property or separation of joint owners. (Resolution of TEAC of 10 September 2015, Claim number 00/06331/2013, re

In this regard, it is worth bearing in mind the Judgment of the Supreme Court of 12 December 2022, handed down in cassation appeal no. 7219/2020, (ROJ:STS 4569/2022), en la que fija como criterio interpretativo que para la aplicación de la exención por reinversión a efectos del IRPF, no resulta suficiente que la contribuyente haya ostentado la nuda propiedad de la vivienda que se transmite, durante una parte del plazo continuado de, al menos, tres años sino que se exige su pleno dominio durante todo ese tiempo al señalar que "La exención de la ganancia patrimonial obtenida con ocasión de la transmisión de la vivienda habitual del contribuyente, siempre que el importe total obtenido por la transmisión se reinvierta en la adquisición de una nueva vivienda habitual, regulada en el art. 38 de la Ley del IRPF, requiere que la vivienda transmitida haya constituido su residencia habitual durante el plazo continuado de, al menos, tres años continuados y que haya ostentado durante dicho periodo el pleno dominio de la misma, sin que la nuda propiedad resulte título suficiente a tales efectos".

However, it will be understood that the dwelling was considered to be the habitual residence when, despite this period not having elapsed, the taxpayer dies or there are other circumstances that necessarily require a change of address, such as marriage, separation, transfer of employment, obtaining the first job or change of employment or other similar justified circumstances.

The statutory expression "circumstances necessarily necessitating a change of address" implies that such a change of address is mandatory.The term "necessarily" is an adverb of manner which, according to the Royal Academy Dictionary, means with or by necessity or precision.In turn, the term "need" can indicate anything that is impossible to escape, lack or resist.Even more enlightening is the noun precision, included in the definition of "necessarily", as it implies an indispensable obligation or necessity that forces and requires something to be done.Finally, this is confirmed by one of the definitions of "necessary":means that which is done and executed under compulsion of something else, as opposed to voluntary and spontaneous.

Consequently, its application requires consideration of whether, in a given situation, a change of domicile is an option for the taxpayer or whether it is at the taxpayer's discretion or convenience;i.e. the fact that one of the listed circumstances or other similar circumstances is not in itself a determining factor, nor does it simply constitute an exception to the general requirement of effective residence for three years.In the first case, i.e. if the taxpayer retains the possibility to choose, there will not be a circumstance that would allow an exception to the three-year period and, therefore, if the taxpayer decides to change residence, the dwelling will not be considered to be the usual residence.Along the same lines, it can be stated that if it is proven that circumstances similar to those listed in the twenty-third additional provision of the Law IRPF are present, the three-year period may be waived, provided that they also require a change of domicile.

For the home acquired to be the taxpayer's habitual residence, **must be effectively and permanently inhabited by the taxpayer himself within a period of twelve months**, counted from the date of acquisition or completion of the works.

It will be understood that the home acquired does not lose its character of habitual residence when the following circumstances concur:

- On the death of the taxpayer.
- When there are other circumstances that necessarily prevent the occupation of the dwelling under the terms set out above.
- When the taxpayer has a permanent residence due to work or employment and the residence acquired is not being used, in which case the twelve-month period shall start to run from the date of cessation.

When the dwelling has been effectively and permanently inhabited by the taxpayer within

twelve months from the date of acquisition or completion of the works, the three-year period for considering it as the taxpayer's habitual residence shall be computed from the latter date.

With regard to the requirement to occupy the main residence within the twelve months established in Article 41 bis of the Regulations of IRPF , it should be noted that this is not an additional requirement for the building to be considered a main residence, but rather an extension of the deduction for investment in housing, since the taxpayer may apply the deduction even if he does not reside in the home, provided that he occupies it within this period.This deduction, however, will not be consolidated until the residence acquires the status of habitual residence, which, as we have said, will occur when the taxpayer resides there for a continuous period of three years.

For the purposes of the reinvestment exemption **the renovation of** the home is assimilated to the acquisition of a home, with work on the home fulfilling any of the following requirements being considered as such:

a. **These are subsidised actions** in the field of housing rehabilitation under the terms of Royal Decree 233/2013, of 5 April, which regulates the State Plan for the promotion of housing rental, building rehabilitation, and urban regeneration and renovation, 2013-2016.

b. **Their main purpose is the reconstruction of the dwelling** by means of the consolidation and treatment of the structures, façades or roofs and other similar operations, provided that the overall cost of the rehabilitation operations exceeds 25% of the purchase price if this had been carried out during the two years immediately prior to the start of the rehabilitation work or, in other cases, of the market value of the dwelling at the time of the start of the rehabilitation work.For these purposes, it will be deducted from the acquisition price or market value of the residence the proportional part corresponding to the land.

Taxpayers can also obtain the tax benefit of the reinvestment exemption if they use the sums obtained from the sale of their main residence to pay the price of a new main residence under construction, including the possibility of self-promotion.

In accordance with the doctrine established by the Supreme Court Judgment no. 1098/2020, of 23 July 2020, handed down in contentious-administrative appeal no. 1098/2020 (ROJ:STS 2698/2020) in the case of reinvestment in future construction two conditions must be fulfilled for the reinvestment exemption to apply:

1) That the entire amount received is applied to the construction of the new home, within the two-year reinvestment period.

2º) That the requirements of article 55 of the Regulation of the IRPF in the wording in force on 31 December 2012 are met, in accordance with the eighteenth transitory provision of the Law of the IRPF and the twelfth transitory provision of the Regulation of the IRPF.For this purpose, proof must be provided that the work has been completed within four years, except for the extension provided for in Article 55(3) and (4) of the Regulations of IRPF.

Note: *for the sole purpose of applying the exemption, the taxpayer shall be deemed to be transferring his main residence when it constitutes his main residence at that time or would have been considered as such until any day in the two years prior to the date of the transfer.*

Other requirements and conditions for the application of the exemption

A. Total or partial reinvestment

The reinvestment in the purchase of a new home of the amount obtained from the transfer can be total or partial.

In order to apply the reinvestment exemption, it is not necessary to use all the money obtained from the sale of the previous property, it being sufficient to apply money borrowed from a third party for the same purpose, either directly or as a result of the subrogation of a loan previously contracted by the transferor of the property.Therefore, in order to consider the reinvestment to have been made, the total purchase value of the new home will be taken into account, regardless of whether the amount has been paid or financed, and if the purchase value of the new home is equal to or greater than that of the old one, the reinvestment will be total.Otherwise, it will be partial (Supreme Court Judgment no. 1230/2020, of 1 October 2020, handed down in contentious-administrative appeal no. 809/2019 -ROJ STS 3049/2020-).

When the amount of the reinvestment is less than the total amount obtained from the transfer, only the portion of the capital gain corresponding to the amount effectively reinvested is excluded from the tax, under the conditions outlined previously.

Please note that in the case of partial reinvestment, the proportional part of the capital gain obtained will be excluded from taxation, after applying, if applicable, the exemption provided for in additional provision thirty-seven of the Law of IRPF (exemption of 50% of the capital gain obtained from the transfer of property acquired between 12 May 2012 and 31 December 2012), which corresponds to the amount reinvested, under the terms and conditions provided for the exemption for reinvestment of the main residence.

B. Reinvestment Period

The reinvestment of the amount obtained in the sale must be made, either once or successively, within a period not exceeding two years, counted from date to date, which may be **not only the years after but also the years prior to the sale of the previous main residence.**

The reinvestment to which this exemption is conditioned does not involve investing in the new home exactly the money obtained specifically and directly in the transfer of the old habitual residence, (..). What the IRPF regulations want to benefit, through this exemption, is that the taxpayer invests within two years, after or prior to the sale, an amount equivalent to the total amount obtained from the transfer, which would give rise to a total exemption of the gain, or, if applicable, a partial exemption in proportion to the amounts reinvested within the two-year period.Resolution of the extraordinary appeal for the unification of criteria of the TEAC dated 11 September 2014, Complaint number 00/02463/2013, appealed in the extraordinary appeal for the unification of criteria.

The reinvestment is not made after the deadline if the sale was made in instalments or at a deferred price, provided that the amount of the instalments is used for the stated purpose within the tax period in which they are received.

***Attention Covid-19 deadline calculation:* by virtue of the ninth additional provision of Royal Decree-Law 11/2020, of 31 March, adopting additional urgent measures in the social and economic field to deal with Covid-19 (BOE of 1 April) and the modification of the temporary references provided for in the first additional provision of Royal Decree-Law 15/2020, of 21 April, on additional urgent measures to support the economy and employment (BOE of 22 April):**

- ***For the purposes of the two-year period for reinvestment in a new home of the amount obtained from the sale of the old home, this period is suspended from 14 March 2020, the date of entry into force of Royal Decree 463/2020, until 30 May 2020.***

- ***Likewise, the deadline for the acquisition of the new main residence within the two years prior to the transfer of the old main residence for the application of the exemption is also suspended from 14 March 2020 until 30 May 2020.***
- ***Finally, for the purposes of the period provided for in Article 41 bis.3 of the Regulations of IRPF computed from the time the home ceased to be the habitual residence until it is sold, the computation of this period has been stopped from 14 March 2020, the date of entry into force of Royal Decree 463/2020, until 30 May 2020.***

C. Option for the application of the exemption

In relation to the specific way or form in which the option for the reinvestment exemption should be externalised, the following situations should be distinguished:

a. **Reinvestment in the same year in which the capital gain is obtained or in the two previous years.In this case, no formal obligation is required in relation to the option for exemption, provided that the application of the exemption is not contradicted by any other circumstance in the tax return for the same or subsequent tax years.**

b. **Reinvestment in the following two financial years.When the taxpayer intends to reinvest in the following two years, he/she must state in the tax return for the year in which he/she obtains the capital gain his/her intention to reinvest in accordance with the conditions and deadlines established in the regulations, by completing section F2 and the corresponding section of Annex C.2 of the additional information of the tax return form.**

The completion of the corresponding section of Annex C.2, which constitutes a formal duty, is not, however, of a substantial or obligatory nature in order to be able to apply the reinvestment exemption, provided that the application of the exemption is not contradicted by some other circumstance in the return for the same or subsequent tax years.

> **See in this respect the Resolution of the TEAC of 8 September 2016, Complaint number 00/06371/2015, handed down in an extraordinary appeal for the unification of criteria.**

D. Non-compliance with reinvestment conditions

Failure to comply with any of the reinvestment conditions results in the taxation of the corresponding part of the capital gain.

In such a case, the taxpayer must allocate the part of the non-exempt capital gain to the year in which it was obtained, making a supplementary self-assessment including interest for late payment.

> **The latter return shall be filed within the period between the date on which the non-compliance occurs and the end of the statutory reporting period for the tax period in which the non-compliance occurs.**

A careful distinction must be made, depending on whether the failure affects the reinvestment period or the amount reinvested.In the latter case, the right to exemption of

the capital gain obtained corresponding to the amount reinvested is not lost.

Example:

Mr. M.G.B., aged 56, transfers his main residence in 2022 for the sum of 95,000 euros.This property was purchased in 1995 for an amount equivalent to 60,000 euros, including the costs and taxes inherent to the purchase.The acquisition was financed by means of a mortgage loan of which, at the time of the sale, an amount of 4,000 euros remains to be repaid.

4,000 of the proceeds from the sale to repay the outstanding loan.

In the same year, 2022, he buys a new main residence for 91,000 euros, investing the rest of the amount obtained from the sale of his previous home.

Determine the amount of the exempt capital gain on reinvestment.

Solution:

Transmission value:95,000

Cost price:60,000

Capital gain (95.000 - 60.000) = 35.000

Exempt capital gains on reinvestment:35,000

Taxable capital gains:0

Note to example: given the existence of a mortgage loan on the property transferred, the amount to be reinvested in order to obtain the total exemption of the capital gain obtained is the difference between the transfer value (95,000 euros) and the amount allocated to the outstanding repayment of the mortgage loan (4,000 euros), i.e. 91,000 euros, which is the amount that has been effectively reinvested.

Transfer of shares or holdings on which a deduction has been made for investment in a new or recently established company with reinvestment of the amount obtained in another new or recently established company

Exemption

Regulations:Art. 38.2 and additional provision 38 Personal Income Tax Act;art. 41 Reglamento IRPF

The capital gain arising on the transfer of shares or holdings **for which the deduction for investment in new or recently created companies provided for in Article 68.1 of the Law of IRPF is taken is declared exempt.**

The exemption is only available when the amount obtained from the aforementioned transfer is reinvested in the acquisition of shares or holdings in another new or recently

created company that meet the requirements and conditions set out in numbers 2, 3 and 5 of article 68.1 of the Law of IRPF (requirements regarding the company in which the investment is made, regarding the shares and holdings that are acquired and formal requirements) which are discussed in the section "Deduction for investment in new or recently created companies" of Chapter 16, to which we refer.

Requirements and conditions for the application of the exemption

The requirements and conditions for the application of this exemption are set out below:

A. Total or partial reinvestment

The exemption may be total, if the total amount obtained from the transfer of the stock is reinvested, or partial, when the reinvested amount is lower than the total received from the transfer.In the latter case, only the proportional part of the capital gain obtained corresponding to the amount reinvested will be excluded from taxation.

B. Time limit for reinvestment

The reinvestment of the amount obtained on the disposal must be made, **at one time or successively**, within a period **not exceeding one year from the date of transfer** of the shares or units.

> ***Note:*** *for the purposes of this one-year period for reinvestment in new shares of the amount obtained, it should be borne in mind that the calculation thereof was suspended from 14 March 2020, the date of entry into force of Royal Decree 463/2020, until 30 May 2020, by virtue of the provisions of the ninth additional provision of Royal Decree-Law 11/2020, of 31 March, adopting additional urgent measures in the social and economic sphere to address Covid-19 (BOE of 1 April) and of the modification of the time references provided for in the first additional provision of Royal Decree-Law 15/2020, of 21 April, on additional urgent measures to support the economy and employment (BOE of 22 April).*

C. Reinvestment in a year other than the year of disposal

When the reinvestment is not made in the same year as the disposal, the taxpayer will be obliged to state in the tax return of IRPF of the year in which the capital gain is obtained his intention to reinvest under the conditions and within the deadlines indicated.

D. Excluded cases

The reinvestment exemption does not apply:

- When the taxpayer has acquired homogenous shares in the year prior or subsequent to the transfer of the stock.In that case, the exemption will not apply to the shares that remain in the ownership of the taxpayer.
- When shares are transferred to a spouse or blood relatives or relatives by marriage in a direct

or collateral line, up to and including the second degree.

- When the stocks or shares are transferred to a company with regard to that which is produced, with the taxpayer or with any of persons mentioned in the previous point, some of the circumstances established in Article 42 of the Commercial Code.

E. Non-compliance with reinvestment conditions

Failure to comply with any of the reinvestment conditions results in the taxation of the corresponding part of the capital gain.

In such a case, the taxpayer must allocate the part of the non-exempt capital gain to the year in which it was obtained, making a supplementary self-assessment including interest for late payment.

The complementary self-assessment shall be filed within the period between the date on which the non-compliance occurs and the end of the statutory deadline for the tax return corresponding to the tax period in which the non-compliance occurs.

Transfer of assets by taxpayers over 65 years of age with reinvestment of the amount obtained in life annuities

Exemption

Regulations:Art. 38.3 and ninth additional provision Law IRPF;art. 42 Reglamento IRPF

The following are exempt from taxation: capital 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 to constitute an assured life annuity in their favour.

> It should be borne in mind that the exemption for reinvestment in life annuities is also applicable to capital gains derived from the transfer of assets assigned to economic activities, as well as to those obtained through entities in attribution of income when the member of the entity makes the reinvestment fulfilling the necessary requirements.

Requirements and other conditions for the application of the exemption

Requirements for an insured annuity

a. **The annuity contract must be concluded between the taxpayer, who will be the beneficiary, and an insurance company**.

   In the contracts of life annuity may be established mechanisms reversal or periods certain provision or formulas contraseguro in the event of decease Once constituted the life annuity.

   > The **reversionary mechanism** in insurance contracts is the procedure whereby, in the event of the death of the insured (who in this case is the policyholder and beneficiary), all or part of the annuity is transferred to a new policyholder and beneficiary.

Life annuity insurance contracts with **certain benefit periods** are those in which it is guaranteed that the annuity will be received for a minimum number of years even after the death of the insured and initial beneficiary of the annuity (logically, in the event of the death of the insured, the annuity will be received by the beneficiary designated for this purpose).

Finally, the **counter-insurance formulas** (the most widely used in insurance practice) are those that guarantee the designated beneficiary a capital sum in the event of the insured's death.

However, in order to ensure that the application of the reinvestment gain exemption provided for in article 38.3 of the Law of IRPF fulfils the intended purpose, the following requirements must be met for contracts entered into after 1 April 2019, in which reversion mechanisms, certain benefit periods or counter-insurance formulas in the event of death are established (ninth additional provision of the Regulation IRPF):

- In the case of reversionary mechanisms in the event of the death of the insured person, there can only be one potential beneficiary of the reversionary annuity.
- In the case of certain benefit periods, such periods may not exceed 10 years from the establishment of the annuity.
- In the case of counter-insurance formulas, the total amount to be received on the death of the insured person may at no time exceed the following percentages of the amount intended for the constitution of the life annuity:

Years since the constitution of the annuity	Percentage applicable
1.º	95 per 100
2.º	90 per 100
3.º	85 per 100
4.º	80 per 100
5.º	75 per 100
6.º	70 per 100
7.º	65 per 100
8.º	60 per 100
9.º	55 per 100
10th and onwards	50 per 100

> ***Important***:*the new requirements for the existence of reversionary mechanisms, certain benefit periods or counter-insurance formulas in the event of death in respect of insured annuity contracts shall not apply to life insurance contracts concluded before 1 April 2019, regardless of whether the annuity is constituted after that date.*

b. **The annuity must have a periodicity less than or equal to one year**, it must begin to be received within one year of its constitution, and the annual amount of the annuity may not decrease by more than 5% with respect to the previous year.

c. **The taxpayer must inform the insurance company that the life annuity taken out constitutes the reinvestment of the amount obtained** from the transfer of assets, for the purposes of the application of the exemption provided for in this article.

Other requirements and conditions for the application of the exemption

A. Reinvestment ceiling

The maximum total amount whose reinvestment in the constitution of annuities will qualify for the exemption **shall be 240,000 euros**.

If as a result of the reinvestment of the amount of a transfer in a life annuity the amount of EUR 240,000 is exceeded, taking into account previous reinvestments, , only **the amount of the difference between EUR 240,000 and the amount of the previous reinvestments shall be deemed to have been reinvested.**

B. Time limit for reinvestment

The annuity must be constituted within **six months** from the date of transfer of the asset.

However, where the capital gain is subject to withholding tax and the transfer value reduced by the amount of the withholding tax is used in full to constitute an annuity within the aforementioned six-month period, **the period for using the amount of the withholding tax to constitute the annuity shall be extended until the end of the financial year following that in which the transfer is made.**

C. Reinvestment in a year other than the year of disposal

When the reinvestment is not made in the same year as the disposal, the taxpayer is obliged to state in the tax return for the year in which the capital gain is obtained his intention to reinvest under the conditions and within the periods indicated, by completing section F2 of the tax return and the corresponding section of Annex C.2 of the additional information of the tax return form.

D. Partial reinvestment

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 .

E. Non-compliance with the conditions of reinvestment or anticipation, total or partial, of the economic rights derived from the annuity constituted.

Failure to comply with any of the conditions established in this Article, or the total or partial anticipation of the economic rights derived from the annuity constituted, shall determine the taxation of the corresponding capital gain.

In such a case, the taxpayer shall impute the non-exempt net profit per year of its acquisition, practicing complementary autoliquidation, including interest of delay, that it shall be submitted within the time limit between the date of non-compliance and the end of the regulatory reporting period for the tax period in which such non-compliance occurs.

Example:reinvestment in annuities

On 7 March 2022, Ms. P.P.G. sells shares in the company "XX" listed on the stock exchange for 50,000 euros.These shares were acquired in 1997 for the sum of 20,000 euros.

In August 2022, it constitutes an annuity by paying a premium of 50,000 euros.

Likewise, in September he sold for 250,000 euros a property that he had acquired in 1999 for 110,000 euros, including the expenses and taxes inherent to this acquisition.

The proceeds from the sale are also used to set up the annuity.

Determine the amount of the exempt capital gain on reinvestment.

Solution:

1.Transfer of shares in the company "XX".

Transmission value:50,000

Cost price:20,000

Capital gain (50,000 - 20,000) = 30,000

Exempt capital gains on reinvestment:30,000

2.Transfer of the property

Transmission value:250,000

Cost price:110,000

Capital gain (250.000 - 110.000) =:140,000

Exempt capital gain (1) (190.000 x 140.000) ÷ 250.000 = 106.400

Note for the example:

(1) Since the maximum amount to be reinvested in life annuities is 240,000 euros and the amount of the transfer exceeds

this amount, taking into account previous reinvestments, only the amount of the difference between 240,000 euros and the amount of previous reinvestments, i.e. 190,000 euros (240,000 - 50,000), will be considered reinvested.

As the amount considered reinvested (190,000 euros) is less than the total amount received in the transfer (250,000 euros), only the proportional part of the capital gain obtained corresponding to the amount reinvested will be excluded from taxation.(Return)

Temporary allocation of capital gains and losses

Allocation of capital gains and losses produced in 2022

General criterion

Regulations:Art. 14.1.c) Law IRPF

The declaration and determination of the amount of profits and property losses must be made and imputed to the tax period in which the alteration of property takes place.

Special criteria

Regulations:Art. 14.2.c), d), g), i), j) and k) Law IRPF

A. Deferred price or instalment transactions

In these cases, **the taxpayer may choose to allocate** proportionally to the capital gains or losses as and when the corresponding receipts become due.

Deferred or forward transactions are transactions where the price is received, in whole or in part, by successive payments, provided that the period between the delivery of the good or the making available of the good or right and the expiry of the last instalment is more than one year.

Where 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.

> ***Note:*** *the exercise of the option for the temporary imputation of the application of the deferred income criterion shall be made, item by item, in the section "Capital gains and losses with a deferred price to be imputed in future years" in Annex C.1 of the return.*

In no case shall this treatment, for the transferor, operations deriving from contracts annuities or temporary.When are transferred assets and rights on change of a life annuity or temporary, the capital gain or loss for the annuitant will be attributed to the tax period in which they constitute the income.

B. Public aid

In general: Capital gains deriving from **state aid** shall be allocated to the tax period **in which they are received**, without prejudice to the **options** set out below:

- **Public aid received as compensation for structural defects in the primary residence**.Where such aid is intended for the repair of the main residence, it may **be allocated in quarters**, in the tax period in which it is obtained and in the following three tax periods.

Accuracy: This criterion is introduced, with effect from 1 January 2015, by Law 26/2014, of 27 November, which amends Law 35/2006, of 28 November, on Personal Income Tax (BOE of 28 November).Previously, the administrative criterion in these cases fixed the imputation at the time the grander communicated the concession to the applicant, regardless of the time of payment.However, if, in accordance with the concession requirements, the enforceability of the grant payment occurred after the year of its communication, the profit generated by the grant should be charged against the tax period in which the corresponding amount was due.

- **Direct state aid for housing entry**.Aid included in the scope of state plans for first-time access to home ownership, received by taxpayers, as from 1 January 2002, by means of a single payment in the form of Direct State Aid for Entry (AEDE), **may be imputed in quarters** in the tax period in which it is obtained and in the following three periods.

- **Public aid to owners of Spanish Historical Heritage properties listed in the General Register of Properties of Cultural Interest**.This aid, intended exclusively for their conservation or rehabilitation, **may be allocated in quarters** in the tax period in which it is obtained and in the following three tax periods, provided that the requirements established in Law 16/1985 of 25 June 1985 on Spanish Historical Heritage are met, in particular with regard to the duties of visiting and public exhibition of these assets.

- **From 1 January 2020, public aid for the first setting up of young farmers** provided for in the Spanish National Rural Development Framework **to be used** for the acquisition of a **shareholding in the capital of agricultural companies.**These may **be allocated in quarters**, in the tax period in which they are obtained and in the following three tax periods.

> ***Attention:*** *also from 1 January 2020, the public aid for the first installation of young farmers provided for in the Spanish National Framework for Rural Development, which is not intended for the acquisition of a stake in the capital of agricultural companies, may be attributed as* ***income from economic activities*** *by quarters, in the tax period in which it is obtained and in the following three periods.*

C. Overdue and uncollected claims

Capital losses arising from overdue and uncollected receivables may be carried forward to the tax period in which **any** of the following circumstances apply:

1. That a debt waiver established in a judicially homologable **refinancing agreement** referred to in article 71 bis and the fourth additional provision of Law 22/2003, of 9 July, on Insolvency or in an out-of-court payment agreement **referred to in Title X (articles 231 to 242 bis) of Law 22/2003, of 9 July, on Insolvency and, from 1 September 2020, Title III of Book Two (articles 631 to 694) of Royal Legislative Decree 1/2020, of 5 May, approving the revised text of the Insolvency Law, becomes effective.**

   Since 1 September 2020, the refinancing agreement and the out-of-court payment agreement have been governed by the provisions of articles 697 to 720 of the revised text of the Insolvency Act, as amended by Royal Legislative Decree 1/2020 of 5 May.

   However, since 26 September 2022, Law 16/2022, of 5 September, reforming the revised text of the Insolvency Act (BOE of 6 September), replaces refinancing agreements and out-of-court payment agreements with a new institution, the restructuring plans, which

brings together both, although with some adaptations for debtors with lower assets, lower turnover or fewer employees.The restructuring plans, their approval, their judicial approval and the system for challenging them are regulated in Title III of Book Two of the consolidated text of the Insolvency Act.

- **That, as the debtor is in insolvency proceedings, the agreement in which a write-off is agreed in the amount of the credit in accordance with the provisions of Article 133 of Law 22/2003, of 9 July, on Insolvency, becomes effective, in which case the loss will be calculated by the amount of the write-off.**

From 1 September 2020, Articles 393, 394 and 395 of Royal Legislative Decree 1/2020 of 5 May, approving the revised text of the Insolvency Act, must be taken into account.

Otherwise,, if the write-off is not agreed, the loss may be charged to when the bankruptcy proceedings end without the credit having been satisfied, unless it is agreed to terminate the bankruptcy proceedings for the following reasons referred to in sections 1, 4 and 5 of Article 176 of Law 22/2003, of 9 July, on Bankruptcy and, from 1 September 2020, sections 1, 6 and 7 of Article 465 of Royal Legislative Decree 1/2020, of 5 May, which approves the revised text of the Bankruptcy Law.

The aforementioned grounds for termination of the insolvency proceedings are as follows:

- **Once the Provincial Hearing's order has been signed, the appeal must be revoked of the tender declaration order.**
- **In any state of the proceedings, when the payment or appropriation of all recognized claims or the full satisfaction of creditors by any other means is verified or the insolvency situation no longer exists.**
- **Once the common phase of the contest is completed, when the resolution accepting the withdrawal or resignation of all recognized creditors is signed.**

- **That the period of one year has elapsed since the commencement of the legal proceedings other than bankruptcy proceedings aimed at enforcing the claim without the claim having been satisfied.**

When the credit is collected after the computation of the capital loss, a capital gain shall be recognised for the amount collected in the tax period in which the collection takes place.

D. Income to be imputed

Regulations:(Arts.14.3 and 4 IRPF Law and 63 Regulation IRPF

1. **Loss of taxpayer status due to change of residence**

   In the event that the taxpayer loses his status due to a change of residence, all income pending imputation must be included in the taxable base corresponding to the last tax period to be declared for personal income tax, and, where applicable, a supplementary self-assessment must be made, without penalty or interest for late payment or any

surcharge.

However, if the transfer of residence takes place to another Member State of the European Union, the taxpayer has the option of applying the above rule or of submitting, as each of the incomes pending imputation are obtained, a complementary self-assessment without penalty, late payment interest or surcharge, corresponding to the last period to be declared for the IRPF.The supplementary tax return shall be presented during the tax return filing period of the financial year in which the taxpayer would have had to impute these incomes if the loss of the status of taxpayer had not occurred.

Also take into account the special regime for capital gains due to change of residence in article 95 bis of the law of IRPF which is commented on in the section "Régimen especial:Capital gains on change of residence" of this Chapter.

2. Death of the taxpayer

In the case of death of the taxpayer all income pending attribution must be included in the gross tax base of the last tax period to be declared.

Allocation of capital gains and losses occurring in years prior to 2022

Regulations:(Arts.45 and 46 of the Personal Income Tax Act

Capital gains or losses incurred in years prior to 2022 will be allocated in the current year in accordance with the following rules:

a) Gains and losses arising from the transfer of assets and liabilities in instalments or at a deferred price.

Regardless of the period in which the capital gains or losses produced in previous years by deferred payment or deferred price transactions are generated and collected, in whole or in part, in 2022, they are allocated to the savings taxable base.To this end, section F2 of the declaration shall be completed.

b) Capital gains and losses not derived from the transfer of assets.

The allocation to be made to the current year shall be made to the general taxable base, by filling in the boxes in section F1 of the return, as appropriate.

Examples of the above-mentioned wealth gains are the installment-recovery awards, as well as the public aid previously mentioned for the fourth-party charging period in which they are collected and the following three.

Imputation of capital gains deriving from assets qualifying for the reinvestment deferral tax credit in years prior to 2002

Capital gains derived from tangible assets accrued in years prior to 2002 which, due to reinvestment of the amount obtained in the acquisition of tangible assets, have benefited from deferred taxation and must be declared in the current year, will be included in the corresponding section of heading F2 of the tax return, regardless of the original period of generation of the capital gain obtained at the time.

For these purposes, in accordance with the regulations in force at 31 December 2001 (article 21 of Law 43/1995, of 27 December 1995, on Corporate Income Tax and article 34 of the Corporate Income Tax Regulations, approved by Royal Decree 537/1997, of 14 April 1997), the amount of the gains not included in the tax base of the year in which they accrued will be included in the general part of the tax base of the tax period in which the assets in which the reinvestment is made are depreciated, provided that they are depreciable assets.

In this case, the gain corresponding proportionally to the amount of depreciation of the assets in relation to their acquisition value or production cost shall be included in the general part of the tax base for each tax period.

The amount of the depreciation shall be the amount to be considered as tax deductible and may not be less than the result of applying the coefficient resulting from the maximum depreciation period established in the officially approved depreciation tables.

In the event that the net yield of the activity is determined using the objective assessment method, the maximum period established in the officially approved depreciation tables shall be taken as the depreciation period for these purposes.

Individualisation of capital gains and losses

Regulations:Art. 11.5 Law IRPF

Capital gains and losses obtained in the year

Regulations:Art. 11.5 Law IRPF

In order to determine to whom the capital gains and losses accrued in the year should be attributed, the Law of IRPF establishes a general rule and a special rule.

General rule

A. Where the ownership of the goods or rights is established

The property gains and losses are considered to be obtained by the person to whom the ownership of the property, rights and other property elements of which they come is the person to whom they are to declare them.

Where the ownership of the property or rights corresponds to several persons, the returns will be deemed to be obtained by each of them in proportion to their share of that ownership.

In the case of marriage, and in accordance with this general rule, the profits and property losses derived from property and rights which, under the provisions or regulatory covenants of the corresponding marital economic regime, are common to both spouses, shall be attributed in half to each of them, unless they warrant another participation fee.

On the contrary, the property gains or losses derived from property or proprietary rights correspond to the spouse holding them.

B. Where ownership of property or rights is not duly accredited

When the ownership of 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, to whom the capital gains or losses derived from such assets or rights shall be attributed.

Unsubstantiated gains shall be imputed on the basis of the ownership of the property or rights in which they are expressed.

Assets or rights whose possession, declaration or acquisition 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 IRPF or for Wealth Tax, or their registration in official books or registers, are considered as such.To this end, unwarranted profits will be integrated by the Tax Administration into the overall livable basis of the tax period in respect of which they are discovered, unless the taxpayer sufficiently proves that he has held the corresponding assets or rights from a date prior to the prescription period.(Art. 39 Law IRPF).

N.B.: Please note that article 39 of the Personal Income Tax Law has been amended by the fifth final provision of Law 5/2022, of 9 March, which amends Law 27/2014, of 27 November, on Corporate Income Tax, and the revised text of the Non-Resident Income Tax Law, approved by Royal Legislative Decree 5/2004, of 5 March, in relation to hybrid asymmetries, as a result of the Judgment (CJEU) of 27 January 2022 (Case C-788/19) which required certain aspects of the legal regime associated with the obligation to declare assets and rights abroad (Form 720) to be brought into line with European law.

Note: *capital gains or losses deriving from items used for the pursuit of economic activities shall be attributed in accordance with the aforementioned rules so that, in the case of jointly owned assets, the capital gain or loss obtained shall be attributed in half to both spouses.*

Special rule

Under the special rule, the wealth gains consisting of acquisitions of goods and rights not derived from a prior transmission, such as profits in the game and similar assumptions, they are attributed to the person to whom the right to obtain or who has won them directly.

In the case of capital gains arising from a grant, they shall be attributed only to the taxpayer to whom the grant was made, irrespective of the use to which the grant is put.

See in this respect the decision of the TEAC of 1 June 2020, Complaint number 00/00670/2019, handed down in an extraordinary appeal for the unification of criteria.

Capital gains or losses from previous years

The wealth gains from previous years which, by application of the special criteria of temporary imputation, should be declared in this exercise shall be attributed according to the individualization rules previously discussed.

The offsetting of the negative net balance of capital gains and losses from 2018 to 2021 shall be carried out as follows:

a. **In individual taxation** , the compensation shall be made by the taxpayer to whom it corresponds, in accordance with the above-mentioned individualization rules.

b. **In joint taxation,** the compensation shall be made in the tax return, regardless of the member

of the family unit to whom it corresponds.

The same items determined in joint taxation will only be offset, in the event of subsequent individual taxation, by those taxpayers to whom they correspond in accordance with the rules on the individualisation of this income mentioned above.

Special scheme:Capital gains due to change of residence

Regulations:Item 95 bis Law IRPF

Introduction and scope of application

Of the tax reform introduced in the IRPF by Law 26/2014, of 27 November (BOE of 28 November), the figure known as "exit tax" or "exit tax", conceived by the legislator as an instrument to prevent tax evasion and a measure to guarantee tax revenues, stands out in particular.

The exit tax established in the Personal Income Tax aims to tax the "latent" capital gain generated by the ownership of the shares or holdings of the taxpayer who loses such condition due to the change of residence, even if such gain has not yet materialized because such shares or holdings have not been transferred, since the movement of an individual or to another country transfers the taxing power to the latter, giving rise, in the case of large financial assets, to a significant loss of tax revenue for the country of origin (Spain).

Scope of application:subjective and objective requirements

The positive differences between the market value of the shares or shares of any type of entity whose ownership corresponds to the taxpayer, and its acquisition value, when the following requirements are met, shall be considered as equity gains:

(a) Subjective requirements

It applies in the event that the taxpayer loses his status for a change of residence, provided that the taxpayer had had such a condition for at least ten of the fifteen tax periods preceding the last tax period to be declared for this tax.

In the case of workers who have opted for the special tax regime applicable to workers displaced to Spanish territory, the period of ten years shall begin to be counted from the first tax period which does not result from the application of the special regime.

(b) Objective requirements

For the implementation of this regime, it is also necessary to take any of the following circumstances:

a. That the **market value** of the shares or holdings together exceeds **4,000,000** euros.

b. When the above is not met, that on the accrual date of the last tax period to be declared for this tax the **percentage of participation** in the entity exceeds **25 per 100**, provided that the market value of the shares or participations in the aforementioned entity **exceeds 1,000,000 euros**.

In this case, only the special scheme shall apply to the equity gains corresponding to the shares or shares referred to in this circumstance.

General rules

As indicated above, in this case the following are considered capital gains: **positive differences** between the **market value of the shares or holdings** of any type of entity owned by the taxpayer, **and their acquisition value**.

In order to calculate the aforementioned capital gain, the market value of the shares or holdings on the accrual date of the last tax period to be declared for the IRPF, determined in accordance with the following rules, shall be taken **:**

a) Securities admitted to trading on any of the regulated securities markets defined in Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments, and which represent the equity of companies or entities, **shall be valued at their market price.**

Directive 2004/39/39/EC has been repealed with effect from 3 January 2017 by Directive 2014/65/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.Article 94 provides that references to Directive 2004/39/EC shall be construed as references to Directive 2014/65/EU.

b) Securities not admitted to trading on any of the regulated securities markets as defined in Directive 2014/65/ EUof the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, and representing the equity interest in companies or entities, **shall, unless evidence of a different market value is provided, be valued at the higher of the following two values**:

- The net assets corresponding to the values resulting from the balance sheet for the last financial year closed prior to the accrual date of IRPF.
- The result of capitalising at the rate of 20% the average of the results of the three financial years ended prior to the accrual date of IRPF.

  To this last effect, will be counted as profits dividends distributed and allocations to reserves, excluding those of regularisation or update their balance sheets.

> ***Attention:*** *Please note that although Article 95a of the Personal Income Tax Act refers to Directive 2004/39/39/EC, this has been repealed with effect from 3 January 2017 by Directive 2014/65/65/ EUof the European Parliament and of the Council of 15 May 2014 on markets in financial instruments.Article 94 provides that references to Directive 2004/39/EC shall be construed as references to Directive 2014/65/EU.*

c) Shares or units representing the capital or assets of collective investment undertakings shall be valued at:

- The **net asset value** applicable on the accrual date of the last tax period to be declared for this tax or, failing that, the last published net asset value.
- If there is no net asset value, the net asset value corresponding to the shares or units resulting from the balance sheet for the last financial year closed prior to the aforementioned accrual date shall be taken, unless there is evidence of a different market value.

Temporary imputation and declaration and income

Capital gains must be included in the tax base corresponding to the last period to be declared for the IRPF and a supplementary self-assessment must be made, without penalty, late payment interest or surcharge, in the tax return period corresponding to the first year in which the taxpayer did not have such status as a result of the change of residence.

Regarding the criteria for allocation in the event of a change of residence to another country, see Article 14.3 of the Personal Income Tax Act .

Note: *in the supplementary self-assessment for 2022, capital gains due to a change of residence outside Spanish territory must be declared under the heading corresponding to section F4 of the tax return.*

However, if the taxpayer acquires the status of taxpayer again without having transferred the ownership of the shares or holdings, he/she may request the rectification of the self-assessment in order to obtain a refund of the amounts paid corresponding to the capital gains declared in application of this special regime.

The request for rectification may be submitted from the end of the declaration period for the first tax period to be declared for this tax.

Interest for late payment shall accrue from the date on which the payment was made until the date on which payment of the refund is ordered.

Special rules

Regulations:Art. 122 Regulation IRPF

Deferment of payment of debt due to temporary relocations

a. Situations giving rise to a change of residence and permitting deferment of payment

The tax administration, at the taxpayer's request, may defer payment of the tax debt corresponding to the capital gains referred to in this section when the change of residence is due to one of the following situations:

- For a temporary posting for work purposes to a country or territory that is not considered to be a tax haven.

- For any other reason, provided that, in this case, the temporary movement takes place to a country or territory that has signed an agreement with Spain to avoid international double taxation that contains an exchange of information clause.

The provisions of LGTand its implementing regulations shall apply to such deferral, specifically with regard to the accrual of interest and the provision of guarantees for such deferral.

> See articles 65 and 82 of Law 58/2003, of 17 December, General Tax Law (LGT) and articles 44 to 54 (both inclusive) of the General Collection Regulations, approved by Royal Decree 939/2005, of 29 July.Specifically on the provision of guarantees and the accrual of interest for deferrals, see Articles 48 and 53 of the General Collection Regulation.

For the purposes of establishing the guarantees, these may be constituted, in whole or in part, insofar as they are legally and economically sufficient, on the securities to which the gains on change of residence to which this special regime applies affect.

b. Special features of deferral

The deferral of the tax debt shall be governed by the rules laid down in the General Collection Regulations, approved by Royal Decree 939/2005, of 29 July, with the following special features:

a. Applications must be made within the deadline for filing the tax return IRPF corresponding to the first year in which the taxpayer does not have such status as a result of the change of residence, and the application must indicate the country or territory to which the taxpayer is transferring his residence.

b. The deferral shall expire at the latest on 30 June of the year following the end of the five financial years following the last one to be declared for the IRPF.

   However, if the above-mentioned period has been extended as indicated below, the expiry of the deferral shall be extended until 30 June of the year following the end of the new period.

c. In the event that the trip is made for work reasons, a document issued by the employer must be provided as proof of the employment relationship that is the reason for the trip.

d. In the event that the taxpayer transfers the ownership of the shares or holdings prior to the end of the period of five financial years following the last one to be declared for the IRPF due to a change of residence, the deferral will expire within two months of the transfer of the shares or holdings.

c. Deferment period

Debt deferral shall be granted for five financial years.

However, when there are circumstances that justify a temporary move for work reasons to a country or territory that is not considered a tax haven, the duration of which does not allow the taxpayer to acquire the status of taxpayer for this tax again within a period of five years following the last one to be declared for IRPF, the taxpayer may request the tax authorities to extend the aforementioned period for the purpose of extending the expiry of the deferral.

The extension may in no case exceed five additional financial years.

d. Request for extension of time limit

The application must be submitted to **within three months before the end of the five financial years following** the last financial year for which this tax is due.

The application must state the reasons justifying the prolongation of the trip , as well as the period of time considered necessary to reacquire the status of taxpayer for this tax and shall be accompanied by the corresponding justification.

In view of the documentation provided, the Tax Administration will decide whether the extension requested is appropriate, as well as the tax years that are the object of the extension.

Will be considered rejected requests for extensions that were not resolved expressly within a period of three months.

e. Extinguishment of the deferred debt

In the event that the taxpayer acquires the status of taxpayer for this tax again at any time within the five financial years following the last financial year for which this tax must be declared without having transferred the ownership of the shares or holdings, the tax debt subject to deferral shall be extinguished, together with any interest that may have accrued.

The aforementioned extinction shall take place at the time of filing the tax return for the first year in which tax is payable for this tax.

In this case, the cost of any guarantees that may have been provided shall not be reimbursed.

Special provisions for change of residence to other European Union or European Economic Area States

Regulations:Art. 123 Personal Income Tax Regulations

When the change of residence takes place to another Member State of the European Union or of the European Economic Area **with which there is an effective exchange of tax information, under the terms provided for in section 4 of the first additional provision of Law 36/2006, of 29 November**, on measures for the prevention of tax fraud, the taxpayer may choose to apply the following special features to capital gains :

a) The capital gain shall only be subject to self-assessment when any of the following circumstances arise within the ten financial years following the last financial year for which a tax return must be filed for IRPF :

1. The shares or investments are transferred inter vivos.

2. The taxpayer loses the condition of resident in a Member State of the European Union or the European Economic Area.

3. Failure to comply with the reporting obligation referred to in point (c) of this paragraph.

The capital gain shall be attributed to the last tax period to be declared for the IRPF, and, if

applicable, a supplementary self-assessment shall be made, without penalty or interest for late payment or any surcharge.

The self-assessment shall be filed within the period between the date on which one of the aforementioned circumstances occurs and the end of the immediately following tax return period or within the tax return period corresponding to the first tax year in which the taxpayer did not have such status as a result of the change of residence, if this is later.

b) In the event that the shares or holdings referred to in number 1 of a) above are transferred inter vivos within ten financial years following the change of residence, **the amount of the capital gain shall be reduced by the positive difference between the market value of the shares or holdings and their transfer value**.

For these purposes, the transfer value shall be increased by the amount of the profits distributed or of any other payments that have reduced the net worth of the entity after the loss of taxpayer status, unless such payments have been subject to non-resident income tax.

c) The taxpayer must notify the tax authorities at of the option to apply the special provisions referred to in the previous paragraphs, the capital gain disclosed, the State to which he/she is transferring his/her residence, indicating the address, as well as any subsequent changes, and the continued ownership of the shares or holdings.

d) If the period of ten years **elapses without any of the circumstances set out in point a) of this paragraph having occurred**, **, the self-assessment of the gain shall not be required**.

Exercise of the option to apply specialities

The option for the application of the above specialities shall be exercised by the taxpayer by means of a communication to the Tax Administration using form 113, approved by Order HAP/2835/2015, of 28 December (BOE of 30 December) in which the following data, among others, shall be stated:

- Identification of the shares or holdings giving rise to capital gains on change of residence.
- Market value of the shares or units.
- State to which the residence is transferred, indicating the address, as well as any subsequent changes in the address.

The notification must be submitted within the period between the date of the move and the end of the deadline for filing the tax return for IRPF corresponding to the first financial year in which the taxpayer did not have such status as a result of the change of residence.

Specialties for change of residence to a country or territory considered as a non-cooperative jurisdiction

When the change of residence takes place to a country or territory qualified as a non-cooperative jurisdiction and the taxpayer does not lose his status according to article 8.2 of the Law of IRPF the following specialities apply :

a. Capital gains shall be **imputed to the last tax period in which the taxpayer has his habitual residence in Spanish territory**, and for their calculation the market value of the shares or holdings on the accrual date of that tax period shall be taken.

b. **In the event that the shares or holdings are transferred during a tax period in which the taxpayer retains such status** , the market value of the shares or holdings taken into account to determine the capital gain or loss corresponding to the transfer shall be taken as the acquisition value of the shares or holdings taken into account to determine the capital gain provided for in this article.

See in this respect the definition of non-cooperative jurisdiction contained in the first additional provision of Law 36/2006, of 29 November, on measures for the prevention of tax fraud, which is discussed in the section entitled "List of countries and territories of non-cooperative jurisdiction" in Chapter 10 of this handbook.

In this regard, it should be noted that Order HFP/115/2023 of 9 February has recently been approved, determining the countries and territories, as well as the harmful tax regimes, which are considered to be non-cooperative jurisdictions (BOE of 10 February).This order, which updates the list of countries and territories that appeared in Royal Decree 1080/1991, of 5 July, will apply to taxes without a tax period accrued as of its entry into force and to other taxes whose tax period begins as of that date.

Case Study

Mr. J.P.C. has undertaken the following relevant transactions for tax purposes in the financial year 2022:

- On 3 March 2022, he sold 11.2568 units in the mutual fund "X", NIF G83000000, for 15,800 euros, minus the expenses inherent to the transfer paid by the fund.These units were acquired in 10-05-2004 for an amount of EUR 15.000, including acquisition costs.

- On 1 July 2022, he sold a flat at calle Toledo, 10, Madrid, for 150,000 euros, paying 1,900 euros in Municipal Tax on the Increase in Value of Urban Land.

  This flat was acquired on 20-12-1994 for an amount equivalent to 90,000 euros, this being the amount declared as the taxable base for Transfer Tax purposes.The acquisition costs satisfied by the acquirer in January 1995, as a result of notary, registration and transmission tax, amounted to an amount equivalent to EUR 8.000.

  The flat's cadastral value for the financial year 1994 amounted to EUR 27.000, of which 40 per 100 corresponded to the value of the land.Mr. J.P.C. leased the apartment in 1995 and 1996.The cadastral reference of the property is 0042807VK4704A0003KI.

- On 16 July 2022, 1,000 shares of T.S.A., which is listed on the stock exchange, were transferred for a total of 12,000 euros, after deducting the expenses inherent to the sale.These shares were acquired on 25-05-2015, for an amount of EUR 16.800, including the ancillary costs for that purchase.

- On 16 August 2022, it acquires 1,000 homogeneous shares of T.S.A. for 16,500 euros, including ancillary acquisition costs.
- On 23 June 2009, he purchased preference shares originally issued by a savings bank for an amount of 15,500 euros.In February 2012, it accepted an offer to purchase such securities for an equivalent amount of 100 per 100 of its nominal value, which was applied to the simultaneous subscription of 5.000 shares of the Z.K bank in which the financial business of the Savings Bank was integrated.On 14/11/2022, he sold all his shares for the sum of €6,560.

Determine the amount and classification of the capital gains or losses obtained by the taxpayer in the financial year 2022, taking into account that no transfer of assets to which the ninth transitional provision of the Law of IRPFhas been made since 1 January 2015.

Solution:

1.Transfer of units of mutual fund "X":

Transmission value:15,800

Cost price:15,000

Capital gain (15,800 - 15,000) = 800

Qualification and declaration of capital gains

In the proceeding, the net profit of the transmission of holdings of a furnished investment fund must be declared in the subsection "profits and loss of property subject to retention or entry into account arising from the transmission or repayments of shares or shares of collective investment institutions (Companies and investment funds)" in paragraph F2 of the statement.

2.Floor transmission:

Transfer value (150,000 - 1,900) **(1)** = 148,100

Acquisition value **(2)**:96.380

Wealth gain (148.100,00 – 96.380,00) = 51.720

Capital gain reducible (generated up to 19-01-2006)

(51,720 x 4,049) ÷ 10,055 **(3)** = 20,826.88

No. of years of permanence at 31-12 1996:3 years

Reduction for abatement coefficients (20,826.88 x 11.11%) = 2,313.87

Reduced capital gain (51,720 -2,313.87) =49,406.13

Qualification and declaration of capital gains
As the capital gain derives from a transfer of an asset (real estate), it is included in the savings tax base and must be declared under the sub-section "Capital gains and losses deriving from

the transfer of real estate and rights in rem over real estate" in section F2 of the tax return.

3.Sale of shares with repurchase of homogeneous securities:

Transmission value:12,000

Cost price:16,800

Equity loss (12,000 - 16,800) = - 4,800

Qualification and declaration of the loss of assets

By deriving the loss of equity from a transmission of shares traded on official markets (to be integrated into the taxable savings base), the sub-section "profit and loss of equity arising from transfers of shares or negotiated shares" of paragraph F2 of the declaration should be declared.However, since there has been a repurchase of homogeneous actions within the time limit set by the Law (two months), the integration of this loss cannot be made in the declaration of the exercise itself. but in the financial year in which the total or partial transmission of the shares acquired is carried out.

4.Sale of shares received in exchange for preference share securities

Transmission value:6,560

Cost price:15,500

Wealth loss (6.560 - 15.500) = - 8.940

Qualification and declaration of the loss of assets
By deriving the loss of equity from a transmission of traded shares in official markets that were received by exchange of preferred equity securities (to be integrated into the taxable savings base), The subparagraph "profit and loss of equity arising from the transmission of shares or shares traded" in paragraph F2 of the declaration shall be declared.

Notes for the example:

(1) The amount paid as Municipal Tax on the Increase in Value of Urban Land has been deducted from the transfer value.**(Go back)**

(2) The acquisition value is determined as follows:

- actual purchase amount:(90.000):+90,000

- expenses and taxes:(8.000):+8,000

- Depreciation year 1995 and 1996 [(1.5% s/90,000 x 0.6) x 2] = -1.620

Total acquisition value (90.000+8.000-1.620) = 96.380

Depreciation for the 1995 and 1996 years has been calculated on the value of the floor for the purposes of the Heritage Tax, excluding the land value.This value, in accordance with the specifications contained in the receipt of the Real Estate Tax, represents 40 per 100 of the total.Likewise, the percentage of 1.5 per cent has been used to calculate these depreciations, as this is the percentage that corresponded in accordance with the provisions of the previous Regulation of the IRPF.**(Back)**

(3) The capital gain generated up to 19-01-2006 has been determined by distributing the total capital gain between the number of days between the date of acquisition of the flat (20-12-1994) and 19-01-2006, which amounts to 4,049 days, with respect to the total number of days that the flat has remained in the taxpayer's estate, i.e. between 20-12-1994 and 01-07-2022, which amounts to 10,055 days.**(Go back)**

Table:Excess adjudication in the extinction of the condominium.TEAC Resolution of 7 June 2018

The following table shows the criteria set out in the Resolution of the TEAC of 7 June 2018, Complaint number 00/02488/2017, in an extraordinary appeal for the unification of criteria.

Excess of adjudication in the extinction of the condominium.Resolution of the TEAC of 7 June 2018

Adjudications	Property value on the condo's expiration date	Taxation
The awards correspond to the share of ownership of each community	**Equal** to the value of the property when the condominium was constituted.	There is no patrimonial alteration for any of the communeros and therefore no profit or loss of wealth.Article 33.2 Law of IRPF.
	More to the value of the property when the condominium was constituted.	
The property, as it is indivisible or is greatly diminished by the division, is awarded in its entirety to one of the co-owners with the obligation to compensate the remaining co-owners in cash.	**Equal** to the value of the property when the condominium was constituted.	I would inform you that the property is awarded in its entirety and that it compensates in cash to others:**It is taxed under the modality of documented legal acts of the ITPAJD for the part that is acquired ex novo by virtue of such transaction** (criterion set out in SC Judgement 1,484/2018, of 9 October). All other communeros transmitting their undivided participation fees for price:As the value of the property has not increased in value **no capital gain or loss would arise for them for valuable consideration.**
	More to the value of the property when the condominium was constituted.	I would inform you that the property is awarded in its entirety and that it compensates in cash to others:**It is only taxable under the modality of documented legal acts of the ITPAJD for the part that is acquired ex novo by virtue of such transaction** (criterion set out in SC Judgement 1,484/2018, of 9 October). All other communeros transmitting their undivided participation fees for price:For them, **would generate a**

		capital gain for consideration.
It is divided among the co-owners without respecting each one's share of ownership and without compensating these differences in cash.	**Equal** to the value of the property when the condominium was constituted.	Community member(s) who receive a larger share of the property than they would be entitled to according to their share:**There is an excess of adjudication** when acquiring free of charge the part of the undivided share corresponding to this surplus and is taxed at **ISD** for this excess adjudication. A communero/s that receive a portion of the property below that which would correspond for their participation fee:They would be transferring to the former free of charge the part of the undivided share corresponding to that deficit, thus producing an alteration in the composition of their assets, but given that the value of the property has not increased **, there would be no gain or loss for them for profit**.
	More to the value of the property when the condominium was constituted.	A communero/s that receives a higher share of the property than it would be for their share of the property. **There is excess allotment** when acquiring free of charge the part of the undivided share corresponding to this surplus and is taxed at **ISD** for this excess allotment. A communero/s that receive a portion of the property below that which would correspond for their participation fee:They would be transferring to the former free of charge the part of the undivided share corresponding to that deficit, producing an alteration in the composition of their assets and, given that the value of the property has increased, **would generate a capital gain for them for profit.**
It is divided between the communes without respecting the share of ownership of each, but compensating in cash these differences	**Equal** to the value of the property when the condominium was constituted.	A communero/s that receives a higher share of the property than it would be for their share of the property.There is over-allotment when acquiring for valuable consideration the part of the undivided share corresponding to this surplus and is taxed at **ITP** for the over-allotment. We communicate that they receive a lower share of the property than it would be for their share and cash compensation for the remainder.They would be transferring to the former for valuable consideration the part of the undivided share corresponding to that deficit, producing an alteration in the composition of their assets, but given that the value of the property has not increased **no gain or loss would be generated for them for valuable consideration.**
	More to the value of the property	A communero/s that receives a higher share of the property than it would be for their share of the

	when the condominium was constituted.	property.There is over-allotment when acquiring for valuable consideration the part of the undivided share corresponding to this surplus and is taxed at **ITP** for the over-allotment. We communicate that they receive a lower share of the property than it would be for their share and cash compensation for the remainder.They would be transferring to the former for valuable consideration the part of the undivided share corresponding to that deficit, producing an alteration in the composition of their assets and, given that the value of the property has increased, they would generate for them **a capital gain for valuable consideration.**

Note: the different situations and legal criteria established by the TEAC in this resolution of 7 June 2018 refer to the extinction of the condominium on a single real estate property.

However, the resolution of TEAC of 7 June 2018 itself points out that in many cases co-ownership is over several properties.Although the diversity of situations can be endless, some relevant criteria can be identified and are transcribed below:

- First of all, the existence of one or more communities of property must be determined in each case.In this respect, and in view of the situations that are all too frequent in practice, it should be borne in mind that, although two or more properties are owned by two or more owners, this does not automatically determine the existence of a single community of property, but rather there may be one or more communities depending on the origin of the community of property.This is the case when the common property derives, one from an inherited acquisition and the other from having been acquired by inter vivos acts, or when, although all the property has been acquired by inheritance, it derives from different inheritances.In such cases it must be understood that two communities concur, one of inter vivos origin and the other of mortis causa origin, or both of them of mortis causa origin, without the fact that the holders of the two communities are the same persons being in any way an obstacle to the above.In the case of two or more condominiums, their dissolution will imply the existence of two or more different legal transactions which, as such, must be treated as such.

- In the event that there are two or more immovable properties in the community of property, it is necessary to take into account all the properties that make up the community of property for the purpose of determining whether or not the subsequent award to each of the co-owners corresponds to the respective share of ownership, so that there may not be an alteration in the composition of their respective assets.Only in the event that assets or rights are attributed to one of the co-proprietors for a greater value than that corresponding to their share of ownership would there be an alteration in the assets of the other, generating a capital gain or loss in the latter.In accordance with the above, there would be no alteration of assets as a result of the dissolution of the condominium over the various properties, provided that the adjudication values correspond to their respective market value and that the adjudications made correspond to the respective share of ownership, with the adjudicated properties retaining their original values and dates of acquisition.

Tables:usufruct over real estate assets

Usufruct and dismemberment of the property:concept and definitions

USUFRUCT ON REAL ESTATE IRPF.Table I

Items	**Freehold**:Article 348 of the Civil Code:"Property is the right to enjoy and dispose of one thing, without more limitations than those established by law." **Dismemberment of the domain**:The dismemberment of the full domain (ownership) entails the separation of the powers that integrate the right of ownership by the constitution of real rights of enjoyment on the good (right of usufruct, rights of use and room and easements) and the right of our property. **Usufruct**:The right of usufruct grants the right to use, enjoy and exploit the property of others without altering its form or substance (Articles 467 to 522 of the Civil Code). **Buda propiedad**:The new property constitutes the right to fully enjoy the property of the good when the usufruct is extinguished.For the duration of the usufruct the owner knot only has the power of disposition on the good but not the use, enjoyment and exploitation of it.
Dismemberment of the domain	• **The owner reserves the bare ownership and constitutes a usufructuary right in favour of a third party**:the person in whose favour the usufruct is constituted as beneficiary must pay tax at ITP or ISD (depending on whether the constitution of the usufruct in his or her favour has been for valuable or lucrative consideration).The owner obtains income from real estate capital in the IRPF for the constitution of the usufruct. • **The owner transfers the bare ownership and reserves the usufruct**:The acquirer of the bare property must pay tax on the transfer at ITP or ISD (depending on the onerous or free nature of the transfer) and the owner is taxed at IRPF for the capital gain or loss generated by the transfer.However, there is no taxation or imposition of any kind on the right of usufruct that remains in the possession of its owner. • **The owner constitutes the usufruct and transfers the bare ownership to different persons**:Each of the acquirers must pay tax at ITP or ISD (depending on whether it is onerous or free of charge) for the constitution of the usufruct, and for the transfer of the bare ownership.The owner, except in cases of succession mortis causa, obtains in the IRPF for the constitution of the usufruct income from real estate capital and for the transfer of the bare ownership in the IRPF a capital gain or loss.

Usufruct	**Valuation of usufruct rights** (Articles 49 and 51 Regulation of the ISD and Articles 10 revised text of the Law of ITPAJD)
	
	• **Temporary usufruct**:It shall be repudiated in proportion to the total value of the goods on which it falls, in the amount of 2 per 100 for each period of one year, not exceeding 70 per 100.Fractions of time less than the year shall not be counted, although usufruct for a time less than one year shall be counted in 2 per 100 of the value of the goods.
	
	• **Lifetime usufruct**:The value shall be estimated to be 70 per 100 of the total value of the assets when the usufructose is less than twenty years, with the percentage in the proportion of 1 per 100 per year being smaller, with the minimum limit of 10 per 100.(Practical rule for calculating usufruct:subtract the age of the usufructuary from the number 89.The result of this operation gives us the percentage of the value of the usufruct:[(89 - age of usufructuary) / 100]).
	
	• **Other types of usufruct**:
	  ◦ Usufructs for life which in turn are temporary (Article 49.c) Regulation of the ISD).
	  ◦ Usufruct in favour of a legal entity (Article 49.d) Regulation of ISD)

	◦ Usufruct with resolutive condition other than the life of the usufructuary (Article 51.7 Regulation of the ISD) ◦ Successive usufruct (Article 51.5 Regulation of ISD) ◦ Usufruct in favour of spouses (Article 51.5 Regulation of ISD)
Nuda propiedad	The value of the property will be computed by the difference between the value of the usufruct and the total value of the property.

This table is for information purposes only.

Establishment of usufruct

USUFRUCT ON REAL ESTATE IRPF.Table II

Ways of becoming a constituent		Owner who constitutes the usufruct	The person in favor of which the usufruct is constituted
In favour of a third party The freehold is dismembered into bare ownership and usufruct.The owner creates “ex novo” the usufruct right that did not exist previously, so it is not transmitted, but is constituted.	**For valuable consideration** By inter vivos transactions **(sale by price)**	**Income from real estate capital (IRPF):** • It is important that for all the concepts the person in favor of which the right is constituted satisfies you. If the person in favour of whom the right is constituted is the spouse or a relative, including related persons, up to and including the third degree, the total net yield may not be less than the imputed income derived from this property (Article 85 of the Law of IRPF). • If it constitutes a lifetime usufruct in favor of the third party, the 30% reduction may be applied for yields obtained in a notoriously irregular way over time.(Article 23.3 of the Law of IRPF and 15.c) of its Regulations).	The holder of the right of usufruct (and not the bare owner) is the one who has the right of use and enjoyment and receives the fruits of the property, and therefore the following income is attributed to him at IRPF: **A. If you lease or assign the property:Income from real estate capital**. For the calculation of the net yield of real estate capital it must be taken into account that the tax deductible depreciation is that corresponding to the right of usufruct [article 23.1.b) of the Law of IRPF and 14.3 of its Regulations], which will be: • Temporary usufruct:acquisition cost between the number of years in duration • Lifetime usufruct:3% of the acquisition cost satisfied **B. If the property is at your disposal and is not leased or assigned:Imputation of real estate income**. • 2 %, as a general rule.This percentage must be applied to the cadastral value of the property that appears in the receipt of IBI for the year. • 1.1% in the following cases: a. Properties whose land register values have
	Free of charge a. By inter vivos acts b:By mortis causa: - Intestate succession (widow's usufruct) - Testament	**A. Whether it can be proved that the usufruct was created free of charge or whether the usufructuary was taxed for the creation of the usufructuary right at ISD.** **By inter vivos acts (donation)**:obtains income from real estate capital which, upon proof of gratuity, is limited to the imputation of the net income foreseen in article 85 of the Law of IRPF during each of the years of duration of the usufruct. **B. By mortis causa:** No tax IRPF. **If it cannot be proved that it was free of charge** In the absence of evidence to the contrary, it is presumed that the	

Ways of becoming a constituent		Owner who constitutes the usufruct	The person in favor of which the usufruct is constituted
		establishment of the usufruct is remunerated (Article 6.5 of the Law on IRPF) and therefore gives rise to **income from property capital**, which must be valued, in accordance with Article 40 of the Law on IRPF, at the normal market value, without prejudice to the application of the minimum income rules in the case of the establishment of the usufruct in favour of the spouse or a relative, including relatives up to and including the third degree (Article 24 of the Law on IRPF) or the application of the 30% reduction for income obtained in a notoriously irregular manner over time in the case of usufruct for life (Article 15 of the Regulation on IRPF).	been reviewed or modified, or determined by a general collective valuation procedure, in accordance with the land register regulations, and have come into force in the tax period or within the ten previous tax periods. b. Properties which, on the date of accrual of the IRPF (normally 31 December), had no cadastral value or this has not been notified to the owner.

This table is for information purposes only.

Transfer of usufruct

USUFRUCT ON REAL ESTATE IRPF.Table III

Modes of transmission		Holder of the right of usufruct	Person who acquires it (usufructuario)
In favour of a third party other than the bare owner The user transmits his right. If it is a lifetime usufruct the usufruct will survive until the person on whom the usufruct was constituted (the original usufructose) dies. If it is a temporary usufruct for the time it takes since it was originally constituted until its extinction	**For valuable consideration:** By inter vivos acts **(sale by price)** **Free of charge:** - By inter vivos acts - By mortis causa (temporary usufruct)	**You will get on the IRPF a wealth gain or loss** by the difference between: **Transmission value** **(+)** Actual amount of the transfer (or transfer value for Inheritance and Gift Tax purposes if the transfer is free of charge). **(-)** Expenses and taxes inherent to the transfer paid by the transferor. **Acquisition Value** (the date of acquisition will be the date of constitution of the usufruct in your favour). **(+)** Actual amount of the acquisition (or acquisition value for Inheritance and Gift Tax purposes if the acquisition was free of charge). **(+)** Investments and improvements made to acquired assets. **(+)** Expenses and taxes inherent to the acquisition (except interest), paid by the acquirer. **(–)** *For the years in which the real estate on which the usufruct was constituted was leased or ceded and for which it obtained real estate returns* (Article 40.1 of the Rules of Procedure of the IRPF):The amount of tax-deductible depreciation, the minimum depreciation being taken into account in all cases, irrespective of whether or not it is actually considered as an expense.With the limit of the full returns obtained by such lease. Amortizations of the usufruct right (Article 14 Rules of Procedure IRPF):	The usufructuary is the one who has the right of use and enjoyment and receives the fruits of the property, so the following income is attributed to him in the IRPF: **A. If you lease or assign the property:Income from real estate capital** For the calculation of the net yield of real estate capital it must be taken into account that the tax deductible depreciation is that of the right of usufruct ([article 23.1.b) of the Law of IRPF and 14.3 of its Regulations] which will be: • Temporary usufruct:acquisition cost between the number of years in duration • Lifetime usufruct:3% of the acquisition cost satisfied **B. If the property is at your disposal and is not leased or assigned:Real estate income allocation** • 2%, as a general rule.This percentage must be applied to the cadastral value of the property that appears in the receipt of IBI for the year. • 1.1% in the following cases: a. Properties whose land register values have been reviewed or modified, or determined by a general collective valuation procedure, in accordance with the

Modes of transmission		Holder of the right of usufruct	Person who acquires it (usufructuario)
		• Temporary usufruct:acquisition cost ÷ number of years of acquisition duration • Lifetime usufruct:acquisition cost x 3% **(–)** *For the exercises in which the real estate on which the usufruct was constituted was available to the usufructuario and not leased or ceded* (Article 37.1(k) of the Law of the IRPF):the acquisition value must be in proportion to the time of use. • Temporary usufruct:acquisition cost ÷ number of years of acquisition duration • Lifetime usufruct:acquisition cost x 3% **Depreciation coefficients (DT 9ª de la Ley del IRPF):** Rights in rem of enjoyment of immovable property acquired before 31 December 1994.The purchase date must be specified and will depend on the legal transaction under which the usufruct was established.	land register regulations, and have come into force in the tax period or within the ten previous tax periods. b. Properties which, on the date of accrual of the IRPF (normally 31 December), had no cadastral value or this has not been notified to the owner.
In favour of the owner knot	**- For valuable consideration** **- Free of charge**	Determines domain consolidation and full ownership of the property in the owner node (See domain consolidation)	

This table is for information purposes only.

Extinction of usufruct and consolidation of ownership

USUFRUCT ON REAL ESTATE IRPF.Table IV

Extinction of usufruct	Effect	Usufructuary	Owner's knot
On death of the usufructuary if not successive (usufruct for life)(1)	**Automatic consolidation of ownership in the joint owner**	Article 33.3.b) of the Law of IRPF:It is considered that there is no capital gain or loss in lucrative transfers due to the death of the taxpayer.Therefore, it is not taxable at IRPF.	In the extinction of the usufruct and consequent consolidation of the ownership, the corresponding IRPF will be charged according to the title of constitution of the usufruct. • By transfer for valuable consideration:will be subject to Transfer Tax (Impuesto sobre Transmisiones Patrimoniales, ITP).The bare owner is required to pay a settlement for the value of the usufruct that enters his estate, which is the result of applying to the new value that the property may have at the time of the consolidation of ownership, the percentage that corresponded to the usufruct at the time of the dismemberment, for which he has not paid the tax.However, if the tax rate has changed since that time, the new rate in force at the time of consolidation applies. • By lucrative transfer:will be taxed by the Inheritance and Gift Tax (ISD) applying the average effective rate of the tax corresponding to the dismemberment of the domain, and depending on the value that the usufruct had at that moment (at the time of the dismemberment of the domain). **It is not taxable on the IRPF due to consolidation**.The owner who consolidates ownership will obtain income from real estate capital if he rents or transfers the property or imputation of real estate income (except if it becomes his habitual residence).
On expiry of the term for which it was constituted if it is for a term (temporary usufruct).	**Automatic consolidation of ownership in the joint owner**	A capital loss is generated in the IRPF for the difference between the transfer value, which will be zero, and the acquisition value (*See acquisition value in the table above for the transfer of the usufruct*).	
By renunciation of the usufructuary	**Consolidation of ownership in the knot owner**	A capital gain or loss is generated in the IRPF for the difference between the transfer value and the	Upon termination of the usufruct for reasons other than the expiry of the term or the death of the usufructuary, the acquirer (the bare owner) shall be taxed on the higher of the value resulting from

Extinction of usufruct	Effect	Usufructuary	Owner's knot
		acquisition value (see transfer value and acquisition value in the transfer of usufruct). The renunciation of an already accepted usufruct, even if pure and simple, will be considered for tax purposes as a gift from the usufructuary to the bare owner. Depreciation coefficients (DT 9ª de la Ley del IRPF):They will not be applicable, insofar as it would not be a transfer of an asset, but rather a renunciation of a right, regardless of whether this entails the consolidation of full ownership in the bare ownership.	the assessments made for: • The usufructuary's renunciation (legal transaction by virtue of which the usufruct is extinguished), which is considered as a donation for tax purposes:Taxable at ISD for the concept of donation, or • The pending due to the dismemberment of the domain (depending on the title by which the usufruct was constituted), in some cases of inter vivos origin (ITP) and in others of mortis causa origin (ISD, concept Inheritance). **It is not taxable on the IRPF due to consolidation**.The owner who consolidates ownership will obtain income from real estate capital if he rents or transfers the property or imputation of real estate income (except if it becomes his habitual residence).
By reunion of the usufruct and the bare ownership in a single person for different reasons.	**Consolidation of ownership in the usufructuary or in the bare owner resulting from a legal transaction (by donation or transfer for valuable consideration).**	• If the usufructuary transfers his right to the bare owner:You will obtain in the IRPF a capital gain or loss for the difference between the transfer value and the acquisition value (see transfer value and acquisition value in the transfer of the usufruct). • If the usufructuary acquires the bare ownership and consolidates the domain:The tax corresponding to the legal transaction by virtue of which the bare ownership is acquired shall be levied. ◦ By transfer for valuable consideration:the consolidation will be subject to transfer tax (Impuesto sobre Transmisiones Patrimoniales - ITP). ◦ By lucrative	• If the bare owner transmits his bare ownership to a 3rd party (the usufructuary):You will obtain in the IRPF a capital gain or loss for the difference between the transfer value and the acquisition value of the bare property. • If the bare owner acquires the usufruct and consolidates the ownership.The tax corresponding to the legal transaction by virtue of which the bare ownership was acquired shall be levied. ◦ By transfer for valuable consideration:the consolidation will be taxed by the ITP ◦ By lucrative transfer:the consolidation will be taxed at ISD.The consolidation of ownership in the bare owner will be taxed at the higher of the settlements:between that which is pending due to the dismemberment of ownership and that corresponding to the legal transaction by virtue of which the usufruct is extinguished. In this case, the bare owner who

Extinction of usufruct	Effect	Usufructuary	Owner's knot
		transfer:the consolidation will be subject to Inheritance and Gift Tax (ISD) for the concept of donation. In this case **is not taxed in the IRPF for the consolidation** but will obtain income from real estate capital if it rents or transfers the property or imputation of real estate income (except if it becomes your habitual residence).	acquires the usufruct and consolidates the domain **is not taxed in the IRPF due to the consolidation** but will obtain income from real estate capital if he rents or transfers the property or imputation of real estate income (except if it becomes his habitual residence).

Note to the table:

(1) The extinction of the usufruct due to the death of the usufructuary does not entail a new acquisition by the holder of the property, but rather it is the legal regime of this real right of enjoyment which establishes that the death of the usufructuary extinguishes it (Article 513.1, Civil Code), with the owner recovering the powers of enjoyment of which he had been deprived on its constitution.(Go back)

This table is for information purposes only.

Transfer of the property after the consolidation of the domain

USUFRUCT ON REAL ESTATE IRPF.Table V

Of course it is analyzed	CALCULATION OF CAPITAL GAIN OR LOSS			
	ACQUISITION		TRANSMISSION	
	Date of acquisition	Cost price	Date of transmission	Transmission value
Automatic consolidation of the domain in the owner node by death of the usufructuario, expiration of the term or renunciation of the usufruct.	Date of dismemberment of the domain (constitution of usufruct)	**If you purchased the new property on an onerous basis:** **(+)** Actual amount of the acquisition of the property. **(+)** Investments and improvements made to acquired assets. **(+)** Expenses and taxes inherent to the acquisition (except interest), paid by the acquirer and, in addition, the transfer tax (ITP) on the liquidation of the value of the usufruct.	Date of transmission Theory of title and mode (title or contract and the delivery or tradition of the property).	**Transfer for valuable consideration:** **(+)** Actual amount of the transfer. **(-)** Expenses and taxes inherent to the transfer paid by the transferor.
		If you acquired the bare ownership for profit: **(+)** Value of the bare property ISD. **(+)** Value of usufruct ISD. **(+)** Investments and improvements made to acquired assets. **(+)** Expenses and taxes inherent to the acquisition (except interest), paid by the		**Transfer for profit:** **(+)** Transfer value for the purposes of ISD. **(-)** Expenses and taxes inherent to the transfer paid by the transferor.

Of course it is analyzed	CALCULATION OF CAPITAL GAIN OR LOSS			
	ACQUISITION		TRANSMISSION	
	Date of acquisition	Cost price	Date of transmission	Transmission value
		acquirer in the Inheritance and Gift Tax (ISD) of the liquidation of the value of the usufruct.		

This table is for information purposes only.

Chapter 12.Income integration and compensation

Introduction

Classification of income according to origin and source and classification for the purposes of the calculation of the tax

Regulations:Art. 6.2 Law IRPF

The income obtained by the taxpayer over the tax period is ordered according to the source or source of the tax, in three fiscal categories:

- Yields.
- Income allocations.
- Capital gains and losses.

This classification displays its effects especially on the quantification of incomes.Thus:

- Net income is derived by difference between the computable income and deductible expenses, without prejudice to the application of the reductions in full or net yield, which, if applicable, may apply.

- Income imputations are quantified directly by applying legally established criteria and rules.

- Income and loss of property are generally determined by difference between transmission and acquisition values

However, for the purposes of calculating the tax, the income obtained by the taxpayer in the tax period is classified in the following two groups:

1st General income

Regulations:(Arts.44 and 45 Law IRPF

This group comprises the following components of the taxpayer's income:

- **Income** from work, real estate capital, movable capital (exclusively those provided for in Article 25(4) of the Law of IRPF.That is to say, among others, the derivatives of intellectual property, the provision of technical assistance, the leasing of movable property, business or mines or of sublease and the transfer of the right to exploitation of the image) and those derived from the exercise of economic activities.

- **Imputations** of real estate income, international tax transparency, transfer of image rights, collective investment institutions set up in tax havens, Spanish and European economic interest groupings and temporary joint ventures.

- **Capital gains and losses** that do not derive from the transfer of assets.

2nd Savings income

Regulations:(Arts.44 and 46 Law IRPF

Savings income consists of the following components:

- **Income** from movable capital provided for in Article 25(1), (2) and (3) of the Law on IRPF.That is, the derivatives of the participation of own funds of any type of entity, those obtained by the transfer to third parties of own capital, those from capitalization operations and life insurance or disability contracts, as well as the income derived from the imposition of capital.

  However, the income from movable capital provided for in Article 25.2 of the Law of IRPF, corresponding to the excess of the amount of capital assigned to a related entity over the result of multiplying by three the equity, in the part corresponding to the taxpayer's shareholding, of the latter, shall form part of the general income.Chapter 5 contains an example detailing the operations necessary to determine the part of the yield to be integrated into the general tax base.

  It should be noted that in cases where the link is defined according to the relationship of the partners or participants with the entity, the shareholding must be equal to or greater than 25 per cent.

- **Capital gains and losses** that arise on the transfer of assets, irrespective of the period in which they arise.

The following tables provide a graphical overview of the components of general income and savings income.

Summary tables of general income and savings income components

Components of general income

Yields	Rent imputation	Capital gains and losses
Earned income	Fixed asset income.	Non-profit and loss of property derived from the transmission of assets.
Earnings from real estate capital	International tax transparency.	
Income from furnished capital provided for in article 25.4 Law of the IRPF .Among others, derivatives of: • Intellectual and industrial property. • Provision of technical assistance. • Leasing of movable property, business or mines and sublease. • Assignment of the right to exploitation of the image.	Assignment of image rights.	
Returns on economic activities.	Institutions of collective investment in tax havens.	
	Imputations from AIE's and UTE's.	
GENERAL INCOME		

Components of savings income

Yields		Capital gains and losses
Performance of furnished capital (Art. 25.1, 2 and 3 IRPF Law) derived from:	Participation in the own funds of entities.	Profit and loss of property derived from the transmission of assets.
	Transfer of own capital to third parties (*)	
	Capitalisation operations	
	Life insurance or disability contracts.	
	Income arising from the taxation of capital.	
SAVINGS INCOME		

(*) Except for the excess of the amount of own capital transferred to a related entity in respect of the result of multiplying by three the own funds, in the part corresponding to the taxpayer's participation, of the latter.For the purposes of calculating this excess, the amount of the related entity's equity as reflected in the balance sheet for the last financial year closed prior to the date on which the tax becomes chargeable and the taxpayer's percentage shareholding existing on that date shall be taken into consideration.See this scenario in Chapter 5.(Return)

Income integration and compensation rules

Regulations:Article 47 of the Personal Income Tax Law

As a step before the calculation of the tax, the integration and compensation of the positive and negative amounts of the taxpayer's income must be made.

The integration and offsetting of income is carried out within each of the groups into which it is classified:general income and income from savings, in accordance with the rules and principles discussed below, without any integration and compensation between the incomes of each of these groups.

As a result of the application of the rules on integration and compensation of income, the general tax base and the taxable base of savings are obtained respectively.

Inclusion and compensation of incomes in the general tax base

Regulations:Article 48 of the Personal Income Tax Law

The integration and offsetting of income in the general tax base is carried out in two stages:the first aims to determine the general tax base obtained in the period itself and, the second, to compensate for negative items obtained in the period itself or in previous years that are pending compensation:

Phase 1. Integration and offsetting of income obtained in the tax period

a. **The net income** from work, real estate capital, movable capital in the terms mentioned above and economic activities, the results of which, if applicable, can be positive or negative, and the **allocations of income** (real estate, international tax transparency, transfer of image rights, collective investment institutions incorporated in tax havens and Spanish and European economic interest groupings and temporary joint ventures), the results of which, if such income exists, must always be positive, with the exception of income derived from economic interest groupings and temporary joint ventures which can allocate negative taxable bases, **are integrated and offset against each other without any limitation, obtaining a total positive or negative balance.**

   - **The resulting positive balance** is included in the general tax base, without prejudice to the offsetting discussed below.

   - **The negative balance** must be offset against the positive balance of capital gains and losses obtained, if any, in the period itself.

     These capital gains and losses are those that do not derive from the transfer of assets.

     If, after such offsetting, a negative balance remains, it shall be included with that sign in the general tax base.

b. **Capital gains and losses that do not derive from the transfer of assets are integrated and offset exclusively against each other, resulting in a positive balance** (amount of the gains greater than the losses) or a negative (amount of the losses greater than the gains).

   - **The positive balance** is included in the general tax base.

   - **The negative balance** must be offset against the positive balance of income and imputed income obtained in the tax period, with the maximum limit of 25 percent of this positive balance .

The remainder not compensated shall be compensated in the following **four years** in this order:

- **Firstly, with the positive balance of the capital gains and losses** of this same group that, where applicable, are obtained.

- Secondly and lastly, with the positive balance of income and imputed income , once this balance has been reduced by the compensation of the negative balance, if any, of losses and capital gains obtained in the financial year .

The offsetting of negative balances of losses and capital gains of the financial year and previous years pending offset may not together exceed **the limit of 25% of the positive balance** of the income and imputations of income before such offsets.

The offsetting shall be carried out to the maximum amount allowed in each of the following financial years and in no case shall this offsetting be carried out outside the time limit by accumulation with capital losses of subsequent financial years.

Phase 2. Offsetting of prior years' outstanding negative items

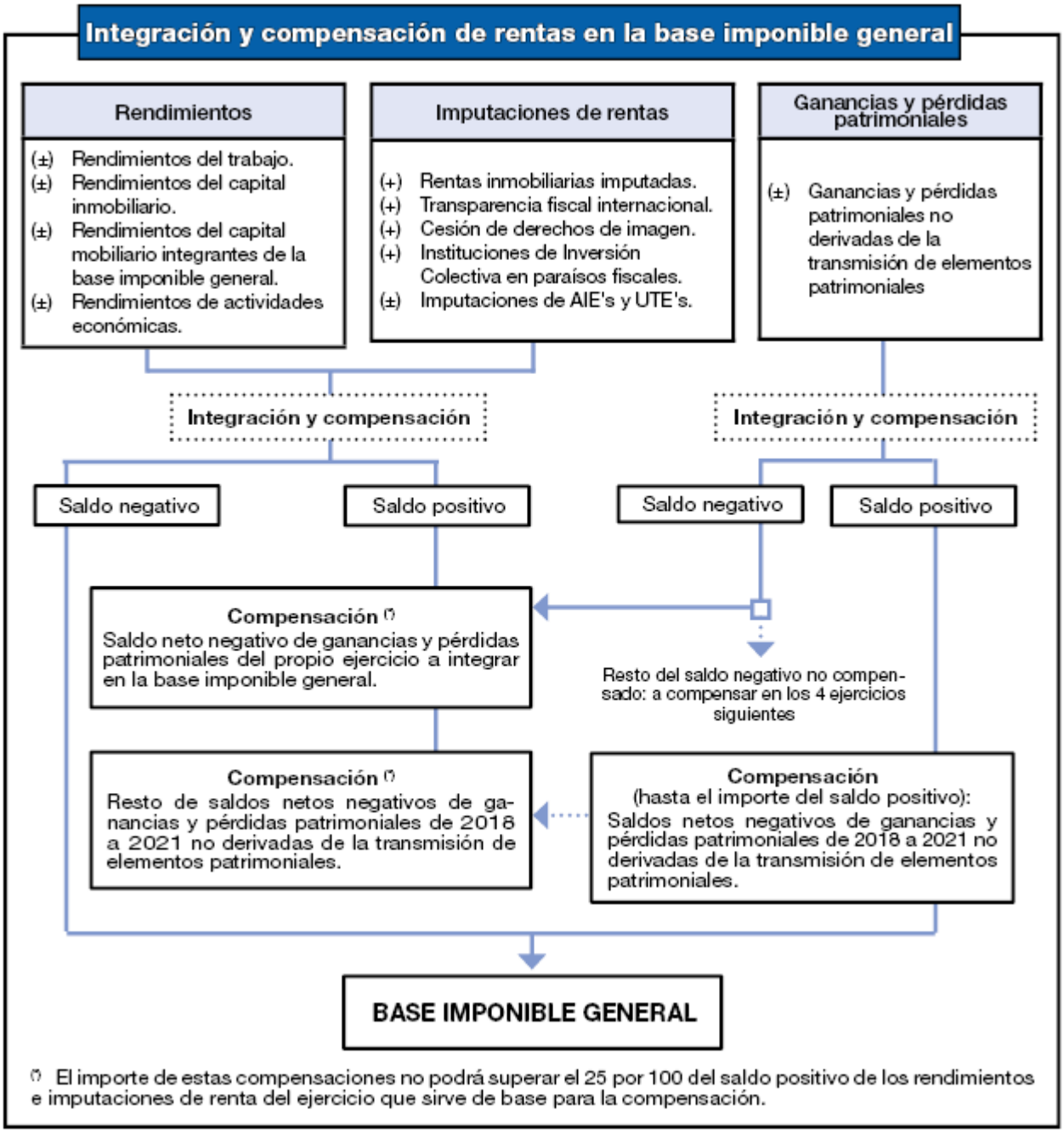
The negative net balances of capital gains and losses not deriving from transfers of assets and liabilities corresponding to financial years 2018, 2019, 2020 and 2021, pending offset at 1 January 2022, are offset in the manner provided for the offsetting of the negative balance of capital gains and losses indicated above, i.e:

- Firstly, with the positive net balance of capital gains and losses obtained in the financial year **2022**, **up to the maximum amount of this balance**.
- Secondly and lastly, with the positive balance of income and imputations of income, once this balance has been reduced by the offsetting of the negative balance, if any, of losses and capital gains obtained in the financial year.

The offsetting of negative balances of capital gains and losses for the year and previous years pending offset, **together may not exceed the limit of 25% of the positive balance** of the income and imputations of income before such offsets.

The operations of integration and offsetting of income in the general tax base discussed above are shown in the following diagram:

Summary table of integration and compensation of income in the general tax base



Integration and compensation of incomes in the savings tax base

Regulations:Item 49, additional provision thirty-ninth.1;and Transitional Provision Seven.5 Law IRPF

The integration and compensation of income in the tax base of the savings is carried out, similar to that mentioned in the previous heading, in two phases:the first aims to determine the taxable base of the savings obtained in the tax period itself and, the second to compensate with the positive balance, if any, obtained, negative items from previous years that are pending compensation.

Phase 1. Integration and offsetting of income obtained in the tax period

a. **The income from movable capital included in the savings tax base** (income from holdings in the equity of entities, from the transfer of equity to third parties, from capitalisation operations, from life or disability insurance contracts and income from the taxation of capital) **are integrated and offset exclusively against each other in each tax period**, giving rise to a positive or negative balance.

   - **The positive balance** resulting from this offsetting is included in the savings tax base, without prejudice to the offsetting discussed below.
   - **The negative balance** is offset against the positive balance of capital gains and losses deriving from the transfer of assets forming part of the savings tax base, obtained in the same tax period, **up to a limit of 25 percent of this positive balance**.

   If, after such offsetting, a negative balance remains, the amount shall be offset in the following four years in the same order as set out in the preceding paragraphs.

b. **Capital gains and losses arising from the transfer of assets**, regardless of their period of permanence, are integrated and offset exclusively against each other in each tax period, giving rise to a positive or negative balance.

   - **The positive balance** resulting from this compensation is included in the savings tax base, without prejudice to the compensation system discussed below.
   - **The negative balance** shall be offset against the positive balance of the capital gains included in the savings tax base, obtained in the same tax period, **up to a limit of 25 per cent of this positive balance**.

   If a negative balance remains after such compensation, **its amount shall be compensated in the following four years** in the same order as established in the previous paragraphs.

The aforementioned offsets must be made to the maximum amount allowed in each of the following years and may not be made outside the aforementioned period by accumulating negative income from subsequent years.

Phase 2. Offsetting of prior years' outstanding negative items

Prior years' negative items to be offset

The negative items from previous years pending compensation at 1 January 2022 could be:

a. Negative balances of earnings from liquid capital for 2018, 2019, 2020 and 2021, pending compensation at 1 January 2022, to be included in the savings taxable base.

b. Negative balances of capital gains and losses for 2018, 2019, 2020 and 2021, pending compensation at 1 January 2022, to be included in the savings taxable base

Rules for the offsetting of prior years' losses

The above negative balances are netted in the order and in the manner set out below:

1º. Offsetting of prior years' outstanding negative items against their respective positive balance of income or profit and loss for the year

a. The positive balance of earnings from liquid capital for 2022, once this balance has been reduced by the offsetting of capital losses corresponding to 2022, will be offset by the taxpayer with the balance of the negative income from movable capital pending compensation for the years 2018, 2019, 2020 and 2021.

   With regard to the latter, it should be borne in mind that it includes all negative income from movable capital pending compensation for the years 2018, 2019, 2020 and 2021, including that derived from subordinated debt or preference shares.

b. The positive balance of gains and losses for the financial year 2022, once this balance has been reduced by the offset of the negative balance, if any, of income from movable capital obtained in the financial year 2022, shall be offset by the taxpayer against the balance of the losses pending offset for the financial years 2018, 2019, 2020 and 2021.

   With regard to the latter, it should be noted that this includes all capital losses pending offset in 2018, 2019, 2020 and 2021, including those arising from subordinated debt or preference shares.

In no case shall offsetting be effected outside the four-year period by accumulation against negative net balances or losses of subsequent years.

> ***Attention:*** *Annex "C" to the tax return form contains, in relation to the integration and offsetting of income, information on losses and negative income from movable capital to be offset in subsequent years.*

2º. Offsetting of the remaining negative balances of unset negative balances of income from movable capital and pending gains and losses from previous financial years

If there are negative balances of income from capital gains from the financial years **2018, 2019, 2020 and 2021**, which have not been offset as indicated above, they shall be offset against the remaining positive balance, if any, of capital gains from the financial year 2022 up to a limit of 25% of the aforementioned positive balance.

This offsetting together with the offsetting of negative balances of capital gains and losses in 2022

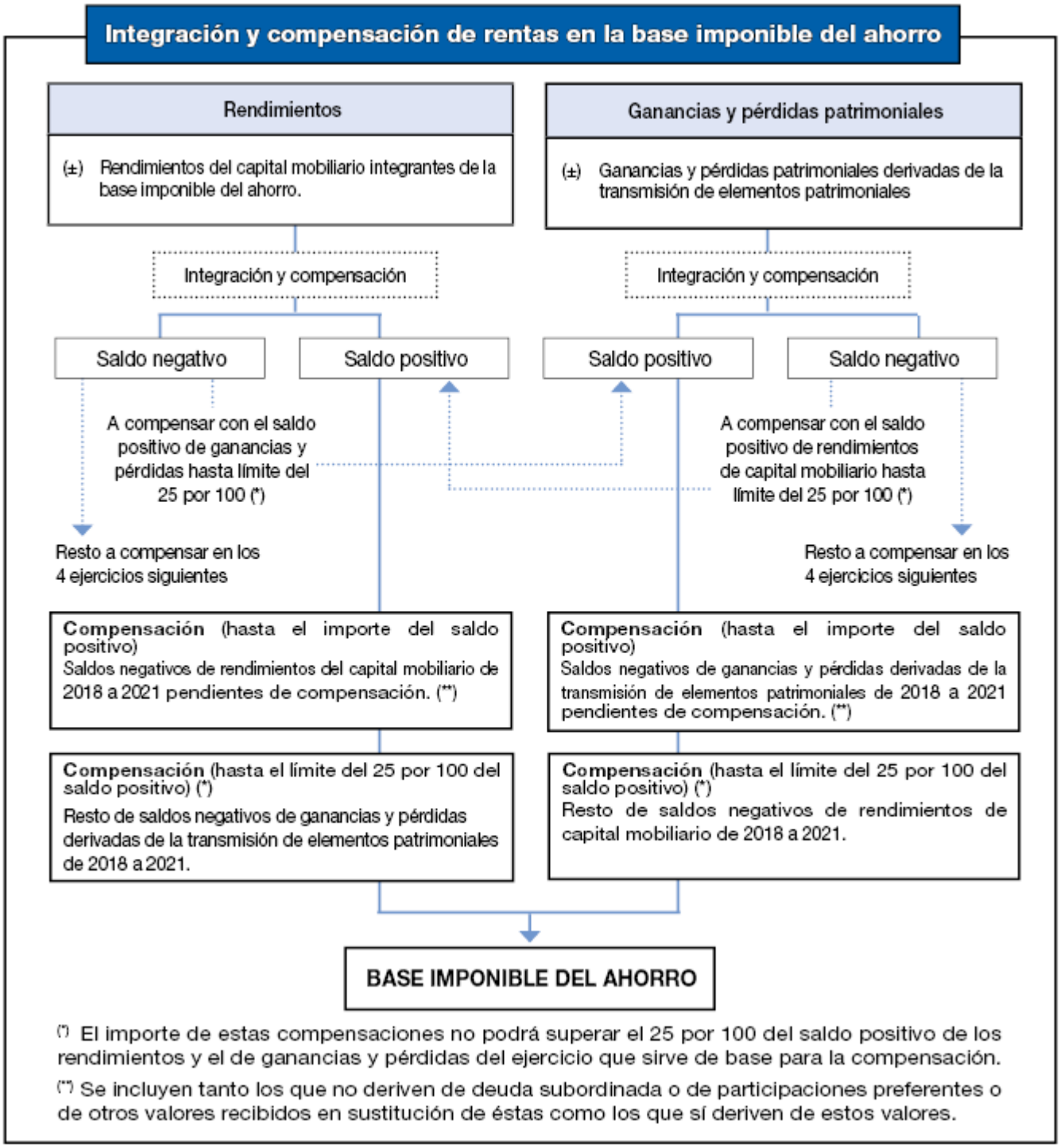
may not together exceed the limit of 25 per cent of the positive balance of gains and losses in 2022 .

The same shall apply if there are negative balances of capital gains and losses from the financial years **2018, 2019, 2020 and 2021**, which have not been offset, in which case, they shall be offset against the remaining positive balance, if any, of capital gains and losses from the financial year 2022, up to a limit of 25% of the aforementioned positive balance.

This offsetting, together with the offsetting of the negative balances of 2022 gains and losses offset with the positive balance of 2022 earnings from liquid capital may not jointly exceed the limit of 25 per cent of the positive balance of 2022 earnings from liquid capital before offsetting.

The operations of integration and compensation of income in the savings tax base that have been commented on are shown graphically in the following table:

Summary table of integration and offsetting of income in the savings tax base



Rules for integration and compensation in joint taxation

In joint taxation, the negative items made and not offset at 1 January 2022 by the taxpayers making up the family unit, even if they derive from previous tax periods in which they have been taxed individually, will be offset in accordance with the rules mentioned above.

The negative items determined in joint taxation shall be offset exclusively in the event of subsequent individual taxation, by those taxpayers to whom they correspond in accordance with the rules of individualisation of income contained in the Law of IRPF.

Case Study

Mr APG has obtained the following income in 2022:

- Reduced net work performance:50,000
- Reduced net return on economic activity:-5,000
- Imputation of income from real estate:300
- Capital gains to be included in the general tax base:4,500
- Capital loss to be included in the general tax base:9,600
- Negative income from movable capital:-800
- Capital gains to be included in the savings tax base:5,600
- Capital loss to be included in the savings tax base:1,600

In addition, the taxpayer is awaiting compensation for the following items from the years indicated:

- Negative net balance of capital gains and losses not arising from the transfer of assets and liabilities for 2018 :600
- Negative net balance of capital gains and losses arising from the transfer of assets and liabilities for 2018 :700
- Negative income from movable capital for 2018 :500
- Negative net balance of capital gains and losses arising from the transfer of assets and liabilities for 2019 :2,100

Integrate and offset such income in the return for the financial year 2022 .

Solution:

1.Integration and offsetting of income in the general tax base:

a. Earnings and income allocations for the year 2022:

- Work:50,000
- Economic activity:-5,000
- Imputation of income from real estate:300

- Net balance (50,000 - 5,000 + 300) **=** 45,300

b. Capital gains and losses for 2022 to be included in the general tax base:

- Profits:4,500
- Losses:9,600
- Negative net profit and loss for the year 2022 (4,500 -9,600) **= -**5,100

c. Offsetting of the negative balance of capital gains and losses for the year 2022:

Offsetting the negative net balance for 2022:5,100

d. Offsetting of negative items from previous years:
Offsetting negative net balance losses 2018:600

e. Total compensation (5,100 + 600) [(1)] = **5,700**

The maximum amount for offsetting negative net balances of capital gains and losses in 2018 and 2022 is 25 per cent of the positive balance of income and imputed income before such offsetting.In this case 11,325 euros (25 per 100 s/45,300).Therefore, the entire outstanding amount ('5,700) can be offset.

f. General tax base (45,300 - 5,700) = **39,600**

2.Integration and compensation of income in the savings base:

a. Capital gains and losses for 2022 to be included in the savings tax base:

- Profits:5,600
- Losses:1,600
- Positive net profit and loss balance for the year 2022 (5,600 - 1,600) = 4,000

b. Compensation of the negative balance of income from liquid capital for the year 2022:

Negative income from movable capital , attributable to 2022[(2)]:800

Negative capital gains and losses for the year will be offset against the positive balance of capital gains and losses for the year in the savings tax base up to a limit of 25 per cent of this positive balance, which amounts to 1,000 (25 per cent s/4,000).This clears all outstanding balances.

c. Negative net balance compensation for past financial gains and losses:

- Negative net loss balance compensation 2018:700
- Negative net loss balance compensation 2019:2,100

d. Offsetting negative net balance of capital gains from 2018[(3)]:200

Negative capital gains and losses from 2018 can be offset against the positive balance of capital gains and losses for the year 2022 up to the joint limit of 25% of this balance.In this case, up to 200 euros, since the compensation of the negative balance of the income from capital gains of the 2022 financial year itself amounted to 800 euros and the limit was 1,000 euros (25 per 100 s/4,000).

e. Total compensation (700 + 2,100 + 200) = 3,000

f. Compensation to be made (up to the amount of the positive balance):(800 + 3.000) = 3.800

g. Savings tax base (4,000 - 3,800) = **200**

Chapter 13.Determination of taxable taxpayer income:Net base

Introduction

Regulations:Art. 50 Law IRPF

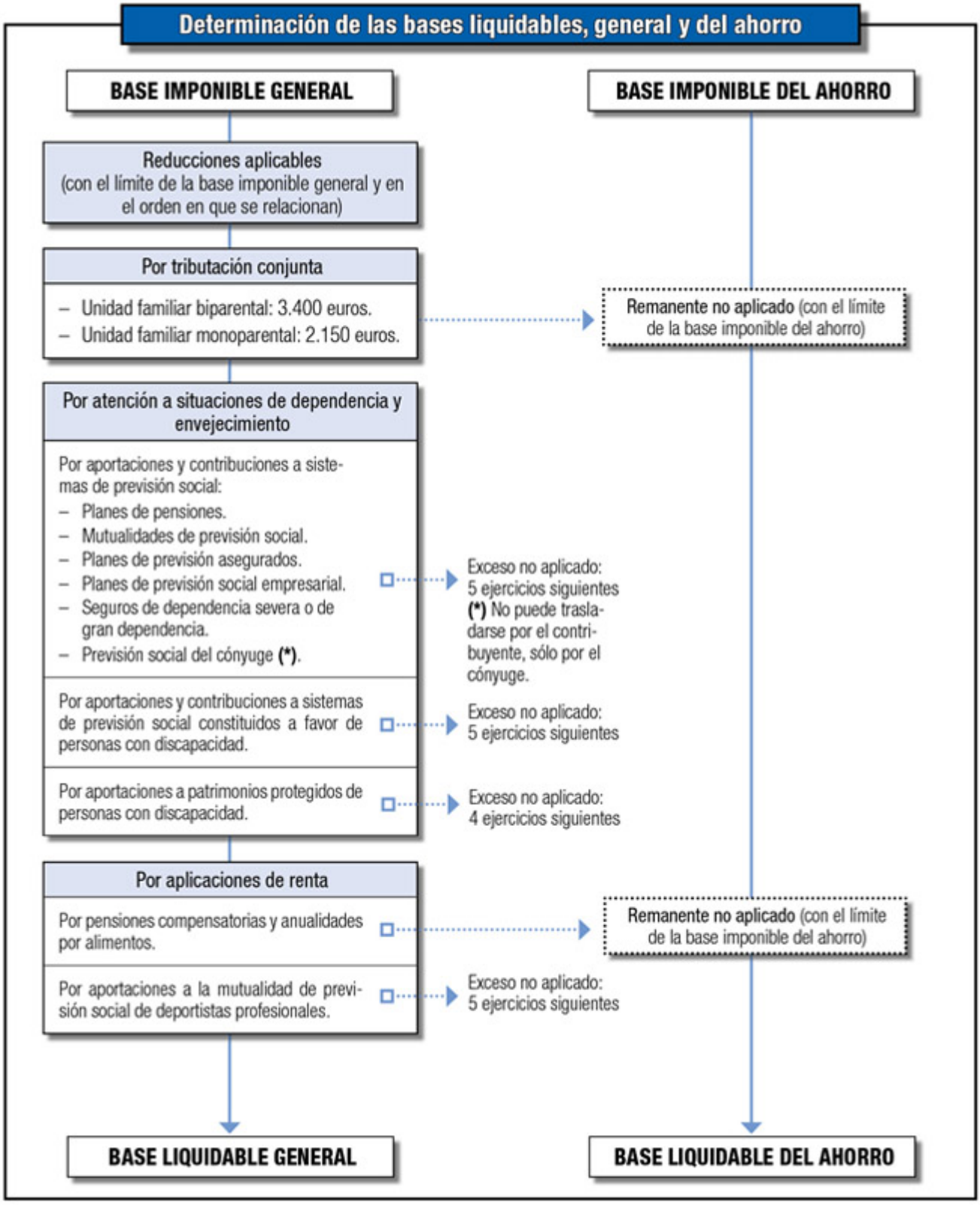
Once the general tax base and the savings tax base have been determined, as a result of the income integration and compensation procedure mentioned in the previous chapter, the general settlement base and the liquidating basis for savings must be determined.

The general taxable base is the result of applying the following reductions to the general taxable base, exclusively and in that order, and may not be negative as a result of these reductions:

- Reduction for joint taxation (art. 84 IRPF Law).
- Reduction for contributions to social welfare systems (art. 51 IRPF Law).
- Reduction for contributions to social welfare systems set up in favour of people with disabilities (art. 53 IRPF Law).
- Reduction for contributions to protected estates of people with disabilities (art. 54 IRPF Law).
- Reduction for compensatory pensions (art. 55 IRPF Law).
- Reduction for contributions to the mutual benefit fund for professional sportsmen and women (eleventh additional provision of the Personal Income Tax Act).

The savings tax base is the result of reducing the savings tax base by the remainder, if any, of the reduction for compensatory pensions, and cannot be negative as a result of such a reduction.

The process of determining these two quantities can be represented schematically as follows:


Determinación de las bases liquidables, general y del ahorro
BASE IMPONIBLE GENERAL
BASE IMPONIBLE DEL AHORRO
Reducciones aplicables
(con el límite de la base imponible general y en el orden en que se relacionan)
Por tributación conjunta
– Unidad familiar biparental: 3.400 euros.
– Unidad familiar monoparental: 2.150 euros.
Remanente no aplicado (con el límite de la base imponible del ahorro)
Por atención a situaciones de dependencia y envejecimiento
Por aportaciones y contribuciones a sistemas de previsión social:
– Planes de pensiones.
– Mutualidades de previsión social.
– Planes de previsión asegurados.
– Planes de previsión social empresarial.
– Seguros de dependencia severa o de gran dependencia.
– Previsión social del cónyuge (*).
Exceso no aplicado: 5 ejercicios siguientes
(*) No puede trasladarse por el contribuyente, sólo por el cónyuge.
Por aportaciones y contribuciones a sistemas de previsión social constituidos a favor de personas con discapacidad.
Exceso no aplicado: 5 ejercicios siguientes
Por aportaciones a patrimonios protegidos de personas con discapacidad.
Exceso no aplicado: 4 ejercicios siguientes
Por aplicaciones de renta
Por pensiones compensatorias y anualidades por alimentos.
Remanente no aplicado (con el límite de la base imponible del ahorro)
Por aportaciones a la mutualidad de previsión social de deportistas profesionales.
Exceso no aplicado: 5 ejercicios siguientes
BASE LIQUIDABLE GENERAL
BASE LIQUIDABLE DEL AHORRO

Reductions in the general taxable base

Note:*the reductions in the general tax base shall be applied in the order in which they are listed below, without the latter being negative as a result of these reductions.*

Reduction for joint tax payment

Regulations:Art. 84.2.3º and 4º Law IRPF

Family units formed of both spouses

In the case of joint returns of family units comprising both spouses not legally separated and, if there are any, the minor children living together, as well as the legally incapacitated adults subject to extended or rehabilitated parental authority, the taxable base will be reduced by 3,400 euros per year.

Single parent households

In joint declarations of single-parent family units, i.e. those formed, in cases of legal separation or when there is no marital relationship, by the father or mother and all legally incapacitated minor or adult children subject to extended or rehabilitated parental authority (or representative guardianship) who live with one or the other, **the taxable base will be reduced by 2,150 euros per year.**

As a consequence of Law 8/2021, of 2 June, reforming civil and procedural legislation to support people with disabilities in the exercise of their legal capacity (BOE of 3 June), the judicial decisions establishing the extension or rehabilitation of parental authority will only be taken into account until a new judicial decision is issued to replace it.

Likewise, following the aforementioned Law 8/2021, the references made in Article 82 of the Law of IRPF to extended or rehabilitated parental authority should be understood to be made to judicial decisions establishing representative guardianship for children of legal age with disabilities when this is exercised by the person or persons to whom parental authority would correspond if the child were a minor.

Note: *this reduction shall not apply when the taxpayer lives with the father or mother of one of the children forming part of his or her family unit.*

The reduction applied according to the above will firstly be applied to the general tax base, which cannot end up as a negative figure due to this reduction.Any carryover will be deducted from the savings tax base, which can also not end up negative.

Note: *Please note that in the case of family units referred to in Article 82.1 of the Law of IRPF, made up of taxpayers of this tax and residents of another Member State of the*

European Union or of the European Economic Area, a deduction on the tax liability was established, with effect from 1 January 2018, , which is discussed in Chapter 16 of the manual.The above deduction is intended, since such family units are not eligible to file joint tax returns, to equate the tax amount to be paid which the taxpayer would have borne in the event that all members of the family unit had been fiscal residents in Spain.

However, this new deduction is not applicable when any of the members of the family unit have opted to pay tax under the special tax regime applicable to workers posted to Spanish territory provided for in Article 93 of the Law of IRPF to which we refer in Chapter 2 of this manual.

Reductions for contributions to social welfare systems

Regulations:(Arts.51, 52 and ninth additional provision Law IRPF ;arts.49 to 51 and 19th transitional provision Reglamento IRPF

The following contributions and contributions to social security systems may be reduced from the general tax base:

1.Pension contributions and contributions to pension plans

It includes:

- Contributions made by members to pension plans, including employer contributions charged as employment income in kind by the promoter of pension plans of the **employment system**.All of the above, under the terms of the revised text of the Pension Plans and Funds Regulation Law, approved by Royal Legislative Decree 1/2002, of 29 November (BOE of 13 December).

  Types of pension schemes:

  - **Pension plans of the employment system:** corresponds to plans whose promoter is any entity, corporation, partnership or company, as well as the individual employer who employs workers by virtue of an employment relationship, provided that the participants are the employees thereof, including staff with a special employment relationship regardless of the Social Security scheme applicable.The status of participant may also be extended to worker and employee members in employment plans promoted within the scope of cooperative and worker-owned companies, and to the individual employer himself when he promotes an employment system pension plan in the interest of his employees.
  - **Associated system pension schemes:** corresponds to plans whose promoter is any association or trade union, the participants being their associates, members or affiliates.
  - **Pension plans of the individual system:** corresponds to plans whose promoter(s) are one or more financial institutions and whose participants are any natural person(s).

- **Contributions made by members to pension schemes regulated by 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 (IORPs), including

contributions made by sponsoring undertakings, provided that the following requirements are met:

a. That contributions are imputed fiscally to the participant to whom does it links the provision.

b. 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. That the contingencies covered are those stipulated in article 8.6 of the revised text of the Pension Plans and Funds Regulation Act, approved by Royal Legislative Decree 1/2002, of 29 November, retirement, total and permanent incapacity for work for the usual profession or absolute and permanent incapacity for all work, and severe disability;death of the participant or beneficiary and severe or great dependence of the participant).

Accuracy: Please note that Directive 2003/41/EC of the European Parliament and of the Council of 3 June 2003 on the activities and supervision of institutions for occupational retirement provision, referred to in Article 51 of the Law on IRPF was repealed by Article 65 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 (IORPs) repealed as of 13 January 2019 and that references to Directive 2003/41/EC shall be construed as references to the aforementioned Directive (EU) 2016/2341.

2.Contributions and contributions to mutual provident societies

In relation to the reduction of such contributions and contributions, the following requirements must be taken into account:

Subjective requirements

a. Professionals not covered by one of the social security schemes

The amounts paid by virtue of insurance contracts taken out with mutual benefit societies by professionals who are not members of any of the Social Security schemes, by their spouses and first-degree blood relatives, as well as by the employees of the aforementioned mutual benefit societies, in the part that covers the contingencies stipulated in article 8.6 of the revised text of the Pension Plans and Funds Regulation Act (retirement, total and permanent incapacity for work for the usual profession or absolute and permanent incapacity for all work, and severe disability), are entitled to a reduction;death of the participant or beneficiary and severe or great dependence of the participant), provided that these amounts have not been considered as deductible expenses for the determination of the net income from economic activities.

See, in Chapter 7, under "Expenses of the owner of the activity", the point "Specialities in the IRPF of contributions to the employer's or professional's own Mutual Social Welfare Funds".

b. Professionals or individual entrepreneurs included in any of the Social Security schemes

The amounts paid by virtue of insurance contracts taken out with mutual benefit societies by professionals or individual entrepreneurs included in any of the Social Security schemes, by their spouses and first-degree blood relatives, as well as by the employees of the aforementioned mutual benefit societies in the part whose purpose is to cover the contingencies of article 8.6 of the revised text of the Law regulating Pension Plans and Funds mentioned in the previous paragraph, are entitled to a reduction.

c. Employees or working partners

Regulations:see also additional provision ninth Ley IRPF

The amounts paid under insurance contracts taken out with mutual benefit societies by employees or worker-members are eligible for reduction, **including the promoter's contributions** 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 Pension Plans and Funds Regulation Act, relating to the protection of pension commitments to workers, including unemployment for the aforementioned worker-members.

> The contingencies that must be instrumented under the conditions established in the first additional provision of the revised text of the Pension Plans and Funds Regulation Act will be those of retirement, disability, death and dependency provided for in article 8.6 of the aforementioned legal text.

Likewise, the amounts paid by virtue of insurance contracts entered into with the mutual benefit societies established by the corresponding Professional Associations, by the members of these societies who are employees, by their spouses and first-degree blood relatives, as well as by the employees of the aforementioned mutual benefit societies, are eligible for reduction, provided that there is an agreement by the corresponding bodies of the mutual benefit society that only allows the benefits to be collected when the contingencies set out in article 8.6 of the revised text of the Pension Plans and Funds Regulation Law (ninth additional provision of the Law IRPF).

Objective requirements

Mutual members' vested rights can only be exercised in the cases envisaged for pension plans in article 8.8 of the aforementioned revised text of the Pension Plans and Funds Regulation Act (long-term unemployment, serious illness and from 2025 onwards for contributions with 10 years of seniority).

However, in order to help those affected by the volcanic eruption on the island of La Palma to meet their liquidity needs, article 11 of Royal Decree-Law 20/2021 of 5 October, adopting urgent support measures to repair the damage caused by the volcanic eruptions and for the economic and social reconstruction of the island of La Palma (BOE of 6 October), established, on an exceptional basis and exclusively for the period from 6 October 2021 to 5 July 2022, the possibility for mutual benefit plan members to make early use of their vested rights in certain cases, setting the conditions and maximum amount of the use.The cases for early drawdown of vested rights are discussed in this Chapter, within the common rules applicable to contributions to social welfare systems, in the section on early drawdown of vested rights.

Attention: *in relation to those affected by the volcanic eruption on the island of La Palma, this possibility for members to enforce their vested rights, as provided for in Article 11 of Royal Decree-Law 20/2021, is not applicable in the case of mutual benefit societies acting as an alternative system to registration in the Special Social Security Scheme for the Self-Employed or Self-Employed, in relation to the economic rights of the products or insurance used to fulfil that alternative function.*

Amounts received in these situations are subject to the tax regime established for pension plan benefits.

3.Premiums paid to insured pension plans

Insured pension plans, the premiums of which are eligible for reduction of the general tax base, are legally defined as insurance contracts which 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 provided for in the regulations governing pension plans and funds.

b. The contingencies covered must only be those stipulated in article 8.6 of the revised text of the Pension Plans and Funds Regulation Act approved by Royal Legislative Decree 1/2002, of 29 November (retirement, total and permanent incapacity to work for the usual profession or absolute and permanent incapacity to work at all, and severe disability);death of the participant or beneficiary and severe dependence or great dependence of the participant), and must have as main coverage that of retirement in the terms established in article 49.1 of the Regulations of the IRPF.

early drawdown, in whole or in part, will only be permitted in these contracts in the cases provided for in article 8.8 of the revised text of the Pension Plans and Funds Regulation Act (long-term unemployment, serious illness and from 2025 for contributions with 10 years of seniority).

However, in order to help those affected by the volcanic eruption on the island of La Palma to meet their liquidity needs, article 11 of Royal Decree-Law 20/2021 of 5 October, adopting urgent support measures to repair the damage caused by the volcanic eruptions and for the economic and social reconstruction of the island of La Palma (BOE of 6 October), **established, exceptionally and exclusively for the period from 6 October 2021 to 5 July 2022**, the possibility for policyholders of insured pension plans to make early use of their vested rights in these plans under certain circumstances, setting the conditions and maximum amount for such use.The cases for early drawdown of vested rights are discussed in this Chapter, within the common rules applicable to contributions to social welfare systems, in the section on early drawdown of vested rights.

The right of early drawdown in insured pension plans shall be valued at the amount of the mathematical provision to which no penalties, charges or discounts may be applied.However, if the institution has earmarked investments, the right of early disposal shall be valued at the market value of the earmarked assets.

c. Insured pension schemes are required to offer an interest rate guarantee and to use actuarial techniques.

d. The terms and conditions of the policy must expressly and prominently state that it is an insured pension plan.

e. Policyholders of insured occupational benefit plans may, by unilateral decision, transfer their mathematical provision to another insured occupational benefit plan of which they are policyholders, or to one or more pension plans of the individual or associated system of which they are members.Once the contingency has been reached, mobilisation will only be possible if the conditions of the plan allow it.

The procedure for the mobilisation of the mathematical provision is regulated in Article 49.3 of the IRPF Regulation.

4.Contributions to company pension plans

The contributions made by workers to corporate social security plans regulated in the first additional provision of the consolidated text of the Law on Regulation of Pension Plans and Funds, approved by Royal Legislative Decree 1/2002, of 29 November, are entitled to a reduction. concerning the protection of pension commitments with workers, including contributions from the payee.

In any case, company pension schemes must meet the following requirements :

a. The principles of non-discrimination, capitalisation, irrevocability of contributions and attribution of rights established in article 5.1 of the revised text of the Pension Plans and Funds Regulation Act should be applicable to this type of contract.

b. The policy will establish the premiums to be paid by the policy holder, which will be charged to the insured persons.

c. The conditions of the policy must expressly and prominently state that it is a Corporate Social Welfare Plan, this denomination being reserved for insurance contracts that meet the legally established requirements.

d. The contingencies covered must only be those stipulated in article 8.6 of the revised text of the Pension Plans and Funds Regulation Act (retirement, total and permanent incapacity for the usual profession or absolute and permanent incapacity for all work, and severe disability);death and severe or great dependence of the participant), and must have as main coverage that of retirement in the terms established in article 49.1 of the Regulations of the IRPF.

Total or partial early drawdown will only be permitted in these contracts in the cases provided for in article 8.8 of the revised text of the Pension Plans and Funds Regulation Act (long-term unemployment, serious illness and from 2025 onwards for contributions with 10 years of seniority).

However, in order to help those affected by the volcanic eruption on the island of La Palma to meet their liquidity needs, article 11 of Royal Decree-Law 20/2021, of 5 October, adopting urgent support measures to repair the damage caused by the volcanic eruptions and for the economic and social reconstruction of the island of La Palma (BOE of 6 October), **has established, on an exceptional basis and exclusively during the period from 6 October 2021 to 5 July 2022**, the possibility for policyholders of company pension plans to make early use of their vested rights in these plans in certain cases, establishing the conditions and maximum amount of the use.The cases for early drawdown of vested rights are discussed in this Chapter, within the common rules applicable to contributions to social welfare systems, in the section on "Early drawdown of vested rights".

e. Company pension schemes are required to offer an interest guarantee and to use actuarial techniques.

5.Premiums paid to private insurances covering exclusively the risk of severe dependency or high dependency

Entitled to reduce the general taxable base of the IRPF the **premiums** paid to private insurances that exclusively cover the risk of severe dependency or major dependency in accordance with the provisions of Law 39/2006, of 14 December, on the Promotion of Personal Autonomy and Care for dependent persons (BOE of 15 December), when the following requirements are met:

Subjective requirements

Premiums can be **satisfied by**:

a. The taxpayer himself.

b. Persons who are related to the taxpayer in a direct or collateral line up to and including the third degree of kinship.

c. The taxpayer's spouse.

d. Persons who had the taxpayer in their care under guardianship or foster care.

The premiums paid by the persons referred to in b), c) and d) above are not subject to Inheritance and Gift Tax.

Objective requirements

These private insurances must in any case comply with the following requirements :

a. The taxpayer must be the policyholder, insured and beneficiary.However.in the event of death may give rise to entitlement to benefits under the terms provided for in the regulations governing pension plans and funds.

b. The insurance is required to provide an interest guarantee and to use actuarial techniques.

6.Common rules applicable to contributions to occupational benefit schemes

6.1 Taxation of benefits received and early drawdown of vested rights

a. Taxation of benefits received

The benefits received for the contingencies covered by pension plans (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) will be taxed in their entirety as earned income, without the amounts corresponding to the excess contributions being deducted in any case.

With regard to the benefits received, bear in mind the possible application of the transitional regime of reductions applicable to benefits received in the form of capital from social welfare systems and deriving from contingencies

occurring in 2014 or subsequent years, for the part corresponding to contributions made up to 31 December 2006, which is discussed in Chapter 3.

In the event that the benefit is received in the form of an insured lifetime income, reversal mechanisms or certain periods of benefit or counterinsurance formulae may be established in the event of death after the annuity is constituted.

Remember: *in accordance with 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, the contingencies for which benefits will be paid are as follows:*

- *Retirement.*
- *Total and permanent incapacity for work for the usual profession or absolute and permanent incapacity for all work, and severe disability, determined in accordance with the corresponding Social Security Scheme.*
- *Death of the participant or beneficiary, which may give rise to entitlement to widow's, widower's or orphan's benefits or benefits in favour of other heirs or designated persons.*
- *Severe dependency or major dependency of the participant, regulated in Law 39/2006, of 14 December, on the promotion of personal autonomy and care for dependent persons.*

b. Frontloading of vested rights

- ### In general

The vested rights of participants, mutual or insured members of pension plans, insured pension plans, company social welfare plans and mutual social welfare funds can only be paid in advance in the cases provided for in article 8.8 of the aforementioned revised text of the Pension Plans and Funds Regulation Act approved by Royal Legislative Decree 1/2002 of 29 November, which are long-term unemployment, serious illness and from 2025 onwards for contributions and company contributions made at least 10 years previously.

In the event that the participant, mutual or insured person disposes, totally or partially, of the consolidated rights, as well as the economic rights derived from the social welfare systems, **in cases other** than those foreseen in the regulations on pension plans and funds that we have indicated**, he/she must replace the reductions** in the taxable base unduly made by means of the appropriate complementary self-assessments, including interest for late payment.

Such additional autoliquidations shall be submitted within the time limit between the date of the advance provision and the end of the regulatory deadline for the submission of the declaration for the tax period in which the advance provision is made.

In this case, the amounts received in excess of the amount of the contributions made, including, where applicable, the contributions imputed by the promoter, shall be taxed as earned income in the tax period in which they are received.

Exceptionally

However, in order to help those affected by the volcanic eruption on the island of La Palma to meet their liquidity needs, Article 11 of Royal Decree-Law 20/2021 of 5 October, adopting urgent support measures to repair the damage caused by the volcanic eruptions and for the economic and social reconstruction of the island of La Palma (BOE of 6 October), **has established in all these cases, on an exceptional basis and exclusively during the period from 6 October 2021 to 5 July 2022**, the possibility for pension plan participants, insured members of insured pension plans and company pension plans and members of mutual benefit societies **to make early use of their economic rights.**

Assumptions

1. **When they are owners of agricultural, forestry or livestock farms, commercial, industrial and service establishments, work premises and similar, located in the geographical area of application of Royal Decree-Law 20/2021, of 5 October, adopting urgent support measures to repair the damage caused by volcanic eruptions and for the economic and social reconstruction of the island of La Palma, and which have suffered damage as a direct consequence of the volcanic eruption recorded;**

2. **Self-employed workers who are forced to suspend or cease activity as a direct consequence of the recorded volcanic eruption;**

3. **In the case of workers affected by temporary redundancy plans (ERTE) provided for in the fifth additional provision of Royal Decree-Law 18/2021, of 28 September, on urgent measures for the protection of employment, economic recovery and improvement of the labour market;**

4. **In the event of loss of the habitual residence, when it is located in the geographical area of application of Royal Decree-Law 20/2021, of 5 October, adopting urgent support measures to repair the damage caused by volcanic eruptions and for the economic and social reconstruction of the island of La Palma, and has suffered damage as a direct consequence of the volcanic eruption recorded.**

Attention: ***in the case of mutual benefit societies acting as an alternative system to registration in the Special Social Security Scheme for the Self-Employed or Self-Employed, the financial entitlements of the products or insurance used to fulfil this alternative function cannot be paid out.***

Maximum disposal amount

The maximum limit of drawdown per participant, insured or mutual member, for all pension plans, insured pension plans, company pension plans and mutual benefit societies of which he/she is the holder and for all the situations indicated, will be the result of prorating the annual Public Indicator of Multiple Effect Income (IPREM) for 12 payments in force for the financial year 2022 (which amounts to 8,106.28 euros) multiplied by three for a maximum period of six months calculated from 6 October 2021.

Therefore, ('8,106.28 x 3) ÷ 12 x 6 = 12,159.42

Reimbursement of bound duties

The reimbursement of vested rights is subject to the tax regime established for pension plan benefits, i.e. they are taxed as earned income and attributed to the year in which they are received.

6.2 Limits and excess contributions

A. Maximum annual contributions to social security schemes which may qualify for a reduction of the tax base

Regulations:Art. 51.6 and disposición adicional decimosexta Ley IRPF

- **Maximum annual contributions (except for group nursing care insurance)**

  As from 1 January 2022, the total maximum annual contributions made in the financial year to the social welfare systems, including, where applicable, those that have been imputed by the promoters, which may give entitlement to reduce the general taxable base **may not exceed the following amounts:**

  - **Overall limit:1,500 euros per year** for the total of contributions and company contributions.

    This general limit includes contributions made by the worker to both individual systems and occupational social security systems, without the need in the latter case to be conditional on employer contributions.

  - **Increase of the previous limit:8,500 euros** provided that this increase comes from employer contributions to employment schemes or employee contributions to the same employment scheme equal to or less than such employer contributions.

    For these purposes, the sums contributed by the undertaking resulting from a decision by the employee shall be considered as contributions by the employee.

    Therefore, this additional limit includes the employee's contributions to his or her employment system, but conditional on employer contributions of at least the same amount and provided that the amounts contributed by the employer do not derive from a decision by the employee (in which case they would be considered contributions by the employee and could not be included in this increase, unless there were sufficient employer contributions that did not derive from a decision by the employee).

    The worker could therefore contribute a maximum of 4,250 euros per year to be included in this limit (half of the increase in the limit) provided that the company makes employer contributions of a further 4,250 euros.This would increase the maximum permitted limit to 8,500 euros.

Special rule for sole proprietors: For the purposes of calculating this limit, own contributions made by the individual employer to occupational pension plans or mutual benefit schemes of which he/she is also the promoter and, in addition, a participant or member, as well as those made to company social welfare plans of which he/she is also the policyholder and insured**, shall be considered as company contributions**.

New Renta 2022: *the general limit applicable to the taxable base for contributions and contributions to social welfare systems is reduced from 2,000 to 1,500 euros per year, and the additional increase in the previous limit is raised from 8,000 to 8,500 euros when the amounts come not only from employer contributions but also from employee contributions*

to the same social welfare instrument for an amount equal to or less than the respective employer contribution.

- **Maximum annual contribution for group long-term care insurance**

In addition, for premiums paid by the company by virtue of collective dependency insurance contracts taken out by the company to cover pension commitments and imputed to the worker, an additional limit of 5,000 euros per year is established, separate and independent of the above.

These limits shall apply individually to each member of the family unit.

Exceptionally, the sponsoring undertaking may make contributions to an occupational pension scheme of which it is the sponsor where this is necessary to guarantee ongoing benefits or the rights of members of schemes which include defined benefit schemes for retirement and where actuarial reviews have shown that there is a shortfall in the pension scheme.

Special rule for sole proprietors: For the purposes of calculating this limit, own contributions made by the individual employer to group dependency insurance policies of which he is both the policyholder and the insured person shall be considered as **employer contributions.**

B. Joint reduction ceiling

Regulations:Article 52.1 Personal Income Tax Law

- **In general**

The maximum joint tax reduction limit for contributions and contributions imputed by the promoter to the social welfare systems, including, where applicable, the excesses pending reduction, from the financial years 2017 to 2021, is constituted by the lesser of the following amounts:

a) 30 per cent of the sum of the net income from work and from economic activities received individually in the financial year.

The concept of net income from work to be taken into account in order to apply the aforementioned limit is that defined in Article 19 of the Law of IRPF, i.e. the result of reducing the full income (including the reduction due to the application of the reduction in Article 18) by the amount of deductible expenses.

The net income from economic activities is that determined prior to the application of the reductions provided for in Article 32 of the Law of IRPF.For these purposes, the net income from economic activities attributed by entities under the system of attribution of income shall be included in the aforementioned sum, provided that the taxpayer or member of such entities effectively carries out the economic activity.

b) 1,500 euros per year.

This **general limit is increased by 8,500 euros**, provided that this increase comes from

employer contributions or employee contributions to the same social security instrument for an amount equal to or less than the respective employer contribution, taking into account the amount of employer contributions, if any, made by several employers to each of the social security systems on an individual basis.

For these purposes, the sums contributed by the undertaking resulting from a decision by the employee shall be considered as contributions by the employee.

- Own contributions made by the individual employer to occupational pension plans or mutual benefit societies, of which he/she is in turn the promoter and participant or member, as well as those made to company social welfare plans of which he/she is in turn the policyholder and insured, shall be considered as company contributions, for the purposes of calculating this limit.

  Therefore, in order for the individual entrepreneur's own contributions to be considered as business contributions and to be included in the calculation of the limit of 8,500 euros, it will be necessary for the contributor to be both the employer and the contributor:

  1. In the case of pension plan contributions, promoter and participant.
  2. In the case of contributions to mutual benefit societies, promoter and member.
  3. In the case of company pension plans, the policyholder and the insured.

In addition, **5,000 euros per year** for group dependency insurance premiums paid by the company.

Own contributions made by the individual employer to group dependency insurance policies of which he is both the policyholder and the insured shall be considered as employer contributions for the purpose of calculating this limit.

> ***Attention:*** *Note that the tax base cannot be negative as a result of the reductions, so the amount of the tax base must also be taken into account as a limit for the reduction.*

- ## Particularities relating to severe dependency insurance or major dependency insurance

A distinction is made between private insurance and group insurance.

- Private insurance: without prejudice to the aforementioned maximum reduction limits, in the case of premiums paid for private insurance covering the risk of severe dependency or major dependency, it should also be taken into account that the total of the reductions made by all persons paying premiums in favour of the same contributor, including those of the contributor himself, may not exceed 1,500 euros per year, regardless of the age of the contributor and, where applicable, the age of the contributor.

- Group insurance: the pension commitments assumed by companies, including the benefits accrued, may be instrumented by means of collective dependency insurance contracts carried out in accordance with the provisions of the first additional provision of the revised text of the Pension Plans and Funds Regulation Act, approved by Royal Legislative Decree 1/2002, of 29

November, in which the company shall be the sole policyholder and the worker shall be the insured party and beneficiary.In this case, the premiums paid by the company under these insurance contracts and imputed to the worker will have their own independent reduction limit of 5,000 euros per year.

Comment:the first additional provision of the revised text of the Pension Plans and Funds Regulation Act approved by Royal Legislative Decree 1/2002, of 29 November was amended, with effect from 4 September 2018, by article one of Royal Decree-Law 11/2018, of 31 August, transposing directives on the protection of pension commitments to workers, prevention of money laundering and requirements for the entry and residence of third-country nationals and amending Act 39/2015, of 1 October, on the Common Administrative Procedure for Public Administrations (BOE of 4 September).

Income Tax Return 2022: *the changes in the reduction limits have led to a distinction being made in the "Reductions for contributions to social welfare systems" section of the personal income tax return between:*

- *Worker's contributions, except those entered in boxes [0438] and [0426] . Box* ***[0465]***
- *Contributions made by the company as a result of a decision by the employee.Box* ***[0438]***
- *Contributions by the employee to the occupational pension plan, mutual benefit fund or company pension plan, provided that employer contributions have been made.Box* ***[0426]***
- *Employers' contributions to social welfare schemes, except for contributions to group dependency insurance and contributions by individual employers to social welfare schemes.Box* ***[0427]***
- *Contributions by individual or professional employers to occupational pension plans or mutual benefit societies, of which he is the promoter and participant or member, or to company pension plans or group dependency insurance of which he is the policyholder and insured.Box* ***[0499]***
- *Contributions to group dependency insurance.Box* ***[0466]***

C. Excess contributions and contributions made but not reduced in previous years

Regulations:(Arts.52.2 Ley IRPF;art. 51 and transitory provision nineteenth Regulation IRPF

The amounts contributed by participants, mutual or insured members to social welfare systems, including those made by the promoter or by the company that have been imputed to them that could not have been subject to reduction **in the financial years 2017 to 2021** due to insufficient taxable income or due to application of the percentage limit of 30% of the sum of net income from work and economic activities, **will be imputed to the current financial year, provided that it has been requested in the respective returns** to reduce the excess in the following five financial years.

The reduction of the surpluses of these financial years 2017 to 2021 shall be made in priority to that corresponding to the contributions made and contributions imputed in the financial year and shall be made subject to the maximum reduction limits indicated above.

With regard to the **way of applying the excess**, for the 2022 financial year, as a result of the new limits applicable to reductions for business contributions, the Personal Income Tax Regulations have been modified, with the intention of facilitating the application of the excess pending reduction and mitigating its complexity.For this purpose, the proportional application of the excess between contributions is eliminated, and the application of the increased maximum limit (1,500 + 8,500 euros) is allowed regardless of the origin of the amounts contributed, on the understanding that in the year in which they were paid they respected the maximum annual contributions (article 51.6 and additional provision sixteen of the Law of IRPF) .

On the other hand, the excesses relating to group nursing care insurance premiums shall be imputed within their own limit.

In the event that the limit of 30% of the net income from work and economic activities or the amount of the general taxable base does not allow the application of the totality of the contributions and contributions to social welfare systems and of the premiums to collective dependency insurance, the following procedure shall be applied:

1. To calculate the applicable reduction, the maximum amounts that can be reduced for each of these items in each of the years will be determined, taking into account the amounts reduced by excesses from previous years, and that, **for contributions and contributions to social welfare systems**, the limit of letter b) of article 52.1 of the Law of IRPF will operate for their total increased amount (1,500 + 8,500) without distinguishing the origin of the contributions, provided that in the period in which they were made they complied with the financial limit of the sixteenth additional provision of the Law of IRPF in the wording in force in that period.The limit of 30 per cent of the net income from work and economic activities, or, as a last resort, the amount of the general taxable base, will operate as an overall limit.

2. The amounts that can be reduced in each of the years shall be applied in order of seniority, and in the event that, for the same year, all the amounts cannot be reduced and there are employer contributions and contributions and premiums to collective dependency insurance, **can be reduced, in the first place, the employer contributions and contributions.**

It should be noted that although it is possible to reduce employer contributions and contributions first as the most beneficial option for the taxpayer, since there is a limit for group dependency insurance, there is nothing to prevent the taxpayer from applying the amounts corresponding to these premiums first.

Attention: *Please note that article 1 of Royal Decree 1039/2022 of 27 December (BOE of 29 December) has modified article 51 and the nineteenth transitional provision of the Regulation of IRPF to facilitate the application of the excess pending reduction and mitigate its complexity.To this end, the proportional application of the excess between contributions or contributions is eliminated, and the application of the increased maximum limit (1,500 + 8,500 euros) is permitted regardless of the origin of the amounts contributed, on the understanding that in the year in which they were paid in, the maximum annual contributions were respected.*

D. Excess of contributions and contributions for the financial year

Regulations:(Arts.52.2 Law IRPF and 51 Regulation IRPF

As a consequence of the priority reduction of amounts pending from previous years, it is possible that the totality of the amounts contributed **in the year** including, where applicable, the contributions of the promoter or those made by the company that have been imputed to them, **due to insufficient taxable income or due to application of the percentage limit of 30%** of the sum of the net income from work and economic activities mentioned above, may not be reduced, generating an excess that can be carried forward to future years.

This excess **may be applied in the following five financial years** respecting the total increased limit referred to in 52.1 of the Personal Income Tax Act (10,000), regardless of the origin of the amounts contributed, without including the additional limit applicable to group dependency insurance premiums paid by the company.

Attention: *the amounts corresponding to the excess of contributions made and not reduced in the financial years 2017 to 2021 pending application at the beginning of the financial year, those applied in the declaration and the remainder pending application in future financial years as well as the contributions and contributions of 2022 not applied whose amount is requested to be reduced in the following 5 financial years, must be stated in Annexes C.3 and C.4 of the declaration, in one of the following sections, as appropriate:"Unreduced excess of employer contributions and employer contributions to social security schemes for the years 2017 to 2021 pending reduction except for employer contributions to group dependency insurance", or in the section relating to "Unreduced excess of employer contributions to group dependency insurance pending reduction in subsequent years".*

Example:contributions to social security systems

Mr. S.M.G., single, contributed in 2021 the sum of 2,000 euros to the pension plan of the employment system whose promoter is the company in which he works.For its part, the company made a company contribution of 4,000 euros to the aforementioned pension plan and 2,000 euros to a collective dependency insurance contract that it took out to implement the commitments assumed with its staff in the agreement.

As he was unable to reduce the taxable base for the totality of the contributions, Mr. S.M.G. requested, in his individual declaration of IRPF for the year 2021, to reduce in the following five years the outstanding excess amounting to 3,500 euros for the contributions to the pension plan, and 1,500 euros for the company's contribution to the collective dependency insurance.

For the year 2022, the taxpayer has made contributions to the private pension plan in the amount of EUR 500.For its part, the company has made contributions of 1,500 euros to the company's employment pension plan and 1,000 euros to the group dependency insurance.

In addition, the company where Mr. S.M.G. works has implemented, in agreement with its employees, a "Flexible Remuneration System", by virtue of which they can substitute monetary remuneration for remuneration in kind or remuneration in kind for other remuneration, provided that the total amount allocated to flexible remuneration does not exceed 30 per cent of their annual total remuneration.In particular, employees are offered the possibility to contribute amounts on their behalf to the same pension plan of the company's employment scheme.On the

basis of the above, Mr. S.M.G. requests that they contribute 2,500 euros to the company's employment pension plan.

Determine the reduction applicable for contributions to pension plans in 2022, knowing that the taxpayer's net income from work amounts to 30,500 euros and coincides with his general taxable income, which is also 30,500 euros.

Solution:

GENERAL TAXABLE BASE = 30,500

REDUCTIONS FOR PENSION CONTRIBUTIONS AND CONTRIBUTIONS TO THE PENSION PLAN

The steps to follow are as follows:

1. **Check that the amounts contributed in 2022 do not exceed the maximum annual contributions permitted by article 51.6 and the sixteenth additional provision of the Personal Income Tax Act:**
   - Contributions to the individual pension plan made in 2022:500 euros.

     The maximum combined annual amount of contributions and company contributions is 1,500 euros.

     Therefore, the contributions to the individual pension plan made in 2022 are within this limit.

   - Employer contributions and employee contributions under the Flexible Compensation Plan made in 2022:1,500 euros + 2,500 euros.

     The previous limit (1,500 euros) is increased by 8,500 euros provided that the increase comes from employer contributions to employment systems or contributions by the worker to the same employment system for an amount equal to or less than such employer contributions.

     As for the employee's contributions to the occupational pension plan (2,500 euros):

     - Up to 1,500 euros, which is the amount of business contributions, would be included in the increased limit.

     - The remaining 1,000 euros (2,500 - 1,500), which exceed the amount of employer contributions, are subject to the general limit, taking into account that the general limit has already been reduced by the amount of contributions to the Individual Pension Plan (1,500 - 500 = 1,000).

     Therefore, all contribution amounts are within the annual limit.

   - Group dependency insurance premiums realised in 2022:1,000 euros.

     For group dependency insurance, there is an additional limit of 5,000 euros per year for the premiums paid by the company.Therefore, the premiums paid in 2022 are within this

limit.

2. **Determination of the joint ceiling for reductions**:

   The lower of the following amounts applies as the joint maximum limit for the reductions (both of the excess for the financial year 2021 and for the contributions and contributions to pension plans made in the financial year 2022):

   a. **Percentage limit:** 30% s/30,500 euros of net earned income = 9,150 euros.

   b. **Limit on contributions and contributions:** 10,000 euros for contributions + 5,000 euros for group dependency insurance.

      - 1,500 euros per year for contributions.
      - Increase of the above amount by 8,500 euros, provided that the increase comes from employer contributions, or from contributions by the worker to the same social welfare instrument for an amount equal to or less than the respective employer contribution.
      - In addition, 5,000 euros for contributions to the group nursing care insurance.

   c. **The amount of the taxpayer's general taxable income** ('30,500)

      Note that the tax base cannot be negative as a result of the reductions and therefore the amount of the general tax base must also be taken into account as a limit for the reduction.

   Therefore, in this case **the maximum joint limit of the reduction will be the percentage limit of 30% of the earned income, which amounts to to 9,150 euros.**

3. **Reduction of the surplus for the previous year 2021:5,000 euros**

   The amount to be reduced from 2021, which amounts to 5,000 euros (3,500 euros for contributions and contributions and 1,500 euros for contributions to the group dependency insurance) does not exceed the maximum joint reduction limit applicable in 2022 (which is 9,150 euros) and is applied first on the taxable base and for its total amount.

   After application of the excess for the year 2021, the amount eligible for reduction in the tax base for the contributions for the year 2022 may not exceed 4,150 euros (9,150 joint maximum limit - 5,000 excess for the previous year).

4. **Reduction for contributions for the year 2022:4,150 euros**

5. **Amounts eligible for reduction for 2022 contributions and contributions:**

   - Amounts from contributions:500 euros.
   - Amounts from corporate contributions:1,500 euros.
   - Amounts contributed by the employee as Flexible Remuneration:2,500 euros.
   - Amounts from contributions to the collective dependency insurance scheme:1,000 euros.

Total contributed:5,500 euros.

Of the total amount contributed in 2022, 5,500 euros, it is only possible to reduce up to 4,150 euros (9,150 euros - 5,000 euros of excess from the 2021 financial year), to be distributed as follows:

- For company contributions and contributions 4,150 euros.
- For contributions to group dependency insurance:0 euros.

Note: As far as the distribution of the 4,150 euros is concerned, the employer's contributions and contributions are reduced first as this is more beneficial for the taxpayer insofar as there is a specific limit for group long-term care insurance, but there is nothing to prevent the taxpayer from applying the amounts corresponding to these premiums first.

GENERAL TAXABLE INCOME (30,500 - 9,150) = 21,350

EXCESS FOR THE FINANCIAL YEAR 2022 TO BE REDUCED IN THE FOLLOWING 5 FINANCIAL YEARS

By reducing 4,150 euros in contributions, the following amounts would remain outstanding for the following five years, by completing the corresponding sub-sections of Annexes C.3 and C.4 of the declaration:

- 4,500 euros contributed - 4,150 (remainder of the joint limit) = 350 euros of contributions and contributions.
- 1,000 euros of contributions to group dependency insurance.

Since in future years the application of overruns does not require a distinction to be made between contributions and contributions, it is not necessary to know which part corresponds to which item;Only contributions to group long-term care insurance have a differentiated limit.

In short:

General tax base = 30,500

Reduction for company contributions to pension plans:

- Excess reduction 2021 = **-5.000**
- Remaining tax base (30,000 - 5,000) = 25,500
- Reduction for contributions 2022 **(*) = -4.150**

  - Contributions made (500 + 1,500 + 2,500 + 1,000) = 5,500

    Contributions made = 500

    Corporate contributions = 1,500

    Flexible remuneration = 2,500

    To group nursing care insurance = 1.000

- Applicable limit = 4,150

General net base (30.500 - 5.000 - 4.150) **= 21.350**

Excess for the financial year 2022:

For contributions and contributions = 350

For contributions to group dependency insurance = 1,000

(*) The amount corresponding to the remainder of the joint limit is less than the sum of the contributions and contributions made in 2022 to the set of social welfare instruments, so it can only be reduced up to that amount, 4,150 euros, with the excess remaining to be reduced for the following 5 financial years as specified above.

Table:Reductions in the tax base applicable to contributions to social security systems

Social welfare instrument	Contributor	Situations	Qualification for the purpose of applying limits (Art.52)	Tax treatment for the employee	Limits
PP S. Employment/PPSE/ MPS (*)	**The company**	**The company decides**	Business contribution	Remuneration in kind without payment on account + Tax Base Reduction **Note:** for the company it is a deductible expense in IS /IRPF (EDN/EDS)	1,500 + 8,500
		Flexible remuneration (employee's choice):Limit of 30% of annual total remuneration	Employee contribution	Remuneration in kind without payment on account + Tax Base Reduction	1,500 + 4,250 (*) maximum amount of 4,250 which is within the additional limit of 8,500 as it is required for its application that the company has made employer contributions of at least the same amount as the contribution made by the employee.
		Mediation in payment (on behalf of and for the account of the employee)	Employee contribution	(Remuneration in cash + withholding) + Reduction in the tax base	
	The worker	**Direct payment - Voluntary contribution**	Employee contribution	Reduction in the tax base	
Individual PP/PPA (**)	**The company**	**The employee chooses the product** of social security where to contribute **(the company acts as a simple mediator).**	Employee contribution	(Remuneration in cash + withholding) + Reduction in the tax base	1,500

Social welfare instrument	Contributor	Situations	Qualification for the purpose of applying limits (Art.52)	Tax treatment for the employee	Limits
	The worker	**The worker chooses the product** of social security where he/she contributes.	Employee contribution	Reduction in the tax base	

(*) The abbreviations correspond to the following social welfare systems

- **PP Employment S:** Pension Plans of the Employment System.
- **PPSE:** Corporate Social Welfare Plans.
- **MPS:** Mutual Social Security Funds.

(**) The abbreviations correspond to the following social security systems:

- **Individual PP:** Pension Plans of the associated system and Pension Plans of the individual system.
- **PPA:** Assured Pension Plan.

7.Contributions to social welfare systems in which the contributor's spouse is a member, mutual fund member or holder

In general

Independently of the reductions made in accordance with the general system of contributions to social welfare systems mentioned above, **the contributions made to social welfare systems of the spouse** can reduce the general taxable base of the taxpayer with **the maximum limit of 1,000 euros per year**, without this reduction being able to generate a negative taxable base, provided that the following requirements are met:

a. The spouse does not obtain net income from work or economic activities, or obtains less than 8,000 euros per year.

b. That the contributions are made to any of the social welfare systems mentioned so far in which the spouse is a participant, mutualist or holder.

Attention: *Transfers between spouses that occur as a result of this special reduction regime are not subject, by express legal provision, to Inheritance and Gift Tax, up to the limit of 1,000 euros per year.*

Compatibility with reductions applied for direct contributions and imputed contributions to contributory social security schemes

Under no circumstances may the application of this reduction lead to a double reduction (for the contributor and his or her spouse) for the same contributions.However, there is no limitation as to who (the taxpayer or his or her spouse) applies the reduction.

If the taxpayer's spouse obtains net income from work or economic activities of less than 8,000 euros per year, and chooses to apply the tax reduction on the contributions made to the social welfare systems of which he/she is a participant, member or holder, he/she must determine the amount of the tax reduction in accordance with the maximum reduction limits mentioned above.

If the contributions cannot be reduced in their entirety between both (the spouse, according to the general limits, and the contributor, according to this additional reduction scheme), it will be the spouse who is a participant, member or policyholder who will request to carry over the excess of contributions not reduced to future years.In the following year, the excess may be reduced, again taking into account the contribution limits.

Example:Contributions to social welfare systems in which the contributor's spouse is a member, mutual fund member or holder

In 2022, the general taxable income of a taxpayer, aged 44, is 49,800 euros, and the sum of the net income from work and economic activities obtained by the taxpayer is 45,000 euros.

On the other hand, the general taxable income of his spouse, aged 41, is 4,900 euros, the sum of the net income from work and economic activities obtained by him being 4,500 euros.

In that year, the taxpayer and his spouse made direct contributions to pension plans in which each of them is a participant, with the taxpayer's contributions amounting to 1,250 euros and the spouse's contributions to another 1,500 euros.

Determine the reductions applicable on account of direct contributions made by the spouse.

Solution:

Irrespective of the reduction which, under the general system, corresponds to the contributions made by the taxpayer to his own pension plan, the following options are available for determining the reductions applicable to the 1,500 euros contributed by the spouse:

Applicable reduction	Option 1	Option 3
Reduction applicable by the taxpayer	150 (1)	Part up to 1,000 (2)
Reduction applicable by spouse	1350	Part up to 500 (2)

Notes to the example

(1) The spouse holding the contributions applies, in accordance with the general scheme, the maximum possible reduction corresponding to his/her contributions.The maximum reduction limit, 30% of the sum of the net income from work and economic activities obtained in the year (4,500 x 30% = 1,350), is less than the total amount of the contributions made, 1,500 euros, and therefore a reduction of the 30% limit will be applied.That is, for 1,350

The taxpayer, as the spouse has reduced 1,350 of the total contributions made, may reduce the outstanding balance

(1,500 - 1,350 = 150) as the limit of 1,000 euros is not exceeded.(Return)

(2) Each of the spouses applies the reduction for the amount he/she wishes, provided that the reduction corresponding to the taxpayer does not exceed 1,000 euros (amount contributed within the maximum limit of additional reduction) and that corresponding to the spouse does not exceed 1,350 euros, (4,500 x 30%) and without the total sum exceeding the total amount of 1,500 euros contributed by the spouse.(Go back)

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

Regulations:(Arts.53 and tenth additional provision Ley IRPF;50 and 51 Regulation IRPF

Contributions made to pension plans, mutual benefit societies, insured pension plans, company pension plans and dependency insurance for the benefit of people with disabilities qualify for a reduction in the general tax base under the following financial and tax regime:

1.Beneficiaries and contributors

Beneficiaries

Social welfare systems must be set up for the benefit of the following persons with disabilities:

a. People affected by a degree of physical or sensory disability **equal to or greater than 65 per cent**.

b. People affected by a degree of disability **equal to or greater than 33%.**

c. People **with disabilities:**

- Who have been **declared incapable** by virtue of judicial resolutions prior to Law 8/2021 (until a new judicial resolution has been issued replacing them with new measures adapted to the aforementioned Law 8/2021), irrespective of their degree.

- Who are **subject to representative guardianship,** determined in judicial decisions issued after the entry into force of Law 8/2021 (both in judicial decisions relating to cases of new situations of disability, and in judicial decisions issued in substitution of other decisions prior to Law 8/2021), irrespective of their degree.

Persons who can make contributions

a. **The disabled person himself/herself as a participant.** In this case, the contributions will give the right to reduce the general taxable base in the tax return of the taxpayer with a disability who makes them.

b. **Those who are related to the person with a disability in a direct or collateral line up to the third degree inclusive, as well as the spouse or those who had the person under guardianship, and following Law 8/2021, of 2 June, the person who holds the representative guardianship or fostering**, must also be recognised, provided that the person with a disability is designated as the sole and irrevocable beneficiary for any contingency.

> However, the contingency of 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 favour of the disabled person in proportion to their contributions.

By express legal provision contained in article 53.3 of the Law of IRPF, contributions made by the persons mentioned in letter b) are not subject to Inheritance and Gift Tax.

2.Limits and excess contributions

A. Maximum annual contributions that may qualify for a reduction of the tax base

Regulations:Tenth Additional Provision Law IRPF

The maximum annual contributions to social welfare systems set up in favour of people with disabilities, for the purposes of the provisions of article 5.3 of the revised text of the Pension Plans and Funds Regulation Act, are as follows:

a. **24,250 euros per year** for contributions made by disabled members.

b. **10,000 euros per year** for contributions made by each of the persons with whom the disabled participant has a family relationship, by the spouse or by those who have the participant under guardianship or foster care.This is without prejudice to the contributions that these persons may make to their respective pension plans.

> The tenth additional provision.2 and article 53.1.b) of the Law of IRPF recognise the relative or guardian of the disabled person (and after Law 8/2021, of 2 June, the person who holds the representative guardianship must also be recognised) the possibility of making the contributions to the pension plan of the disabled person compatible with the contributions they can make to their own pension plan of the general system, respecting the limits established in the law.However, no such possibility is mentioned with regard to the disabled person himself, which is why contributions made by the disabled person himself to his own pension plan for people with disabilities and at the same time contributions made by him to social welfare systems set up in favour of other people with disabilities with whom he has a relationship of kinship or guardianship or representative guardianship are considered to be incompatible.

c. **24,250 euros per year**, taking into account both the contributions made by the person with a disability and those made by all others who make contributions in favour of the same participant with a disability.

B. Reduction ceiling

The annual contributions made in 2022 and, if applicable, the excess contributions made and not reduced in the financial years 2017 to 2021, may be subject to reduction of the taxable base of the IRPF of the current financial year with the following maximum limits:

a. **24,250 euros per year** for contributions made by the person with a disability who is a participant.

b. **10,000 euros per year** for contributions made by each of those with whom the person with a disability has a family or guardianship relationship or representative guardianship, as well as by the spouse.This is without prejudice to contributions made to their own pension plans.

c. **24,250 euros per year** for all the reductions made by all the persons who make contributions in favour of the same person with a disability, including those of the person with a disability him/herself.

When several contributions are made in favour of the same person with a disability, the

reduction will be made, in the first place, on the contributions made by the person with a disability and, only if these do not reach the limit of **24,250 euros per year**, may the contributions made by other persons in their favour be subject to reduction in their taxable base, in proportion to the amount of these contributions.

See in this respect, in the "Case study" included in this Chapter, the case of concurrence of contributions to a pension plan constituted in favour of a person with a disability.

Note: *where the person with a disability himself/herself simultaneously pays contributions to social security schemes in general and to social security schemes set up for the benefit of persons with disabilities, the higher limit that exists individually for each scheme must be applied as the joint limit for both schemes.*

C. Excess to be reduced from contributions made in previous years

Contributions made to social welfare systems set up in favour of persons with disabilities which, due to insufficient taxable income, could not be reduced in the tax returns corresponding to the financial years 2017 to 2021, may be reduced in the current financial year, provided that it has been requested in the respective tax returns to be able to reduce the excess in the following five financial years.

The reduction of the excess, which will be made subject to the maximum reduction limits discussed in the previous section, will be made in priority to that corresponding to the direct contributions or company contributions charged in the same financial year.

D. Excess contributions for the financial year for which no reduction could be made

Taxpayers who have made contributions in the financial year in favour of the same person with a disability under the aforementioned terms may request that the amounts contributed which, due to insufficient taxable income for the financial year, could not be subject to reduction, be subject to reduction in the following five financial years.

To this end, the application must be made in the declaration of IRPF of the financial year in which the contributions made could not be reduced because they exceeded the aforementioned limits.

Attention*: the amounts corresponding to the excess of contributions made in the financial years 2017 to 2021 pending reduction at the beginning of the financial year, those applied in the declaration and the remainder pending application in future financial years as well as the excess of contributions corresponding to the financial year 2022 not applied whose amount is requested to be reduced in the following 5 financial years, must be stated in Annex C.3 of the declaration in the section "Unreduced excess of contributions and contributions to social welfare systems constituted in favour of persons with disabilities pending reduction in the following financial years".*

3.Receipt of benefits and early drawdown of vested rights

The receipt of benefits and the consequences of the early disposal of vested rights in cases other than those foreseen in the regulations governing social welfare systems set up in favour of people with disabilities, are those commented on in the "Common rules applicable to contributions to social welfare systems" in this same Chapter.

Reductions for contributions to protected assets of people with disabilities

Regulations:(Arts.54 Ley IRPF and 71 Reglamento IRPF

1.Beneficiaries and contributors

Beneficiaries

Law 41/2003, of 18 November, on the protection of the assets of people with disabilities and the modification of the Civil Code, the Civil Procedure Act and the Tax Regulations for this purpose (BOE of 19 December), whose purpose is to regulate new mechanisms for the protection of the assets of people with disabilities, has created the figure of specially protected assets, which is immediately and directly linked to the satisfaction of the vital needs of people with disabilities.The aforementioned Law also establishes a series of measures to encourage the creation of such assets and the contribution, free of charge, of assets and rights to them.

Only persons affected by the following degrees of disability can be holders of protected estates:

- Mental disability equal to or greater than 33 per cent.
- Physical or sensory disability equal to or greater than 65%.

Contributors

The distinction between the following must be made:

1.Taxpayers whose contributions entitle them to the reduction in the IRPF

Contributions to the protected patrimony of the person with a disability made, in cash or in kind, by the following contributors will give the right to reduce the general taxable base of IRPF of the contributor:

a. Those who are related to the person with a disability in a direct or collateral line up to and including the third degree of kinship.

b. The spouse of the person with a disability.

c. Those who have the disabled person under guardianship or foster care.

> ***Attention:*** *with regard to guardianship, it should be taken into account that, as of the entry into force of Law 8/2021, of 2 June, on the reform of the Civil Code, which reforms*

civil and procedural legislation to support persons with disabilities in the exercise of their legal capacity, the references contained in the Personal Income Tax Law to this, in the case of adults with disabilities, can be understood to refer to it:

- on the one hand, to guardians appointed by judicial decisions prior to Law 8/2021 (until a new judicial decision has been issued replacing them with new measures adapted to Law 8/2021), and,

- on the other hand, to guardians with representative functions appointed after the entry into force of Law 8/2021 (both in court decisions relating to cases of new situations of disability and in court decisions issued in substitution of other decisions prior to Law 8/2021).

2.Taxpayers whose contributions do not entitle them to the reduction in the IRPF

The following contributions are not eligible for reduction:

a. Contributions of elements assigned to the activity made by taxpayers of the IRPF who carry out economic activities.

b. Contributions in respect of which the contributor is aware, at the date of accrual of tax, that they have been disposed of by the owner of the protected assets.

c. Contributions made by the person with a disability who is the owner of the protected assets.

2.Ceilings and excess contributions made

A. Reduction ceilings

The contributions made in the financial year to the protected assets of persons with disabilities and, where applicable, the excess contributions made and not reduced in the financial years 2018 to 2021, may be subject to reduction in the taxable base of the current financial year in accordance with the following maximum limits:

a. **10,000 euros per year** for each contributor and for all the protected assets to which he/she contributes.

b. **24,250 euros per year** for all the reductions made by all the persons making contributions to the same protected assets.

When several contributions to the same protected assets **concur** and this limit is exceeded (24,250 euros), the reductions corresponding to these contributions must be reduced in proportion to the amount of the respective contributions, so that the total reductions made by all the individuals who make contributions to the same protected assets **does not exceed 24,250 euros per year**.

See in this respect, in the "Case study" included in this Chapter, the case of concurrence of contributions to the protected patrimony of a person with a disability.

In the case of non-monetary contributions, the amount of the contribution will be taken as the amount resulting from the provisions of article 18 of Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage (BOE of 24 December), there being no capital gain or loss on the occasion of contributions to protected assets constituted in favour of people with disabilities.

***Important**:for the person with a disability who is the owner of the protected assets, the contributions are considered income from work to which the exemption foreseen in article 7.w) Ley IRPF will be applicable.*

B. Excess to be reduced from contributions made in previous years

Contributions made which could not be reduced in the years 2018 to 2021 due to exceeding the quantitative limits for tax relief or due to insufficient taxable income, shall be carried forward to the current year, provided that a reduction of the excess can be claimed in the respective tax returns in the following four years.The reduction of the excess, which shall be made subject to the maximum reduction limits set out below, shall be made in priority to that corresponding to the contributions made during the financial year.

C. Excess of contributions for the financial year

Contributions made in 2022 that exceed the aforementioned maximum limits, including that relating to the positive amount of the taxpayer's general taxable income, **will entitle the taxpayer to reduce the taxable income of the following four tax periods**, until the maximum reduction amounts are used up, where applicable, in each of them.

***Attention:** the amounts corresponding to the excess pending reduction of contributions made in the financial years 2018 to 2021 pending application at the start of the financial year, those applied in the declaration and the remainder pending application in future financial years as well as the excess of contributions corresponding to the financial year 2022 not applied whose amount is requested to be reduced in the following 4 financial years, must be stated in Annex C.3 of the declaration in the section "Excess not reduced of the contributions to protected estates of persons with disabilities pending reduce in the following financial years*".

3.Advance disposal of contributed assets or rights

***Attention:** those acts which, subject to the administration regime of the aforementioned Law 41/2003, involve an active administration of the protected assets aimed at maintaining the productivity and integrity of the estate, are not considered to be acts of anticipated disposition.*

Assets and rights contributed to the protected assets of persons with disabilities cannot be disposed of in the tax period in which the contribution is made or in the following four tax periods.

The expenditure of money and the consumption of fungible goods integrated in the protected patrimony, when made to meet the vital needs of the beneficiary, should not be considered as a disposal of goods or rights for the purposes of the requirement of maintenance of the contributions made during the four years following the year of their contribution, established in article 54.5 of the Law of IRPF.

However, given that the tax benefits are linked to the effective constitution of an estate, the latter must be constituted, which implies that, except in exceptional circumstances that the person with a disability may be going through, the expenditure of money or fungible goods before four years have elapsed since their contribution must not prevent the constitution and maintenance over time of the aforementioned protected estate.

Failure to comply with this requirement, except in cases of death of the owner of the protected assets, of the contributor or of the workers referred to in the current article 37.2 of the LIS, entails the following tax obligations, which are discussed below:

a) Obligations for the contributor contributing to IRPF.

The contributor must reimburse the reductions in the tax base unduly made by submitting the appropriate supplementary self-assessment, including any interest for late payment, within the period between the date on which the disposal takes place and the end of the regulatory period for the tax return corresponding to the tax period in which the disposal is made.

b) Obligations for the owner of the protected heritage.

The owner of the protected assets who received the contribution must include in the taxable base the part of the contribution received that had not been included in the tax period in which the contribution was received due to the application of the exemption regulated in article 7.w) of the Law of IRPF, by submitting the appropriate supplementary self-assessment including the appropriate interest for late payment, within the period between the date on which the disposal takes place and the end of the regulatory period for the tax return corresponding to the tax period in which the said disposal takes place.

Contributions made to the protected assets of people with disabilities are considered as earned income for the disabled person, but benefit from the exemption regulated in article 7.w) of the Law of IRPF which reaches a maximum annual amount of three times the IPREM.

In cases where the contribution has been made to the protected assets of relatives, spouses or dependants of employees under guardianship or foster care, by a corporate income taxpayer, the obligation to regularise described in the previous section must be fulfilled by said employee.

The employee who is the owner of the protected assets is obliged to inform his or her contributing employer of any early withdrawals made during the tax period.

In cases where the disposition has been made in the protected assets of relatives, spouses or dependants of workers under guardianship or foster care, this notification must also be made by the said worker.

Failure to notify or making false, incorrect or inaccurate notifications shall constitute a minor tax offence punishable by a fixed fine of 400 euros.

Important: *in the case of homogeneous assets or rights, it shall be understood that those contributed first were disposed of.*

Reductions for maintenance and annual child support payments.

Regulations:Art. 55 Law IRPF

1.Compensatory pensions in favour of the spouse

In accordance with civil legislation (Article 97 of the Civil Code), the spouse whose separation or divorce produces an economic imbalance in relation to the position of the other spouse, which implies a worsening of his or her previous situation in the marriage, is entitled to a pension that will be fixed in the judicial decision of separation or divorce or in the regulatory agreement formalised before the court clerk or the notary.

For the payer, the compensatory pension paid, provided that it has been fixed in the court decision or has been agreed by the spouses in the separation or divorce agreement, reduces his or her general taxable income and cannot be negative as a result of this reduction.The remainder, if any, shall reduce the savings tax base, but the savings tax base may not be negative as a result of this reduction.

For the recipient, the compensatory pension received from the spouse constitutes, in any case, income from work not subject to withholding tax as the spouse paying the pension is not obliged to withhold tax.

2.Annuities for maintenance in favour of persons other than children

In accordance with the provisions of Article 143 of the Civil Code, spouses, ascendants and descendants, as well as siblings are obliged to reciprocally support each other in the cases and under the terms indicated in the aforementioned article.

However, when the taxpayer has an obligation to provide maintenance, it is necessary, for the purposes of its treatment in the IRPF, to distinguish between two cases:

a. Annuities for foodstuffs in favour of children

For the payer, the amounts paid for child maintenance do not reduce the general taxable base, but are subject to a special treatment whereby, when the amount of such annuities is lower than the general taxable base and the minimum amount for descendants is not applicable, they are taxed separately in order to limit the progressivity of the tax scales.

> The assessment treatment of the child maintenance annuities, the amount of which is lower than the general taxable base, is discussed in Chapter 15.

For the children who receive of these annuities, they constitute exempt income, provided that they are received by judicial decision or by virtue of the regulatory agreement decreed judicially or formalised before the Court Clerk or in a public deed before a Notary Public as referred to in Article 90 of the Civil Code, or the equivalent agreement provided for in the regulations of the Autonomous Communities.

b. Alimony annuities in favour of other persons

For the payer, amounts paid as maintenance for persons other than the children, provided that they are fixed by a court decision, reduce the payer's general taxable income and cannot be negative as a result of this reduction.The remainder, if any, shall reduce the savings tax base, but the savings tax base may not be negative as a result of this reduction.

For the recipient of these annuities, these annuities constitute employment income not subject to withholding tax.

3.Special case:compensatory pension and maintenance payments without distinction

In cases of legal separation or divorce, a compensatory pension in favour of one of the spouses will normally be established, on the one hand, and, on the other hand, the obligation to pay an amount of child maintenance for the parent who is not responsible for the children.

In the special case where a lump-sum payment obligation is established, without specifying in the court decision or in the settlement agreement which part corresponds to alimony and which part to maintenance payments, the impossibility of determining the amount corresponding to alimony prevents the application of the reduction of the base for this concept.This is without prejudice to the fact that the amounts corresponding to each concept may be judicially specified at a later date.

Summary table on the tax treatment of alimony and maintenance payments

Compensatory pension and maintenance payments	Payer	Recipient
Compensatory pension to spouse	Reduces the Tax Base	Work performance
Child support annuities	Special rule for the determination of the state and regional tax liability (*)	Exempt income
Child support annuities for persons other than children	Reduces the Tax Base	Work performance

Note to table:are treated in the same way in cases where they are adopted by an equivalent agreement provided for in the legal systems of the Autonomous Communities, approved by the judicial authority or formalised before the Legal Adviser of the Administration of Justice or in a public deed before a Notary Public.

(*) See, in Chapter 15, the specialities for the payer of these child maintenance annuities and an example detailing the settlement operations in these cases.

Reductions for contributions to the fixed-premium mutual insurance company for professional and top-level sportsmen and women

Regulations:eleventh additional provision Law IRPF

Professional and top-level sportsmen and sportswomen may reduce the general taxable base by the amount of the contributions made to the fixed-premium mutual benefit fund for professional sportsmen and sportswomen, with the following specialities:

1.Subjective requirements

The status of mutualist and insured person must, in any case, be held by the professional or top-level sportsperson.

For these purposes, the following are considered:

- **Professional sportsmen and women:** those falling within the scope of Royal Decree 1006/1985 of 26 June 1985 regulating the special employment relationship of professional sportsmen and women.
- **High-level sportsmen and women:** those included in the scope of application of Royal Decree 971/2007, of 13 July, on high-level and high-performance sportspersons (BOE of 25 July).

2.Objective requirements

The contingencies that may be covered are those envisaged for pension plans in article 8.6 of their regulations, i.e. in the revised text of the Pension Plans and Funds Regulation Act, approved by Royal Legislative Decree 1/2002, of 29 November.

The contingencies that may be covered are as follows:retirement, total and permanent incapacity for work for the usual profession or absolute and permanent incapacity for all work, and severe disability;death and severe or great dependence of the participant.

3.Reduction ceiling

A. Maximum annual contributions that may entitle to a reduction of the tax base

Annual contributions may not exceed the amount of **24,250 euros per year**s, including contributions made by the promoters as earned income.

Contributions will not be accepted once the working life as a professional sportsperson has ended or once the status of top-level sportsperson has been lost under the terms and conditions established by regulations.

B. Reduction ceiling

Contributions, whether direct or imputed, as well as, where applicable, any excess from the financial years 2017 to 2021 pending reduction, may be subject to **reduction exclusively in the general part of the tax base**.As a maximum limit, **shall apply the lower** of the following amounts:

a. **Sum of the net income from work and economic activities** received individually by the

taxpayer in the financial year.

b. **24,250 euros per year.**

4.Excess contributions

A. Excess to be reduced from contributions made in previous years

Contributions that could not be reduced in the tax base due to insufficient taxable income or due to the application of the maximum tax reduction limits established by law, may be reduced in the current tax year, provided that the taxpayer has requested in the tax return corresponding to the tax years 2017 to 2021 to be able to reduce the excess in the following five tax years.

The reduction of the excess, which shall be made subject to the ceilings set out below, shall be made in priority to that corresponding to the contributions made during the financial year.

B. Excess of contributions for the year

Contributions made in 2022 which have not been subject to a reduction in the tax base due to insufficient taxable income or due to the application of the limit mentioned in a) above may be reduced in the following five tax years.

In this case, the taxpayer must complete, in section I of the tax return, boxes ***[0488]*** and ***[0489],*** in the latter of which the amount of the contributions made in 2022 must be stated.

Attention: *the amounts corresponding to the excess of contributions made in the financial years 2017 to 2021 pending reduction at the beginning of the financial year, those applied in the declaration and the remainder pending application in future financial years as well as the excess of contributions corresponding to the financial year 2022 not applied whose amount is requested to be reduced in the following 5 financial years, must be stated in annex C.4 of the declaration in the section "Unreduced excess of contributions to the mutual benefit fund for professional sportsmen and women pending reduction in the following financial years".*

5.Disposal of bound duties

Vested rights of members may only be exercised:

- In the same cases provided for in article 8.8 of Royal Legislative Decree 1/2002, of 29 November, approving the revised text of the Pension Plans and Funds Regulation Act (long-term unemployment or serious illness) and,
- Additionally, one year after the end of the professional sportsperson's working life or the loss of the status of top-level sportsperson.

The total or partial disposal of the vested rights in cases other than those mentioned above will result in the obligation for the taxpayer to replace the reductions unduly made in the tax base, with the filing of supplementary self-assessments, which will include the appropriate interest for late

payment, within the period between the date of early disposal and the end of the statutory tax return period corresponding to the tax period in which the early disposal is made.

The amounts received in excess of the amount of the contributions made, including, where applicable, the contributions imputed by the promoter, shall be taxed as earned income in the tax period in which they are received.

6.Special case:other contributions to the mutualidad de previsión social de deportistas profesionales y de alto nivel (professional and high-level sportsmen and sportswomen's welfare fund)

Without prejudice to the special system of reductions for contributions to the fixed-premium mutual insurance scheme for professional and top-level sportsmen and sportswomen that we have just discussed, professional and top-level sportsmen and sportswomen, even if they have finished their working life as professional sportsmen and sportswomen or have lost their status as top-level sportsmen and sportswomen, may make contributions, under the general system, to the mutual insurance scheme for professional and top-level sportsmen and sportswomen.

Such contributions may be subject to a reduction in the taxable base, in the amount intended to cover the contingencies provided for in article 8.6 of the revised text of the Law regulating Pension Plans and Funds, provided that the aforementioned requirements for contributions to social welfare systems in general are met.

The maximum joint reduction limit for these contributions shall be that indicated in this Chapter for the contributions and contributions to social welfare systems.

Remember: *the general tax base and the savings tax base cannot be negative as a result of the application of the reductions discussed above.*

Summary table:Reductions in the general taxable base

Reductions in the gross tax base		Euro Amount/Year	Annual set maximum limit
Reduction for joint tax payment	Family units formed of both spouses	3,400	The surplus, if any, will reduce the BI of the savings without being negative.
	Single parent households	2,150	
Reductions for contributions to social welfare systems A) General scheme	Contributions: • to pension plans • to mutual benefit societies • to insured pension schemes • to occupational social security schemes • to private long-term care insurance	Up to 1,500 (Maximum annual amount for contributions to individual and occupational schemes and employer contributions to occupational schemes)	Less than: • 30 per cent of the sum of the net income from employment and business activities for the financial year • 1,500 euros + 8,500 if they are employer contributions and employee contributions to the same occupational benefit scheme equal to or less than the respective employer contribution. + additional limit of 5,000 euros for imputed employer contributions for group dependency insurance. **Note:** Remember that contributions to the spouse's social welfare systems are included within these joint maximum limits of reduction that affect the contributions and contributions of the contributor's General Scheme.
	Corporate contributions (*): • to pension plans • to mutual benefit societies • to occupational social security schemes + Contributions by the employee to the same occupational benefit scheme for an amount equal to or less than the respective employer's contribution.	8,500 additional (to the 1,500)	
	Premiums paid by the enterprise to group dependency insurance.	Up to 5,000 (own and independent limit)	
Reductions for contributions to social welfare systems B) Specific regime	Contributions to social welfare systems in which the contributor's spouse is a member, mutual fund member or holder	Up to 1,000	

Reductions in the gross tax base		Euro Amount/Year	Annual set maximum limit
Reductions for contributions to social welfare systems set up in favour of disabled persons	Performed by the person with a disability	Up to 24,250	24,250 euros
	Carried out by relatives, guardian or person holding representative guardianship, or spouse of the person with disability	Up to 10,000	
Reductions for contributions to protected assets of people with disabilities	For each contributor and for the set of protected assets to which he makes contributions	Up to 24,250	24,250 euros
	For all the reductions made by all persons making contributions to the same protected assets	Up to 10,000	
Reductions for compensatory pensions and annuities for food in favor of people other than children	Payment of compensatory pensions for the spouse	The whole	The surplus, if any, will reduce the BI of the savings without being negative.
	Payment of maintenance annuities to persons other than children **Note:** for child maintenance annuities see the special features of the determination of the full amount at chapter 15.		
Reductions for contributions to the fixed-premium mutual insurance company for professional and top-level sportsmen and women	Professional sportsmen and women:They are those included in the scope of application of Royal Decree 1006/1985 of 26 June 1985, which regulates the special employment relationship of professional sportsmen and sportswomen**.**	Up to 24,250	Less than: • Sum of net income from employment and business activities for the financial year • 24,250 euros
	High-end sportsmen:These are those included in the scope of the Royal Decree 971/2007, of 13 July, on high-level and high-performance sportsmen		

(*) Own contributions made by the individual employer to occupational pension plans or mutual benefit societies of which he/she is also the promoter and, in addition, a participant or member, as well as those made to company social welfare

plans or group dependency insurance policies of which he/she is also the policyholder and insured**, shall be considered as company contributions.**

General taxable base and general taxable base

1.Determination of the general tax base

Regulations:Art. 50.1 and 3 Law IRPF

The general tax base is the result of reducing the general tax base by the amount of the reductions discussed so far in this Chapter.

The reductions are applied to reduce the general tax base, in the order in which they are discussed, and the general tax base cannot be negative as a result of such reductions.

For these purposes, the general tax base can only be negative when the general tax base is negative because its negative components are greater than its positive components.In such cases, none of the above-mentioned reductions may be applied.

If the general taxable base is negative in the terms mentioned above, its amount must 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 accumulating negative general taxable bases from subsequent years.

Attention: *the amounts of the negative general taxable income of the years 2018 to 2021 pending to be offset at the beginning of the year, those applied in the return and the remainder pending application in future years as well as the amount of the negative general taxable income of 2022 pending to be offset in the following 4 years, must be included in annex C.4 of the return in the section "Negative general taxable income pending to be offset in the following years".*

2.Determination of the general taxable profit base

The general livable basis subject to lien is the result of making on the amount of the positive balance of the general livable base of the financial year the negative livable basis offsets from previous years, without such result being negative.

These negative general tax bases can only be those corresponding to the years 2018 to 2021.

Rules of offsetting in joint taxation

For the purposes of offsetting tax losses, the following rules must be taken into account:

- In the joint taxation system, in accordance with the general rules of IRPF, negative

general net taxable income made and not offset by the taxpayers making up the family unit in previous tax periods in which they have been taxed individually may be offset.

- In the event of subsequent individual taxation, the negative general net taxable income determined in joint taxation will be compensable, exclusively by those taxpayers to whom they correspond in accordance with the rules on individualisation of income contained in the Law of IRPF.

Net tax base of savings

Regulations:Art. 50.2 of the Personal Income Tax Act

The liquidating basis of the savings is constituted by the taxable basis of the savings, after having, where appropriate, been minority by the unapplied remainder, if any, of the reductions by joint taxation, by compensatory pensions and food annuities, without it being negative as a result of those reductions.

In short, **the net base of the savings will always be positive or zero** .

Case study.Pension plan contributions and protected assets of a disabled child

Mr. P.J.J., a 58 year old widower, lives with a 30 year old son, declared incompetent by court decision and subject to extended parental authority, who has obtained a general taxable income of 30,000 euros in 2022.

In 2022, under the provisions of Law 41/2003 of 18 November, he has constituted a protected estate for his son, who is also accredited with a 65 percent mental disability.On the occasion of the constitution of the aforementioned protected heritage, Fr P.J.J. has contributed the amount of 6.250 euros free of charge to the same.Likewise, his four other children have contributed to his brother's protected heritage an amount of 5.000 euros each.

Furthermore, Mr. P.J.J. has contributed 1,500 euros to a pension plan of the employment system of which the company in which he works is the promoter, and the company contributions charged to him by the company in the year amounted to 2,500 euros.

Finally, don P.J.J. has contributed a sum of 4.250 euros to a pension scheme constituted in favor of his son with a disability.He has also contributed 20,000 euros to the aforementioned pension plan on behalf of his disabled son and the income obtained by him.

Determine the general taxable base of the individual returns of the disabled person and his father, corresponding to the fiscal year 2022, knowing that the general taxable base of the latter is 55,500 euros and that the sum of the net earnings from work and economic activities obtained in the fiscal year amounts to 49,000.

Solution:

Preliminary note: regarding the declaration of incapacity of the child that, as a consequence of Law 8/2021, of 2 June (BOE of 3 June), the judicial decisions establishing the extension or rehabilitation of parental authority will only be taken into account until a new judicial decision is issued to replace it.

Furthermore, the references to extended or rehabilitated parental authority made in Article 82 of the Personal Income Tax Act in relation to the family unit should be understood to refer to judicial decisions establishing representative guardianship for children of legal age with disabilities when this is exercised by the person or persons to whom parental authority would correspond if the child were a minor.

1.Individual declaration of the person with a disability.

General tax base:30.000

Reduction for contributions to pension plans for people with disabilities:

- Contribution made:20,000
- Maximum reduction limit:24,250
- Applicable reduction:20,000
- General net base (30.000 - 20.000) = 10.000

2.Individual statement of the father, Mr. P.J.J.:

General tax base:55.500

2.1.Reduction for contributions to social welfare systems (pension plan of the system employment).

Contributions and contributions for the financial year 2022 (1,500 from him + 2,500 contributions from his company) = 4,000

Limit on the amount of contributions and maximum reducible contributions:

- Own contributions (within the general limit for contributions and company contributions of 1.500 euros) = 1.500

N.B.: It should be recalled that this general limit includes employee contributions to both individual systems and occupational social security systems, without the need in the latter case to be conditional on employer contributions.

- Business contributions (increase of 8,500 euros more) = 2,500

- Total (1.500 + 2.500) = 4.000

Percentage reduction limit (30% s/49.000) = 14.700

Reduction applicable for contributions 2022:4,000

Remaining general taxable base (55,500 - 4,000) = 51,500

2.2.Reduction for contributions to the pension plan of a disabled child.

Contribution made:4,250

Ceiling (24,250 - 20,000 which is the contribution of the disabled person himself/herself to his/her plan) = 4,250

Reduction applicable (1) = 4.250

Remaining general taxable base (51,500 - 4,250) = 47,250

Note (1) As priority in the application of the reduction is given to the contributions made by the person with a disability (20,000 euros), the father may only apply the reduction for the excess up to 24,250 euros, which is the maximum joint limit of reductions applicable to all the persons making the contributions.Consequently, the reduced contribution amounts to EUR 4.250.(Go back)

2.3.Reduction for contributions to protected estates of people with disabilities.

Contribution made:6,250

Maximum limit of all contributors:24,250

Reducable contribution proportional (24,250 ÷ 26,250) x 6,250 **(2)** = 5,773.81

General Settlement Base:(47.250 - 5.773,81)= 41.476,19

Note (2) When there are contributions in favour of the same protected estate made by both the parent and the four siblings of the person with a disability, the maximum joint reduction limit for all contributors cannot exceed 24,250 euros per year.In the event of an excess of this amount, since the total amount of the contributions made amounts to EUR 26.250 per year [6.250 + (5.000 x 4)], a reduction should be made in proportion to the contributions made.

For the contribution made by the parent, that amount is the result of the following operation:(24.250 ÷ 26.250) x 6.250 = 5.773,81.

For the contributions made by each of the siblings, this amount is the result of the following operation:(24.250 ÷ 26.250) x 5.000 = 4.619,05.(Return)

Chapter 14.Matching the tax to the personal and family circumstances of the taxpayer:Personal and family tax-free threshold

Personal and family tax-free threshold

Regulations:Art. 56 Law IRPF

Personal Income Tax is adapted to the personal and family circumstances of the taxpayer by means of the **personal and family tax-free threshold** which consists of quantifying the portion of personal income that shall not be subject to Personal Income Tax since it is spent on meeting the basic personal and family needs of the taxpayer.

In order to ensure the same reduction in the tax burden for all taxpayers with the same family situation, regardless of their income level, the amount corresponding to the personal and family minimum no longer reduces the income for the tax period to determine the tax base, but becomes part of the taxable base to be taxed at a zero rate.In this way, taxpayers with equal personal and family circumstances achieve the same tax savings, whatever their income level.

The application of the personal and family minimum in the determination of the full contributions of the IRPF is discussed in more detail in the following chapter.

The personal and family minimum is the result of adding the amounts corresponding to the personal and family minimum:

- Taxpayer's tax-free threshold.
- Minimum for descendants.
- Tax-free threshold for ascendants.
- Minimum for the taxpayer's disability, ascendancy, or descendants.

Law 22/2009, of 18 December, which regulates the financing system of the Autonomous Communities of common regime and Cities with Statute of Autonomy and modifies certain tax rules (BOE of 19 December) **has granted the Autonomous Communities regulatory powers on the amount of the personal and family minimum applicable for the calculation of the autonomous tax**.

For these purposes, Article 46.1 a) of the aforementioned Law 22/2009 provides that the Autonomous Communities may establish increases or decreases in the amounts corresponding to the minimum for the taxpayer and the minimums for descendants, ascendants and disability

regulated in Articles 57, 58, 59 and 60 of the Personal Income Tax Act, with a limit of 10% for each of them.

However, the Autonomous Communities cannot regulate, in accordance with Article 46.2.e) of Law 22/2009, the concepts or personal and family situations included in each of the minimums referred to in Articles 57, 58, 59 and 60, or the rules for their application provided for in Article 61 of the Law of IRPF.

> Precisely because the Autonomous Communities cannot regulate the concepts, nor the personal and family situations included in each of the minima, nor the rules for their application, the Constitutional Court in its Ruling 186/2021, of 28 October, has declared null and void Article 88 of the Law of the Parliament of Catalonia 5/2020, of 29 April, on fiscal, financial, administrative and public sector measures, and on the creation of the Tax on installations that affect the environment, which established a 10% increase in the amount of the personal minimum applicable exclusively to taxpayers whose sum of the general and savings taxable bases does not exceed 12,450 euros, for exceeding the limits for the autonomous exercise of this ceded competence provided for by the State in Article 46 of Law 22/2009.

Using the aforementioned regulatory competence, in 2022 the Autonomous Community of Andalusia, the Autonomous Community of the Balearic Islands, the Autonomous Community of Galicia, the Autonomous Community of Madrid, the Autonomous Community of La Rioja and the Autonomous Community of Valencia have regulated the amount of the personal and family minimum applicable for the calculation of their regional taxation other than that established in the Law of IRPF.

Taxpayer tax-free threshold

> The Tax Agency's Electronic Headquarters includes a "Renta Informador", where you can consult the personal minimum that corresponds to you as a taxpayer as well as to your spouse in the case of joint taxation, and the increases due to your age or degree of disability.

Regulations:(Arts.57 and 61 Law IRPF

Applicable amount

The minimum for the taxpayer is, in general, **5,550 euros per year**, regardless of the number of members of the family unit (both spouses and, where applicable, the children forming part of the same, or the father or mother and all the children living with one or the other), and of the taxation system chosen, individual or joint declaration.

> Although the amount of the taxpayer's minimum tax is 5,550 euros, both for individual and joint taxation, it should be remembered that in cases of joint taxation a reduction of 3,400 euros is applicable to the taxable base for family units made up of both spouses and, where applicable, the children forming part of said family unit.In the case of a family unit made up of the father or mother and all the children living with one or the other, a reduction of 2,150 euros per year may be applicable.
>
> The reduction for joint taxation is discussed in more detail in Chapter 13.

Increase in the taxpayer's minimum by age

Based on the age of the taxpayer in general minimum increases by the following amounts:

- **Taxpayers over 65 years of age**.The above amount shall be increased by **1,150 euros per year**.
- **Taxpayers over 75 years of age**.The minimum shall be additionally increased by **1,400 euros per year**.

> ***Note:*** *for the quantification of the increase in the minimum corresponding to taxpayers aged 65 or over or 75, the personal circumstances of each of the spouses in the family unit filing a joint return shall be taken into account*.

Conditions of application

- **In the event of the death of the taxpayer**, the amount of the taxpayer's minimum shall be applied in full without the need for any pro-rating according to the number of days in the tax period.
- **In a joint declaration of family units**, the children do not entitle the taxpayer to the application of the taxpayer's minimum, without prejudice to their entitlement to the family minimum for descendants and for disability, provided that they meet the requirements for this purpose.Nor does the other spouse entitle the application of the taxpayer's minimum, without prejudice to the fact that the above increase in the taxpayer's minimum is computable, if his age is greater than 65 years and 75 years, if any.

Allowance for children or direct descendants

> The Tax Agency's Electronic Headquarters incorporates a "Renta Informador", where you can consult the minimum corresponding to the descendant with whom you live and the requirements that must be fulfilled, as well as the increases that correspond to you due to your age or degree of disability.

Regulations:(Arts.58 and 61 Ley IRPF and 53 Reglamento IRPF

Concept and requirements of descendants

Subject

For the purposes of applying this minimum, "descendants" are considered to be **the children, grandchildren, great-grandchildren, etc., who descend from the taxpayer and who are related to the taxpayer by blood or adoption, without including persons related to the taxpayer by collateral kinship (nephews and nieces) or by affinity (stepchildren).**

For these purposes, the following are assimilated to descendants, persons related to the taxpayer by **reason of guardianship or fostering,** under the terms set out in the applicable civil legislation or, **outside the above cases, those who have been granted guardianship and**

custody by judicial decision.

Guardianship:

Please note that as of 3 September 2021, the date of entry into force 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, the **guardianship** will be reduced to minors not subject to parental authority or not emancipated in a situation of abandonment, and will be abolished for adults, for whom guardianship and other measures to support their legal capacity are established.

In accordance with the above, the references contained in the Law of IRPF to guardianship, in the case of adults with disabilities, are currently understood to refer both to guardians appointed by judicial decisions prior to Law 8/2021 (until a new judicial decision has been issued replacing them with new measures adapted to Law 8/2021), and to guardians with representative functions appointed after the entry into force of Law 8/2021 (both in judicial decisions relating to cases of new situations of disability, and in judicial decisions issued in replacement of other decisions prior to Law 8/2021).

Requirements

The minimum may only be applied to descendants and assimilated descendants of the taxpayer who meet each and every one of the following requirements :

a) That the descendant, in the terms mentioned above, **is under 25 years of age** on the date of accrual of the IRPF (normally 31 December or on the date of death of the taxpayer if the latter dies on a day other than 31 December), **unless they are descendants with a degree of disability equal to or greater than 33 per cent**, in which case the minimum for descendants may be applied, whatever their age, provided that the other requirements are met.

b) That the descendant lives with the taxpayer.

In cases of legal marital separation, when custody and guardianship is shared, the family minimum for descendants will be prorated between both parents, regardless of the parent with whom they are living at the date of accrual of IRPF.

Otherwise, the family allowance for descendants shall be for those who, in accordance with the provisions of the judicially approved regulatory agreement, have guardianship and custody of the children on the date the tax accrues (normally 31 December), because this is the person with whom the descendants live.

The sporadic absence of a child from the habitual residence during school terms does not break the cohabitation requirement for the taxpayer to be able to apply the minimum for descendants, as long as the rest of the requirements established in this respect are met.

However, in this case it should be noted **that economic dependence is assimilated to cohabitation, unless annuities for maintenance are paid** in favour of these children and are taken into account for the calculation of the full tax liability.

In accordance with this legal regulation, the parent or parents who have custody of the children, even if it is shared, must apply the minimum for descendants as they are the persons with whom the descendants live, and may not apply the special provisions for child maintenance annuities set out in articles 64 and 75 of the Law of IRPF.

In the event that custody of a child ceases because the child reaches the age of majority, the minimum for descendants shall continue to apply for as long as the parent in question continues to live with the child.Similarly, if

the elderly descendant becomes living with the parent who pays annuities for food, he shall be entitled to the minimum, not to the application of such annuities.

On the other hand, parents who do not live with their children, but provide them with maintenance by judicial decision, may opt for the application of the minimum amount for descendants, by supporting them financially, or for the application of the treatment provided for by the Law of IRPF for the aforementioned maintenance annuities.If the minimum for descendants is applied, it shall be apportioned between both parents.

In this respect, see the table on for the application of the minimum tax per descendant and the option for joint taxation in the case of legal separations, divorces and annulments of spouses with children.

c) That the descendant has not obtained in the financial year 2022 **income exceeding 8,000 euros per year**, excluding income exempt from tax.

Note: *For these purposes, the concept of annual income is constituted by the algebraic sum of net income (from work, movable and immovable capital, and economic activities), income allocations and capital gains and losses computed in the year, without applying the rules of integration and compensation.However, the income must be computed at its net amount, i.e. after deducting expenses but without applying the corresponding reductions, except in the case of income from work, in which the reduction provided for in Article 18 of the Law of IRPF may be taken into account when applied prior to the deduction of expenses.*

d) That the descendant does not file a declaration of IRPF with an income of more than 1,800 euros.

The following clarifications should be made in relation to this requirement:

- **Individual taxation of the descendant.** If the descendant files an individual tax return for IRPF, either in the form of a self-assessment or a duly signed or confirmed draft return, with income equal to or less than 1,800 euros, eligible taxpayers can apply the minimum for descendants, provided that the other requirements are met.If the rents are more than 1.800 euros, none of them can apply the minimum per descendant.

- **Joint taxation of the descendant with both parents.** If the minor descendant files a joint tax return with his or her parents, the latter can apply the corresponding minimum for descendants in that return, provided that the other requirements are met.

- **Joint taxation of the descendant with one of the parents in cases of legal separation or when there is no marital relationship**.In these cases, the parent who taxes in conjunction with the descendants who are part of the family unit shall apply the minimum per descendant for these, and the other parent shall not be entitled to the minimum when presenting the declaration children. provided that the latter have incomes of more than eur 1.800.

  If the condition of having an income of more than 1,800 euros is not met, the minimum for descendants will be distributed equally between the parents with whom the descendant lives, even if one of them is taxed jointly with the children.

  In the latter case, if one of the parents does not apply the minimum for descendants to which he or she is entitled (50%), the other parent is not entitled to the full application of the minimum for descendants.

  This same rule applies in cases where children subject to guardianship and joint custody are taxed jointly with one of their parents.

However, if one of the parents dies during the tax period, and the income of the descendant is higher than 1,800 euros, the minimum will be apportioned 50/50 between the two parents, provided that the deceased parent at the date of death was entitled to the minimum for descendants, either due to cohabitation or due to economic dependence when the parent does not opt to apply maintenance annuities, and that, in addition, the surviving parent is taxed jointly with the descendant.

In this respect, see the table on for the application of the minimum tax per descendant and the option for joint taxation in the case of legal separations, divorces and annulments of spouses with children.

Attention:*It should be borne in mind that among the modalities listed as family units, the one formed by the guardian and the person under guardianship is not contemplated, nor the case of foster care or, outside these cases, of those who have been attributed guardianship and custody by judicial decision, which prevents any possibility of paying tax jointly for the IRPF in such cases.*

Special case:death of a parent

In cases where one of the parents dies during the year, whether or not they are married, and the minor children or children of legal age who are legally incapacitated and subject to extended or rehabilitated parental authority have lived with both parents up to the date of death, the minimum for descendants will in any case be apportioned between the parents, even if the other surviving parent is taxed jointly with the minor children and these have an income of over 1,800 euros, as it is considered that on the date of accrual of the tax both parents are entitled to its application.

Remember:*in the aforementioned terms, in 2022, the taxpayer may apply the allowance for children or direct descendants in those cases where these descendants, to obtain a return, submit an individual Personal Income Tax return, provided that the declared income does not exceed 1,800 euros.*

Applicable amounts

A. In general

- 2,400 per year for the first.
- 2,700 per year for the second.
- 4,000 per year for the third party.
- 4,500 per year for the fourth and subsequent years.

In the event of the death of a descendant who is entitled to the minimum amount for this concept, the applicable amount is **2,400 euros**.

> ***Note:****the order number of the descendants, including persons related to the taxpayer by reason of guardianship and foster care under the terms provided for in civil legislation or, outside the above cases, to those who have been granted guardianship and custody by judicial decision, shall be assigned according to the age of those entitled to apply this minimum for descendants, starting with the oldest and not including for these purposes those descendants who, where applicable, have died during the financial year prior to the date on which the tax accrued.*

B. Increase for offspring under three years of age

- ### Amount of the increase

  When the descendant is under three years of age, the minimum corresponding to those indicated above will be increased by **2,800 euros** per year.

  > ***Note:****the increase for descendants under three years of age is applicable in cases where the descendant has died during the tax period.*

- ### Implementation of the increase in adoption or pre-adoption or permanent foster care

  In cases of adoption or fostering, both pre-adoptive and permanent, this increase, **regardless of the age of the minor**, will be applied in the tax period in which it is registered in the Civil Register and in the following two periods.Where registration is not necessary, the increase may be made in the tax period in which the corresponding judicial or administrative decision is taken and in the following two tax periods.

  Precision:

  Law 26/2015 of 28 July 2015, which modifies the system for the protection of children and adolescents (BOE of

29 July) modified, with effect from 18 August 2015, article 173 bis of the Civil Code, regulating the following types of foster care:emergency, temporary and permanent.

On the other hand, in relation to pre-adoptive foster care, the second and sixth additional provisions of Law 26/2015 establish that all references made in the laws and other provisions to pre-adoptive foster care shall be understood to be made to the delegation of guardianship for pre-adoptive cohabitation provided for in article 176 bis of the Civil Code, while references made to simple foster care shall be understood to be made to temporary family foster care provided for in article 173 bis of the Civil Code.

Foster care (Art. 173 bis of the Civil Code)		Application of the minimum for descendants	Increase for offspring under three years of age
Until 17-08-2015	As of 18-08-2015		
-	Emergency foster care	SI	SI
Fostering unit simple	Foster care	SI	SI
Fostering unit establishment	Fostering unit establishment	SI	YES (irrespective of the age of the minor)
Pre-adoptive foster care	Delegation of guardianship for pre-adoptive cohabitation (New 176a of the Civil Code)	SI	YES (irrespective of the age of the minor)

N.B.:in cases of adoption or fostering, both pre-adoptive (current delegation of guardianship for pre-adoptive cohabitation) and permanent, this increase will occur, regardless of the age of the child, in the tax period in which it is entered in the Civil Register and in the following two periods.Where registration is not necessary, the increase may be made in the tax period in which the corresponding judicial or administrative decision is taken and in the following two tax periods.

- When the adoption of a child who had been on a foster care basis or a change in the foster care situation takes place, the increase in the amount of the minimum per descendant will be practiced during the remaining tax periods until the maximum three-year period expires.

> ***Attention:****It should be borne in mind that in cases of emergency or temporary foster care, the increase in the minimum for descendants will only be possible when the descendant is under three years of age.Similarly, in cases of minors on whom custody is held and custody by court order, the increase in the minimum for descendants will only apply if they are under three years of age.*

Conditions for the application of the minimum for descendants

a. **The determination of the family circumstances** to be taken into account for the application

of this minimum shall be based on the **situation existing on the date of accrual of the tax** (normally 31 December or the date of death of the taxpayer if he/she dies on a day other than 31 December).

b. Where several taxpayers (e.g. both parents) are entitled to the application of the family allowance for the same descendant (with the same degree of kinship), **its amount shall be apportioned between them equally**.

However, when the taxpayers have **different degrees of kinship** with the descendant that entitles them to the application of the family minimum (for example, parents and grandparents), the amount will correspond entirely to those of the closest degree (parents), unless they do not have annual incomes, excluding exemptions, of more than 8,000 euros per year, in which case it will correspond to those of the next degree (grandparents).

Tax-free threshold for ascendants

The Tax Agency's E-Office incorporates a "Renta Informador", where you can consult the minimum corresponding to the ascendant with whom you live and the requirements that you must fulfil, as well as the increases that correspond to you due to your age or degree of disability.

Regulations:(Arts.59 and 61 Law IRPF

Subject

For the purposes of the application of the minimum for ascendants, parents, grandparents, great-grandparents, etc. of whom the taxpayer is descended and who are related to the taxpayer by blood or adoption are considered as such, without including persons related to the taxpayer by collateral kinship (uncles, aunts, uncles, great-uncles) or by affinity (in-laws).

Requirements

Ascendants must comply with **next requirements** to give the right to the application of the corresponding minimum:

a. **That the ascendant be over 65 years of age** on the date of the tax due (usually december 31) or, whatever your age, that person **with a degree of disability equal to or greater than 33 per 100.**

b. **They live with the taxpayer for at least half of the tax period**.As far as this requirement is concerned, disabled relatives in the ascending line who, depending on the taxpayer, are placed in specialised institutions, are considered to live with the taxpayer.

c. **That the ascendant has not obtained in the 2022 fiscal year incomes higher than 8,000 euros** per year, excluding those exempted from the tax.

> ***Note:*** *the concept of annual income, for these purposes, is constituted by the algebraic sum of net income (from work, movable and immovable capital, and economic activities), income allocations and capital gains and losses computed in the year, without applying the rules of integration and compensation.However, the income must be computed at its net amount, i.e. after deducting expenses but without applying the corresponding reductions, except in the case of income from work, in which the reduction provided for in Article 18 of the Law of IRPF may be taken into account when applied prior to the deduction of expenses.*

d. **That the ascendant does not present a declaration of IRPF with income over 1,800 euros.**

Applicable amounts

- **1,150 euros per year for each ascendant over 65 years of age or disabled regardless of age.**
- **An additional 1,400 euros per year for each ascendant over 75 years of age.**

In the event of the death of an ascendant that generates entitlement to the minimum for this concept, **the applicable amount is 1,150 euros.**

Conditions for the application of the minimum for relatives in the ascending line

a. **The determination of the personal and family circumstances** to be taken into account for the application of the aforementioned reductions will be made on the basis of the **situation existing on the date of accrual of the tax** (normally 31 December or on the date of death of the taxpayer if he/she dies on a day other than 31 December).

   However, if the ascendent dies during the year only the right to the minimum per ascendent is generated when there has been coexistence with the taxpayer for at least half of the period between the start of the tax period and the date of death.

b. **When two or more taxpayers are entitled to the application of the minimum tax** in respect of the same ascendants, **its amount shall be apportioned** between them in equal shares.

   However, when the taxpayers have different degrees of kinship with the ascendant, the application of the minimum shall correspond to those of the closest degree, unless they do not have annual incomes, excluding exemptions, of more than 8,000 euros, in which case it shall correspond to those of the next degree.

Allowance for disability

Regulations:(Arts.60 and 61 Law IRPF

The disability minimum is the sum of the amounts corresponding to the minimum amounts for the taxpayer's disability and for the disability of ascendants or descendants.

Tax-free threshold when the taxpayer has disabilities:applicable amounts

Applicable amounts

Based on the degree of disability of the taxpayer, the tax-free threshold may be one of the following amounts:

- **3,000 euros per year** when the person has a degree of disability equal to or greater than 33 per cent and less than 65 per cent.
- **9,000 euros per year** when the person has a degree of disability equal to or greater than 65%.

Increase in support costs

The taxpayer's minimum disability allowance will be increased, as assistance expenses, **by 3,000 euros per year** when he/she proves that he/she needs the help of third parties or reduced mobility, or a degree of disability equal to or greater than 65%.

In short, the taxpayer's disability minimum will reach the amounts indicated in the following table :

Degree of disability	Disability	Gastos assistance	Total
Equal to or more than 33 per cent and less than 65 per cent	3,000	----	3,000
Equal to or more than 33 per cent and less than 65 per cent and who can prove that he/she needs assistance from third parties or reduced mobility	3,000	3,000	6,000
Equal to or greater than 65 per cent	9,000	3,000	12,000

Disability minimum for ascendants or descendants:applicable amounts

Applicable amounts

The minimum for disability of ascendants or descendants may be of the following amounts:

- **3.000 euros per year for each descendant or ascendent** that it generates the right to the application of its respective minimum, that is a person with a degree of disability equal to or greater than 33 per 100 and less than 65 per 100.
- **9.000 euros per year for each descendant or ascendent** that it generates the right to the application of its respective minimum, that is a person with a degree of disability equal to or greater than 65 per 100.

Increase in support costs

The minimum disability allowance for ascendants or descendants will be increased, as assistance

expenses, by **3,000 euros per year** for each ascendant or descendant who proves that they need help from third parties or reduced mobility, or a degree of disability equal to or greater than 65%.

In short, the minimum per disability for each ascendant or descendant, including, where appropriate, the increase in attendance costs, will reach the following amounts:

Degree of disability	Disability for each ascendant or descendant	Assistance for each ascendant or descendant	Total for each ascendant or descendant
Greater than 33% and less than 65%	3,000	----	3,000
Equal to or more than 33 per cent and less than 65 per cent and who can prove that he/she needs assistance from third parties or reduced mobility	3,000	3,000	6,000
Equal to or greater than 65 per cent	9,000	3,000	12,000

Certification of disability, the need for third-party assistance or the existence of mobility difficulties

Regulations:Art. 72 Reglamento IRPF.

For the purposes of IRPF,, taxpayers with a degree of disability equal to or greater than 33% are considered to be disabled.

The degree of disability must be accredited by means of a certificate or resolution issued by the Institute of Migration and Social Services (IMSERSO) or the competent body of the Autonomous Communities.Royal Decree 1971/1999 of 23 December 1999 (BOE of 26 January 2000) regulates the procedure for the recognition, declaration and qualification of the degree of disability.

However, a degree of disability equal to or greater than 33 per cent shall be deemed to be affected:

- In the case of Social Security pensioners who are entitled to a pension for total permanent disability, absolute disability or severe disability and
- In the case of passive class pensioners who have a retirement pension or retirement due to permanent incapacity for service or uselessness.

Likewise, a degree of disability equal to or greater than 65% will be considered accredited:

- In the case of persons whose incapacitation has been declared by virtue of judicial decisions prior to Law 8/2021 (as long as a new judicial decision has not been issued to replace them with new measures adapted to Law 8/2021).
- In the case of persons with disabilities for whom representative guardianship has been

established by virtue of court decisions issued after the entry into force of Law 8/2021 (both in court decisions relating to cases of new situations and in court decisions issued in replacement of other decisions prior to Law 8/2021).

Please note that from 3 September 2021, the date of entry into force of Law 8/2021, of 2 June, which reforms civil and procedural legislation to support people with disabilities in the exercise of their legal capacity, the **judicial incapacitation** will disappear and, consequently, the figure of the incapacitated person, being replaced by a judicial decision that determines the acts for which the person with disabilities requires support for the exercise of their legal capacity.

This disappearance affects Article 60.3 of the Personal Income Tax Act and, in the same sense, Article 72.1 of its Regulations, as regards the form of accreditation of a degree of disability equal to or greater than 65%.

The need for help from third parties to travel to their place of work or to carry out their work, or reduced mobility to use public means of transport, must be accredited by means of a certificate or resolution from IMSERSO or the competent body of the Autonomous Communities for the assessment of disabilities, based on the opinion issued by the Assessment and Guidance Teams dependent on them.

The recognition of one of the degrees of dependency envisaged in Article 26.1 of Law 39/2006, of 14 December, on the Promotion of Personal Autonomy and Care for Dependent Persons, corresponds to another area of competence that does not meet the requirements of Article 72 of the Regulations of IRPF and, therefore, does not accredit this.

Attention: *Royal Decree 1856/2009 of 4 December, amending Royal Decree 1971/1999 of 23 December on the procedure for the recognition, declaration and qualification of the degree of disability and, in accordance with the provisions of the additional provision eight of Law 39/2006 of 14 December on the promotion of personal autonomy and care for dependent persons and in the new World Health Organization classification, "International Classification of Functioning, Disability and Health" (CIF-2001), conducts terminological and conceptual updates, replacing the references included in the term "handicap" (minusvalía) with the term "disabled", the term "handicapped persons" (minusválidos) and "persons with a handicap" (personas con minusvalía) with the term "persons with a disability" and the term "degree of handicap" (grado de minusvalía) with "degree of disability".To this end, a second additional provision entitled "Terminological and conceptual updating" is incorporated into Royal Decree 1971/1999.*

Conditions for the application of the disability minimum

a. **The determination of the personal and family circumstances** to be taken into account for the application of the minimum disability tax will be made on the basis of the **situation existing at the date of accrual of the tax** (normally on 31 December or on the date of death of the taxpayer if he/she dies on a day other than 31 December).

   Without prejudice to the above, the disability-related minimum shall apply in cases where the **descendant has died during the tax period**.

b. **The application of the minimum for disability** of ascendants or descendants **is conditional on each of them generating the right to the application of the respective minimum**, i.e. minimum for ascendants or minimum for descendants.

c. **When two or more taxpayers are entitled to the application of the minimum disability tax** in respect of the same ascendants or descendants, **the amount shall be apportioned equally between them**.

   However, when the taxpayers have different degrees of kinship with the ascendant or descendant, the application of the minimum shall correspond **to those of the closest degree**, unless they do not have annual incomes, excluding exemptions, of more than 8,000 euros, in which case it shall correspond to those of the next degree.

d. **The application of these minimums will not be applicable** when the ascendants or descendants present a declaration for the IRPF with **income of more than 1,800 euros**.

Table-summary of the personal, descendants, ascendants and disability minima

Taxpayer's tax-free threshold	5,550 per year, in general. **+** 1,150 euros per year, if you are over 65 years old. **+** 1,400 euros per year, if you are over 75 years old.
	Taxpayer disability: • 3,000 euros per year, if the degree of disability is equal to or greater than 33 per cent. • 9,000 per year, if the degree of disability is 65 percent or more. **+** 3,000 euros per year, if you need help from third parties or reduced mobility or have a degree of disability equal to or greater than 65%.
Allowance for children or direct descendants	• 2,400 euros per year for the 1st. • 2,700 euros per year for the 2nd. • 4,000 per year for the 3rd. • 4,500 euros per year for the 4th and following ones. **+** 2,800 euros per year, per descendant under three years of age. (*) In the event of the death of the descendant, 2,400 euros.
	Disability of the descendant: • 3,000 euros per year, if the degree of disability is equal to or greater than 33 per cent. • 9,000 per year, if the degree of disability is 65 percent or more. **+** 3,000 euros per year, if you need help from third parties or reduced mobility or have a degree of disability equal to or greater than 65%.
Tax-free threshold for parents	1,150 euros per year for each ascendant **+** 1,400 euros per year, if you are over 75 years old. (*) In the event of the death of the ascendant, 1,150 euros.
	Disability of the ascendant: • 3,000 euros per year, if the degree of disability is equal to or greater than 33 per cent. • 9,000 per year, if the degree of disability is 65 percent or more.

	+ 3,000 euros per year, if you need help from third parties or reduced mobility or have a degree of disability equal to or greater than 65%.

Amounts of the personal and family minimum approved by the Autonomous Communities for the calculation of the regional assessment

In use of the regulatory competence attributed to them by article 46.1 a) of Law 22/2009, of 18 December, which regulates the financing system of the Autonomous Communities of the common system and Cities with Statute of Autonomy and modifies certain tax regulations (BOE of 19 December), the following Autonomous Communities have approved increases in the amount of the personal and family minimum:

Autonomous Community of Andalusia:Personal and family allowance amounts

Regulations:Art. 23 bis Ley 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía (Law 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía)

The following amounts are established for the minimum taxpayer, for descendants, for ascendants and for disability, to be applied by taxpayers resident in the territory of the Autonomous Community of Andalusia for the calculation of the regional tax:

Taxpayer tax-free threshold

- **5,790 euros per year** in general.
- **Plus 1,200 euros per year** per taxpayer over 65 years of age.
- **Additionally 1,460 euros per year** per taxpayer over 75 years of age.

Allowance for children or direct descendants

- **2,510 euros per year** for the first descendant.
- **2,820 euros per year** for the second.
- **4,170 euros per year** for the third party.
- **4,700 euros per year** for the fourth and subsequent years.

When a descendant is **under three years of age**, the amount corresponding to the minimum amount for descendants, as indicated above, will be increased by **2,920 euros per year**.

Tax-free threshold for ascendants

- **1,200 euros per year** for each ascendant over 65 years of age or disabled regardless of age.

- **Plus 1,460 euros per year** for each ascendant over 75 years of age.

Disability minimum for the taxpayer and for ascendants or descendants

- **3,130 euros per year** for each taxpayer, ascendant or descendant, when they are a person with a degree of disability equal to or greater than 33% and less than 65%.
- **9,390 euros per year** for each taxpayer, ascendant or descendant, when they are a person with a degree of disability equal to or greater than 65%.
- **Plus 3,130 euros per year** for each taxpayer, ascendant or descendant who accredits needing help from third parties or reduced mobility, or a degree of disability equal to or greater than 65 percent.

Autonomous Community of the Balearic Islands:Amounts of the taxpayer's minimums, by descendants and by disability

Regulations:Art. 2 Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, aprobado por Decreto Legislativo 1/2014, de 6 de junio

The following amounts are established for the minimum taxpayer, for descendants and for disability that must be applied by taxpayers resident in the territory of the Community of the Balearic Islands for the calculation of the regional tax:

Taxpayer allowance of taxpayer aged over 65

- **6,105 euros per year** for the amount of the minimum for general taxpayers
- **Plus 1,265 euros per year** per taxpayer over 65 years of age.
- **Additionally 1,540 euros per year** per taxpayer over 75 years of age.

Minimum for the third descendant and minimum for the fourth and subsequent descendants

- **4,400 euros per year** for the third descendant.
- **4,950 euros per year** for the fourth and subsequent descendants.

Disability minimum for the taxpayer and for ascendants or descendants

- **3,300 euros per year** for each taxpayer, ascendant or descendant, when they are a person with a degree of disability equal to or greater than 33% and less than 65%.
- **9,900 euros per year**for each taxpayer, ascendant or descendant, when they are a person with a degree of disability equal to or greater than 65%.
- **Plus 3,300 euros per year** for each taxpayer, ascendant or descendant who accredits needing

help from third parties or reduced mobility, or a degree of disability equal to or greater than 65 percent.

Increase in the cost of attendance:3,300 euros

Degree of disability	Disability	Care expenses	Total
Greater than 33% and less than 65%	3,300	----	3,300
Equal to or more than 33 per cent and less than 65 per cent and who can prove that he/she needs assistance from third parties or reduced mobility	3,300	3,300	6,600
Equal to or greater than 65 per cent	9,900	3,300	13200

Community of Castile and León:Personal and family allowance amounts

Regulations:Art. 1 bis Texto Refundido de las disposiciones legales de la comunidad de Castilla y León en materia de tributos propios y cedidos, aprobado por Decreto Legislativo 1/2013, de 12 de septiembre (Revised text of the legal provisions of the community of Castilla y León regarding its own and ceded taxes, approved by Legislative Decree 1/2013, of 12 September).

The same amounts are established for the minimum taxpayer, for descendants and ascendants and for disability as established in articles 57, 58, 59 and 60 of the Law of IRPF, without any increase or decrease in their amount in accordance with the provisions of article 46.1 a) Law 22/2009, of 18 December, which regulates the financing system of the Autonomous Communities of common regime and Cities with Statute of Autonomy and modifies certain tax rules (BOE of 19 December).

Autonomous Community of Galicia:Personal and family allowance amounts

Regulations:Art. 4 bis Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Galicia en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2011, de 28 de 28 de julio (Consolidated text of the legal provisions of the Autonomous Community of Galicia on taxes ceded by the State, approved by Legislative Decree 1/2011, of 28 July)

Attention: *Please note that Article 2 of Law 7/2022, of 27 December, on fiscal and administrative measures (DOG 30-12-2022) has added, with effect from 1 January 2022, a new Article 4 bis to the Consolidated Text of the legal provisions of the Autonomous Community of Galicia on taxes ceded by the State to establish the regional amounts corresponding to the minimum amounts for taxpayers, descendants, ascendants and*

disability.

The following amounts are established for the minimum taxpayer, for descendants, for ascendants and for disability, to be applied by taxpayers resident in the territory of the Autonomous Community of Galicia for the calculation of the regional tax:

Taxpayer tax-free threshold

- **5,789 euros per year** in general.
- **Plus 1,199 euros per year** per taxpayer over 65 years of age.
- **Additionally 1,460 euros per year** per taxpayer over 75 years of age.

Minimum for descendants

- **2,503 euros per year** for the first descendant.
- **2,816 euros per year** for the second.
- **4,172 euros per year** for the third party.
- **4,694 euros per year** for the fourth and subsequent years.

When a descendant is **under three years of age**, the amount corresponding to the minimum amount for descendants, as indicated above, will be increased by **2,920 euros per year**.

Minimum for relatives in the ascending line

- **1,199 euros per year** for each ascendant over 65 years of age or disabled regardless of age.
- **Plus 1,460 euros per year** for each ascendant over 75 years of age.

Disability minimum for the taxpayer and for ascendants or descendants

- **3,129 euros per year** for each taxpayer, ascendant or descendant, when they are a person with a degree of disability equal to or greater than 33 per cent and less than 65 per cent.
- **9,387 euros per year** for each taxpayer, ascendant or descendant, when they are a person with a degree of disability equal to or greater than 65%.
- **Plus 3,129 euros per year** for assistance expenses for each taxpayer, ascendant or descendant who accredits the need for assistance from third parties or reduced mobility, or a degree of disability equal to or greater than 65%.

Autonomous Community of Madrid:Personal and family allowance amounts

Regulations:(Arts.2, 2 bis, 2 ter and 2 quater Texto Refundido de las disposiciones legales de la Comunidad de Madrid en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2010, de 21 octubre

Attention: *Please note that, with effect from 1 January 2022, the sole article of Law 8/2022, of 16 November (BOCM 21-11-2022) has amended article 2 and added articles 2 bis, 2 ter and 2 quater to the Texto Refundido de las disposiciones legales de la Comunidad de Madrid en materia de tributos cedidos por el Estado to establish the regional amounts corresponding to the minimum taxpayer, descendants, ascendants and disability tax.*

The following amounts are established for the minimum taxpayer, for descendants, for ascendants and for disability, to be applied by taxpayers resident in the territory of the Autonomous Community of Madrid for the calculation of the regional tax:

Taxpayer tax-free threshold

- **5,777.55 euros per year** in general
- **Plus 1,197.15 euros per year** per taxpayer over 65 years of age.
- **In addition, 1,457.40 euros per year** per taxpayer over 75 years of age.

Minimum per descendants

- **2,498.40 euros per year** for the first descendant.
- **2,810.70 euros per year** for the second.
- **4,400 euros per year** for the third party.
- **4,950 euros per year** for the fourth and subsequent years.

When a descendant is under three years of age, the amount corresponding to the minimum amount for descendants, as indicated above, will be increased by **2,914.80** euros per year.

Tax-free threshold for ascendants

- **1,197.15 euros per year**.
- **Plus 1,457.40 euros per year** for each ascendant over 75 years of age.

Disability minimum for the taxpayer and for ascendants or descendants

- **3,123 euros per year** for each taxpayer, ascendant or descendant, when they are a person

with a degree of disability equal to or greater than 33 per cent and less than 65 per cent.

- **9,369 euros per year** for each taxpayer, ascendant or descendant, when they are a person with a degree of disability equal to or greater than 65%.
- **Plus 3,123 euros per year** for assistance expenses for each taxpayer, ascendant or descendant who accredits the need for assistance from third parties or reduced mobility, or a degree of disability equal to or greater than 65 percent.

Autonomous Region of La Rioja:Tax-free threshold for disability of descendants

Regulations:Art. 31 bis Law 10/2017 of 27 October consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes

The following amounts are established for the minimum amount for the disability of descendants to be applied by taxpayers resident in the territory of the Autonomous Community of La Rioja for the calculation of the regional tax:

Applicable amounts

- **3,300 euros per year** when the person has a disability degree of 33% or more and less than 65%.
- **9,900 euros per year** when the person has a disability degree of 65% or more.

Note:*the amount of the concept of "assistance expenses" is not modified so that the increase for each descendant who accredits needs assistance from third persons or reduced mobility, or a degree of disability equal to or greater than 65 per cent will be 3.000 euros, Amount fixed in article 60.2 of the Law of the IRPF*

Comunitat Valenciana:Personal and family allowance amounts

Regulations:Art 2 bis Law 13/1997 of 23 December 1997, which regulates the autonomous section of Personal Income Tax and other transferred taxes of the Valencian Community.

Attention: *Please note that the following amounts of the regional minima for the Comunitat Valenciana will not be applicable to taxpayers who have died before 28 October 2022.*

Article 3 of Decree-Law 14/2022 of 24 October adds, with effect from 28 October 2022, Article 2.bis to Law 13/1997 of 23 December 1997, which establishes the following amounts of the minimum taxpayer, descendant, ascendant and disability tax rates to be applied by taxpayers resident in the territory of the Comunitat Valenciana for the calculation of the regional tax:

Taxpayer tax-free threshold

- **6,105 euros per year** in general.
- **Plus 1,265 euros per year** per taxpayer over 65 years of age.
- **In addition, 1,540 euros per year** per taxpayer over 75 years of age.

Allowance for children or direct descendants

- **2,640 euros per year** for the first descendant.
- **2,970 euros per year** for the second.
- **4,400 euros per year** for the third party.
- **4,950 euros per year** for the fourth and subsequent years.

When a descendant is **under three years of age**, the amount corresponding to the minimum amount for descendants, as indicated above, will be increased by **3,080 euros per year**.

Tax-free threshold for ascendants

- **1,265 euros per year**.
- **Plus 1,540 euros per year** for each ascendant over 75 years of age.

Disability minimum for the taxpayer and for ascendants or descendants

- **3,300 euros per year** for each taxpayer, ascendant or descendant, when they are a person with a degree of disability equal to or greater than 33 per cent and less than 65 per cent.
- **9,900 euros per year** for each taxpayer, ascendant or descendant, when they are a person with a degree of disability equal to or greater than 65%.

- **Plus 3,300 euros per year** for assistance expenses for each taxpayer, ascendant or descendant who accredits needing help from third parties or reduced mobility and with a degree of disability equal to or greater than 65%.

Comparative table of the amounts of the personal and family, state and regional minimums for 2022

Amounts of the personal and family minimum	Minimum per contributor	Allowance for children or direct descendants	Tax-free threshold for parents	Disability minimum for taxpayers, descendants and ascendants
State	5,550 per year, in general. + 1,150 euros per year, over 65 years of age. + additional 1,400 euros per year, over 75 years of age.	• 2,400 euros per year for the 1st. • 2,700 euros per year for the 2nd. • 4,000 per year for the 3rd. • 4,500 euros per year for the 4th and following ones. + 2,800 euros per year, per child under three years old. (*) In the event of the death of the descendant, 2,400 euros.	1,150 euros per year for each ascendant over 65 years of age or disabled. + 1,400 euros per year, if you are over 75. (*) In the event of the death of the ascendant, 1,150 euros.	• 3,000 euros per year, for disability = or > 33%. • 9,000 euros per year, if the degree of disability = or > 65%. + 3,000 per year, if you need help from a third party or reduced mobility or a degree of disability = or > 65%.
C.A Andalusia	5,790 per year, in general. + 1,200 per year, over 65 years of age. + 1,460 per year, over 75 years of age.	• 2,510 euros per year for the 1st. • 2,820 euros per year for the 2nd. • 4,170 per year for the 3rd. • 4,700 euros per year for the 4th and following ones. + 2,920 euros per year, per child under three years old.	1,200 euros per year for each ascendant over 65 years of age or disabled. + 1,460 per year, over 75 years of age.	• 3,130 euros per year, for disability = or > 33%. • 9,390 euros per year, if the degree of disability = or > 65%. + 3,130 per year, if you need help from a third party or reduced mobility or a degree of disability = or > 65%.

C.A Illes Balears	5,550 per year, in general. 6,105 per year if over 65 years of age + 1,265 per annum, over 65 years old + 1,540 per year, over 75 years of age.	• 2,400 euros per year for the 1st. • 2,700 euros per year for the 2nd. • 4,400 per year for the 3rd. • 4,950 euros per year for the 4th and following ones. + 2,800 euros per year, per child under three years old.	same as the state minimums.	• 3,300 euros per year, for disability = or > 33%. • 9,900 euros per year, if the degree of disability = or > 65%. + 3,300 per year, if you need help from a third party or reduced mobility or a degree of disability = or > 65%.
Community Castilla y León	same as the state minimums.	same as the state minimums.	same as the state minimums.	same as the state minimums.
C.A Galicia	5,789 per year, in general. + 1,199 per year, if you are over 65 years of age. + 1,460 per year if you are over 75 years of age.	• 2,503 euros per year for the 1st. • 2,816 euros per year for the 2nd. • 4,172 per year for the 3rd. • 4,694 euros per year for the 4th and following ones. + 2,920 euros per year, per child under three years old.	1,199 euros per year for each ascendant over 65 years of age or disabled. + 1,460 euros per year, if you are over 75.	• 3,129 euros per year, for disability = or > 33%. • 9,387 euros per year, if the degree of disability = or > 65%. + 3,129 per year, if you need help from a third party or reduced mobility or a degree of disability = or > 65%.
Community of Madrid	5,777.55 per year, in general. + 1,197.15 per year, over 65 years of age. + 1,457.40 per year, over 75	• 2,498.40 euros per year for the 1st. • 2,810.70 euros per year for the 2nd. • 4,400 per year for the 3rd. • 4,950 euros	1,197.15 euros per year for each ascendant over 65 years of age or disabled. + 1,457.40 per year, over 75 years of age.	• 3,123 euros per year, for disability = or > 33%. • 9,369 euros per year, if the degree of disability = or > 65%. + 3,123 per year, if you need help from a third party or reduced

	years of age.	per year for the 4th and following ones. + 2,914.80 euros per year, per child under three years old.		mobility or a degree of disability = or > 65%.
C.A La Rioja	same as the state minimums.	same as the state minimums.	same as the state minimums.	Only for the case of the minimum for descendants: • 3,300 euros per year, for disability = or > 33%. • 9,900 euros per year, if the degree of disability = or > 65%. However, for the minimum for taxpayers, for descendants and ascendants when they need help from third parties or have reduced mobility or a degree of disability = or > 65%: + 3,000 euros per year.
Region of Valencia **(Not applicable to taxpayers deceased before 28 October 2022)**	6,105 per year, in general. + 1,265 per year, over 65 years of age. + 1,540 per year, over 75 years of age.	• 2,640 euros per year for the 1st. • 2,970 euros per year for the 2nd. • 4,400 per year for the 3rd. • 4,950 euros per year for the 4th and following ones. + 3,080 euros per year, per child under three years old.	1,265 per year for each ascendant over 65 years of age or disabled. + 1,540 per year, over 75 years of age.	• 3,300 euros per year, for disability = or > 33%. • 9,900 euros per year, if the degree of disability = or > 65%. + 3,300 per year, if you need help from a third party or reduced mobility or a degree of disability = or > 65%.

Practical examples

Below is a series of examples showing the procedure for calculating and applying the amounts of the personal and family minimum, both in cases where the amounts established in articles 57, 58, 59 and 60 of the Law of IRPF are applicable and in cases where increased amounts are applicable to taxpayers residing in one of the Autonomous Communities that have exercised the regulatory powers attributed to them by article 46.1 a) of Law 22/2009, of 18 December, which regulates the financing system of the Autonomous Communities of common regime and Cities with Statute of Autonomy and modifies certain tax regulations (BOE of 19 December).

Example 1.Married couple with children together, residing in the Autonomous Community of the Principality of Asturias

The married couple, Mr. A.T.C. and Mrs. M.P.S., aged 57 and 56 respectively, have three children with whom they live together.The oldest, aged 27, is accredited with a disability grade of 33 per 100, the second is 22, and the third is 19.None of the children have obtained income, excluding exempt income, of more than 8,000 euros per year or have filed a Personal Income Tax return.

Determine the amount of the personal and family minimum for both spouses in the case of individual taxation and joint taxation of the family unit for the purposes of calculating the state tax and the regional tax.

Solution:

Preliminary note: given that the Autonomous Community of the Principality of Asturias has not exercised regulatory powers in the regulation of the amounts of the personal and family minimum, the amount of this determined in accordance with the provisions of the Law of IRPF must be used for the calculation of both the state levy and the regional levy.

1.Individual taxation of Mr. A.T.C.:

State minimum			Autonomic minimum		
Taxpayer's tax-free threshold	General	5,550	**Taxpayer's minimum**	General	5,550
	Total minimum per contributor	**5.550**		**Total minimum per contributor**	**5.550**
Allowance for children or direct	1st child (27 years old) (50% s/2,400)	1,200	**Allowance for children or direct**	1st child (27 years old) (50% s/2,400)	1,200

State minimum			Autonomic minimum		
descendants	2nd child (22 years) (50% s/2.700)	1350	**descendants**	2nd child (22 years) (50% s/2.700)	1350
	3rd child (19 years old) (50% s/4,000)	2,000		3rd child (19 years old) (50% s/4,000)	2,000
	Total minimum for descendants	**4.550**		**Total minimum for descendants**	**4.550**
Allowance for disability	1st child (27 years old) (50% s/3,000)	1,500	**Allowance for disability**	1st child (27 years old) (50% s/3,000)	1,500
Total personal and family minimum		**11.600**	**Total personal and family minimum**		**11.600**

2.Tributación individual de doña M.P.S.:

State minimum			Autonomic minimum		
Taxpayer's tax-free threshold	General	5,550	**Taxpayer's minimum**	General	5,550
	Total minimum per contributor	**5.550**		**Total minimum per contributor**	**5.550**
Allowance for children or direct descendants	1st child (27 years old) (50% s/2,400)	1,200	**Allowance for children or direct descendants**	1st child (27 years old) (50% s/2,400)	1,200
	2nd child (22 years) (50% s/2.700)	1350		2nd child (22 years) (50% s/2.700)	1350
	3rd child (19 years old) (50% s/4,000)	2,000		3rd child (19 years old) (50% s/4,000)	2,000
	Total minimum for descendants	**4.550**		**Total minimum for descendants**	**4.550**
Allowance for disability	1st child (27 years old) (50% s/3,000)	1,500	**Allowance for disability**	1st child (27 years old) (50% s/3,000)	1,500
Total personal and family minimum		**11.600**	**Total personal and family minimum**		**11.600**

3.Joint taxation of the family unit:[(1)]

State minimum			Autonomic minimum		
Taxpayer's tax-free threshold	General	5,550	**Taxpayer's minimum**	General	5,550
	Total minimum per contributor	**5.500**		**Total minimum per contributor**	**5.550**
Allowance for children or direct descendants	1st child (27 years old)	2,400	**Allowance for children or direct descendants**	1st child (27 years old)	2,400
	Son 2nd (22 years old)	2,700		Son 2nd (22 years old)	2,700
	3rd child (19 years old)	4,000		Son 3rd (19 years old)	4,000
	Total minimum for descendants	**9.100**		**Total minimum for descendants**	**9.100**
Allowance for disability	1st child (27 years old)	**3.000**	**Allowance for disability**	1st child (27 years old)	**3.000**
Total personal and family minimum		**17.650**	**Total personal and family minimum**		**17.650**

Note for the example:

(1) Regardless of the number of members of the family unit, the minimum for the taxpayer is, in any case, 5,550 euros per year.However, in the joint taxation of the family unit, the tax base may be reduced by EUR 3.400 per year prior to the legally established reductions.See, in this respect, Chapter 13 above which discusses reductions in the general tax base and savings .**(Back)**

Example 2.Unmarried couple with children in common, resident in the Comunitat Valenciana

Mr. A.S.T. and Mrs. M.V.V. live together without the existence of a marital relationship and have three children in common, aged 18, 12 and 6 years respectively.The youngest son has obtained 4.050 euros of income from the capital of furniture from a portfolio of securities donated by his maternal grandfather at birth.The remaining children have not earned income in the exercise.

Determine the amount of the personal and family minimum for both taxpayers in the case of individual taxation and joint taxation for the purposes of calculating the state tax and the regional tax.

Solution:

Preliminary note: the Valencian Community has exercised regulatory powers in the regulation of the amounts of the personal and family minimum, increasing the amounts of the personal and family minimums set in the Law of IRPF.

1.Individual taxation of the father (Mr. A.S.T.)and the mother (Mrs. M.V.V.):

State minimum			Autonomic minimum		
Taxpayer's tax-free threshold	General	5,550	**Taxpayer's minimum**	General	6,105
	Total minimum per contributor	**5.550**		**Total minimum per contributor**	**6,105**
Allowance for children or direct descendants	1st child (18 years old) (50% s/2,400)	1,200	**Allowance for children or direct descendants**	1st child (18 years) (50% s/2,640)	1,320
	2nd child (12 years old) (50% s/2,700)	1350		2nd child (12 years) (50% s/2,970)	1,485
	3rd child (6 years old)(1)	0		3rd child (6 years old)(1)	0
	Total minimum for descendants	**2.550**		**Total minimum for descendants**	**2,805**
Total personal and family minimum		**8.100**	**Total personal and family minimum**		**8,910**

Note for the example:

(1) The youngest child is obliged to file a tax return for IRPF due to the income obtained during the year (non-exempt income from movable capital subject to withholding tax in excess of 1,600 euros per year).

If the father and mother opt for individual taxation, the youngest child must also file his or her own individual tax return for IRPF.In addition, when filing an individual tax return for IRPF with an income of over 1,800 euros, neither of their parents will be entitled to the application of the minimum for descendants in their respective tax returns.

It should be noted that in the individual declaration of the youngest child (child 3), the amount of 5,550 euros (state taxpayer's minimum) and 6,105 euros (regional taxpayer's minimum) should appear as the taxpayer's minimum.(Back to national minimum) (Back to regional minimum)

2.Joint taxation of the parent with the minor children:(2)

State minimum			Autonomic minimum		
Taxpayer's tax-free threshold	General	5,550	**Taxpayer's minimum**	General	6,105
	Total minimum per contributor	**5.550**		**Total minimum per contributor**	**6,105**
Allowance for children or direct descendants	1st child (18 years old) (50% s/2,400)	1,200	**Allowance for children or direct descendants**	1st child (18 years) (50% s/2,640)	1,320

State minimum			Autonomic minimum		
	2nd child (12 years old) (50% s/2,700)	1350		2nd child (12 years) (50% s/2,970)	1,485
	3rd child (6 years old)	4,000		3rd child (6 years old)	4,400
	Total minimum for descendants	**6.550**		**Total minimum for descendants**	**7,205**
Total personal and family minimum		**12.100**	**Total personal and family minimum**		**13,310**

Note for the example:

(2) As there is no marriage between the parents, the family unit can be formed, at their choice, by the father or the mother with the two minor children (2nd and 3rd children), without it being possible, for tax purposes, for both parents with the aforementioned children to form a single family unit.

The taxpayer's minimum applicable in the joint taxation of the father or mother with minor children is 5,550 euros per year (state minimum) and 6,105 euros (regional minimum for residents of the Valencia Region).

Likewise, as the father and mother live together with the children forming part of the family unit, the reduction of the taxable base of 2,150 euros per year referred to in Article 84 of the Law of IRPF is not applicable.See, in this respect, Chapter 13 above which discusses the reductions in the general tax base and the savings .

On the other hand, in the case of joint taxation of the father or mother with the minor children (2nd and 3rd children), the minimum for descendants must be distributed equally between the parents with whom the descendants live and who do not have an income of more than 1,800 euros, even if one of them is taxed jointly with the children.This is the reason why the minimum for descendants corresponding to the youngest child (child 3), with an income of more than 1,800 euros, corresponds entirely to the parent with whom he or she is taxed jointly.Consequently, the other parent shall not be entitled to the application of the minimum by descendants of that child.

The minimum for descendants corresponding to the first child, who is not part of the family unit because he/she is of legal age, also corresponds to both parents in equal shares.In this case, the amount approved by the Valencian Community is applied, which modifies the amount corresponding to the minimum amount for descendants.(Return)

3.Individual taxation of the other parent:(3)

State minimum			Autonomic minimum		
Taxpayer's tax-free threshold	General	5,550	**Taxpayer's minimum**	General	6,105
	Total minimum per contributor	**5.550**		**Total minimum per contributor**	**6,105**
Allowance for children or direct descendants	1st child (18 years old) (50% s/2,400)	1,200	**Allowance for children or direct descendants**	1st child (18 years) (50% s/2,640)	1,320

State minimum			Autonomic minimum		
	2nd child (12 years old) (50% s/2,700)	1350		2nd child (12 years) (50% s/2,970)	1,485
	3rd child (6 years old)	0		3rd child (6 years old)	0
	Total minimum for descendants	**2.550**		**Total minimum for descendants**	**2,805**
Total personal and family minimum		**8.100**	**Total personal and family minimum**		**8,910**

Note for the example:

(3) The other parent in his or her individual declaration is only entitled to apply half of the minimum for descendants corresponding to the children 1.and 2, with none of them having any income greater than 1.800 euros.In this respect, the amount approved by the Valencian Community, which modifies the amount corresponding to the minimum for descendants, has again been applied in the determination of the minimum for descendants.(Go back)

Example 3.Marriage with a grandchild and the father of one of the spouses, resident in the Autonomous Community of Aragon.

Mr S.C.B. and Mrs B.T.L. are married.The husband, 67, is accredited with a disability grade of 33 per 100.The 65-year-old woman does not work outside the family home.

Marriage has three children who live with them:the 28-year-old has a disability grade of 65 per 100.The median child, 23, is a student.The youngest daughter, aged 20, has a one-year-old son.None of them has obtained income in excess of 8,000 euros during the year, nor have they filed a tax return for the IRPF.

The husband's father, 95 years old, who has a disability degree of 65 per 100 and whose income derived exclusively from a retirement pension amounts to EUR 7.500 per year, also lives in the home of the marriage.For the financial year 2022, you have not filed a tax return for the IRPF.

Determining the amount of the personal and family minimum of the married couple in the case of joint taxation of the family unit for the purposes of calculating the state tax and the regional tax.

Solution:

Preliminary note:given that the Autonomous Community of Aragon has not exercised regulatory powers in the regulation of the amounts of the personal and family minimum, the amount of this determined in accordance with the provisions of the Law of IRPF must be used for the calculation of both the state levy and the regional levy.

State minimum			Autonomic minimum		
Taxpayer's tax-free threshold	General	5,550	**Taxpayer's minimum**	General	5,550
	Husband's age increase for age over 65	1,150		Husband's age increase for age over 65	1,150
	Increase by age of women over 65 years of age	1,150		Increase by age of women over 65 years of age	1,150
	Total minimum per contributor	**7.850**		**Total minimum per contributor**	**7.850**
Allowance for children or direct descendants	1st child (28 years old)	2,400	**Allowance for children or direct descendants**	1st child (28 years old)	2,400
	Son 2nd (23 years old)	2,700		Son 2nd (23 years old)	2,700
	3rd child (20 years old)	4,000		3rd child (6 years old)	4,000
	Nieto 4th (1 year)	4,500		Nieto 4th (1 year)	4,500
	Increase for children under three years of age	2,800		Increase for children under three years of age	2,800
	Total minimum for descendants	**16.400**		**Total minimum for descendants**	**16.400**
Minimum for relatives in the ascending line (1)	Father of Mr. S.C.B. (95 years old)	**2.550**	**Minimum for relatives in the ascending line** (1)	Father of Mr. S.C.B. (95 years old)	**2.550**
Allowance for disability	From the contributor (Mr. S.C.B. with a degree of 33%)	3,000	**Minimum for disability**	From the contributor (Mr. S.C.B. with a degree of 33%)	3,000
	Of the descendant (1st child with a degree of 65%)	9,000		Of the descendant (1st child with a degree of 65%)	9,000
	Of the ascendant (with a degree of 65%)	9,000		Of the ascendant (with a degree of 65%)	9,000
	Increase in the cost	3,000		Increase in the cost	3,000

State minimum			Autonomic minimum		
	of care of the descendant			of care of the descendant	
	Increase in care expenses of the ascendant	3,000		Increase in care expenses of the ascendant	3,000
	Total disability minimum	**27.000**		Total disability minimum	**27.000**
Total minimum staff and family (2)		**53.800**	**Total minimum staff and family (2)**		**53.800**

Note for the example:

(1) 1,150 euros per person over 65 years old + 1,400 euros per person over 75 years old = 2,550 euros **(Return state minimum) (Return regional minimum)**

(2) A reduction of the taxable base of 3,400 euros per year may also be applied in the joint tax return of the family unit, prior to the legally established reductions.See, in this respect, Chapter 13 above which discusses the reductions in the general tax base and the savings .**(Back to national minimum) (Back to regional minimum)**

Example 4.Marriage with common children and ascendants living with them, resident in the Autonomous Community of Andalusia.

The married couple, Mr T.V.Z. and Mrs M.G.M., aged 46 and 50 respectively.Ms. M.G.M. has a recognised degree of disability of 34%.

Their two children live with the couple.The eldest is 15 years old and the second is 10 years old.Both are students, and are financially dependent on them.

Mrs. M.G.M.'s parents also live in the couple's home. The mother, who is 70 years old, receives income exclusively from a contributory pension for absolute permanent disability from the Social Security, without the corresponding certificate of disability issued by the corresponding body.The 77-year-old father, who is a pensioner, received income from work in 2022 amounting to 22,800 euros.

Determine the amount of the personal and family minimum for both spouses in the case of individual taxation and joint taxation of the family unit for the purposes of calculating the state tax and the regional tax.

Solution:

Preliminary note:the Autonomous Community of Andalusia has exercised regulatory powers in the regulation of the amounts of the personal and family minimum, increasing the amounts of the personal and family minimums set in the Law of IRPF.

1.Individual taxation of Mr. T.V.Z:(1)

State minimum			Autonomic minimum		
Taxpayer's tax-free threshold		**5.550**	**Taxpayer's tax-free threshold**		**5,790**
Minimum for descendants	1st child (15 years) (50% s/2,400)	1,200	**Allowance for children or direct descendants**	1st child (15 years) (50% s/2,510)	1,255
	2nd child (10 years) (50% s/2,700)	1350		2nd child (10 years) (50% s/2,820)	1,410
	Total minimum for descendants	**2.550**		**Total minimum for descendants**	**2,665**
Total personal and family minimum		**8.100**	**Total personal and family minimum**		**8,455**

Note for the example:

(1) The autonomous amounts established in article 23 bis of Law 5/2021, of 20 October, on Assigned Taxes of the Autonomous Community of Andalusia, have been applied both in the determination of the minimum per taxpayer and per descendant.Furthermore, Mr. T.V.Z. does not apply the minimum for ascendants.(Back)

2.Individual taxation of Mrs M.G.M.:(2)

State minimum			Autonomic minimum		
Taxpayer's tax-free threshold		**5.550**	**Taxpayer's tax-free threshold**		**5,790**
Minimum for descendants	1st child (15 years) (50% s/2,400)	1,200	**Allowance for children or direct descendants**	1st child (15 years) (50% s/2,510)	1,255
	2nd child (10 years) (50% s/2,700)	1350		2nd child (10 years) (50% s/2,820)	1,410
	Total minimum for descendants	**2.550**		**Total minimum for descendants**	**2,665**
Minimum for relatives in the ascending line	Mother of Mrs. M.G.M (70 years old)	**1,150**	**Tax-free threshold for parents**	Mother of Mrs. M.G.M (70 years old)	**1,200**
Allowance for disability	Of the contributor (Mrs. M.G.M. with a 34% degree)	3,000	**Minimum for disability**	Of the contributor (Mrs. M.G.M. with a 34% degree)	3,130
	Of the ascendant (recognised as having a degree of 33% by	3,000		Of the ascendant (recognised as having a degree of 33% by	3,130

State minimum			Autonomic minimum		
	the Social Security for absolute permanent disability pension).			the Social Security for absolute permanent disability pension).	
	Total disability minimum	**6,000**		**Total disability minimum**	**6,260**
Total personal and family minimum		**15,250**	**Total personal and family minimum**		**15,915**

Note to example:

(2) The autonomous amounts established in article 23 bis of Law 5/2021, of 20 October, on Assigned Taxes of the Autonomous Community of Andalusia, have been applied both to the minimum per taxpayer, per descendant and per ascendant and to the minimum for disability, per taxpayer and per ascendant.

With regard to the minimum for ascendants, it should be borne in mind that the pension for total permanent disability received by Ms. M.G.M.'s mother is exempt in accordance with the provisions of article 7.f) of the Personal Income Tax Act and that, therefore, as it is her only income, she meets the requirement of not having obtained income in excess of 8,000 euros per year during the year, excluding those exempt from tax, and also the requirement of not having filed a personal income tax return for the year with income in excess of 1,800 euros.However, the father would exceed the income level required for the application of the minimum income for relatives in the ascending line.

On the other hand, with regard to the minimum disability allowance per ascendant corresponding to Mrs. M.G.M.'s mother, although the degree of disability is accredited by means of certificates issued by the Institute for Migration and Social Services or the competent body of the Autonomous Communities, Article 60 of the Personal Income Tax Act considers a degree of disability equal to or greater than 33% to be accredited in the case of Social Security pensioners who have a recognised total permanent disability, absolute disability or severe disability pension, and therefore it is appropriate to apply it by recognising a disability of 33%.(Return)

1.Joint taxation of the family unit [3]

State minimum			Autonomic minimum		
Taxpayer's tax-free threshold		**5.550**	**Taxpayer's tax-free threshold**		**5,790**
Minimum for descendants	1st child (15 years)	2,400	**Minimum for descendants**	1st child (15 years)	2,510
	2nd child (10 years old)	2,700		2nd child (10 years old)	2,820
	Total minimum for descendants	**5,100**		**Total minimum for descendants**	**5,330**
Minimum for relatives in the ascending line	Mother of Mrs. M.G.M (70 years old)	**1,150**	**Minimum for relatives in the ascending line**	Mother of Mrs. M.G.M (70 years old)	**1,200**

State minimum			Autonomic minimum		
Allowance for disability	Of the contributor (Mrs. M.G.M. with a 34% degree)	3,000	**Minimum for disability**	Of the contributor (Mrs. M.G.M. with a 34% degree)	3,130
	Of the ascendant (recognised as having a degree of 33% by the Social Security for absolute permanent disability pension).	3,000		Of the ascendant (recognised as having a degree of 33% by the Social Security for absolute permanent disability pension).	3,130
	Total disability minimum	**6,000**		**Total disability minimum**	**6,260**
Total personal and family minimum		**17,800**	**Total personal and family minimum**		**18,580**

Note for the example:

(3) The regional amounts established in article 23 bis of Law 5/2021, of 20 October, on Assigned Taxes of the Autonomous Community of Andalusia, have been applied both to the minimum for taxpayers, descendants and ascendants and to the minimum for disability, for taxpayers and ascendants.

Likewise, with regard to the minimum for ascendants and for the disability of ascendants, take into account what is indicated in footnote 2.

Finally, it should be noted that, regardless of the number of members of the family unit, the minimum for the taxpayer is, in any case, 5,550 euros per year (state minimum) and 5,790 (regional minimum for residents in the Autonomous Community of Andalusia).However, in the joint taxation of the family unit, the tax base may be reduced by EUR 3.400 per year prior to the legally established reductions.See, in this respect, Chapter 13 above, which discusses the reductions in the general tax base and savings tax base.**(Back)**

Example 5.Marriage with common and non-common children, resident in the Autonomous Community of the Balearic Islands

The married couple, Mr R.S.C. and Mrs R.R.T., aged 66 and 56 respectively.Mr. R.S.C has a disability degree recognized from 33 per 100.

Four children live with the married couple.Two common children, aged 22 and 21 respectively, and two other children, aged 26 and 24, from a previous marriage of Mr R.S.C. None of the children have earned income, excluding taxes, of more than 8,000 euros per year and none of them have filed an income tax return

Determine the amount of the personal and family minimum for both spouses in the case of individual taxation of each spouse and in the case of joint taxation of the family unit for the purposes of calculating the state tax and the regional tax.

Solution:

Preliminary note:the Autonomous Community of the Balearic Islands has exercised regulatory powers in the regulation of the amounts of the personal and family minimum, increasing by 10% the amounts corresponding to the minimum for taxpayers over 65 years of age, the minimum for the third, fourth and successive descendants and the minimum for disability.

1.Individual taxation of Mr R.S.C.:[(1)]

State minimum			Autonomic minimum		
Taxpayer's tax-free threshold	General	5,550	**Taxpayer's minimum**	General	6,105
	Aged over 65	1,150		Aged over 65	1,265
	Total minimum per contributor	**6.700**		**Total minimum per contributor**	**7.370**
Allowance for children or direct descendants	1st child (24 years old)	2,400	**Allowance for children or direct descendants**	1st child (24 years old)	2,400
	2nd child (22 years) (50% s/2.700)	1350		2nd child (22 years) (50% s/2.700)	1350
	3rd child (21 years) (50% s/4.000)	2,000		3rd child (21 years old) (50% s/4,400)	2,200
	Total minimum for descendants	**5,750**		**Total minimum for descendants**	**5.950**
Allowance for disability	Taxpayer (Don R.S.C 33%)	3,000	**Allowance for disability**	Taxpayer (Don R.S.C 33%)	3,300
Total personal and family minimum		**15,450**	**Total personal and family minimum**		**16,620**

Note for the example:

(1) In determining the increase in the minimum for taxpayers over 65 years of age, the minimum for the third descendant and the minimum for disability, the amount approved by the Autonomous Community of the Balearic Islands has been applied, which increases by 10% the amounts established in articles 57, 58, 59 and 60 of the Law of IRPF.

Concerning the two children from the previous marriage of Mr R.S.C. The person over 26 years of age does not meet the age requirement (under 25 years of age) and therefore does not qualify for the minimum for descendants.Secondly, Mr. R.S.C., as he is the person with whom the said descendant lives, is under 25 years of age and has no income, excluding exempt income, in excess of 8,000 euros per year and has not filed a personal income tax return, he can apply the minimum for descendants in its entirety, (Back)

2.Individual taxation of Mrs R.R.T.:[(2)]

State minimum			Autonomic minimum		
Taxpayer's tax-free threshold		**5.550**	**Taxpayer's tax-free threshold**		**6,105**
Allowance for children or direct descendants	1st child (22 years) (50% s/2,400)	1,200	**Allowance for children or direct descendants**	Child 1 (24 years) (50% s/2.400)	1,200
	2nd child (21 years) (50% s/2,700)	1350		2nd child (22 years) (50% s/2.700)	1350
	Total minimum for descendants	**2.550**		**Total minimum for descendants**	**2.550**
Total personal and family minimum		**8.100**	**Total personal and family minimum**		**8,655**

Note to example:

(2) In determining the increase in the minimum for taxpayers over 65 years of age, the minimum for the third descendant and the minimum for disability, the amount approved by the Autonomous Community of the Balearic Islands has been applied, which increases by 10 percent the amounts set in articles 57, 58, 59 and 60 of the Law of IRPF.(Return)

3.Joint taxation of the family unit [(3)]

State minimum			Regional minimum:		
Minimum of the taxpayer	General	5,550	**Minimum of the taxpayer**	General	6,105
	Aged over 65	1,150		Aged over 65	1,265
	Total minimum per contributor	**6.700**		**Total minimum per contributor**	**7.370**
Allowance for children or direct descendants	1st child (24 years) (100% s/2,400)	2,400	**Allowance for children or direct descendants**	1st child (24 years) (100% s/2,400)	2,400
	2nd child (22 years) (100% s/2,700)	2,700		2nd child (22 years) (100% s/2,700)	2,700
	3rd child (21 year) (100% s/4,000)	4,000		3rd child (21 year) (100% s/4,000)	4,400
	Total minimum	**9.100**		**Total minimum**	**9.500**

State minimum			Regional minimum:		
	for descendants			**for descendants**	
Minimum for disability	Taxpayer (Don R.S.C 33%)	3,000	**Minimum for disability**	Taxpayer (Don R.S.C 33%)	3,300
Total personal and family minimum		**18.800**	**Total personal and family minimum**		**20.170**

Note for the example:

(3) In determining the increase in the minimum for taxpayers over 65 years of age, the minimum for the third descendant and the minimum for disability, the amount approved by the Autonomous Community of the Balearic Islands has been applied, which increases by 10 percent the amounts set in articles 57, 58, 59 and 60 of the Law of IRPF.

The minimum for taxpayers in article 57 of the Law of IRPF is in any case 5,550 euros per year (state minimum) and 7,370 (regional minimum for residents of the Balearic Islands over 65 years of age) regardless of the number of members of the family unit.However, in the joint taxation of the family unit, the tax base can be reduced by EUR 3.400 per year, prior to the legally established reductions.See, in this respect, Chapter 13 above which discusses the reductions in the general tax base and the savings .(Return)

Example 6.Taxpayer with a child adopted during the financial year with a disability, resident in the Autonomous Community of La Rioja

On 5 May 2022, M.M.A., 31 years of age and resident in Logroño, adopted a child under 5 years of age with a disability of 40 percent by means of a judicial decision that was registered in the Civil Registry in November of that year. The minor lives with her and she has not obtained income, excluding tax exemptions, of over €8,000 per year and has not submitted a personal income tax return.

To determine the amount of the personal and family minimum in joint taxation for the purposes of calculating the state levy and the autonomous assessment.

Solution:

Preliminary note: The Autonomous Community of La Rioja has exercised regulatory powers in the regulation of the amounts of the personal and family minimum, increasing the amount of the minimum amount for the disability of descendants by 10%.

Taxation joint taxation of the family unit (1)**:**

State minimum			Autonomic minimum		
Taxpayer's tax-free threshold		5,550	**Taxpayer's tax-free threshold**		5,550
Allowance for children or direct descendants	Son	2,400	**Allowance for children or direct descendants**	Son	2,400
Total personal and family minimum		**13.750**	**Total minimum personal and family**		**14.050**

State minimum			Autonomic minimum		
	Increase per child 3 years **(2)**	2,800		Increase due to lower 3 years **(2)**	2,800
Allowance for disability	Son	3,000	**Allowance for disability**	Son **(3)**	3,300
Total personal and family minimum		**13.750**	**Total minimum personal and family**		**14.050**

Notes for the example:

(1) The taxpayer's minimum income under Article 57 of the Law of IRPF is, in any case, 5,550 euros per year regardless of the number of members of the family unit.However, in the case of joint taxation of the family unit, the taxable base may be reduced by 2,150 euros per year, as this is the second of the types of family unit referred to in Article 82 of the Law of IRPF, prior to the legally established reductions.See, in this respect, Chapter 13 above which discusses the reductions in the general tax base and the savings .**(Back)**

(2) The increase in the minimum for descendants under 3 years of age is applied, in accordance with the provisions of Article 58.2 of the Law of IRPF which states that "in cases of adoption or fostering, both pre-adoptive and permanent, this increase will take place, regardless of the age of the minor, in the tax period in which it is registered in the Civil Register and in the following two periods.Where registration is not necessary, the increase may be made in the tax period in which the corresponding judicial or administrative decision is taken and in the following two tax periods.**(Back to family unit)** **(Back to increment < 3 years)**

(3) The amount approved by the Autonomous Community of La Rioja, which modifies the amount corresponding to the minimum disability allowance for descendants, has been applied in determining the minimum disability allowance for descendants.**(Back to child)**

Table:Judicial separations, divorces or nullities (with children):Joint taxation and minimum application by descendants

Judicial separations, divorces or annulments (with children):taxation at IRPF

Declaration of IRPF	Children with the following requirements	Conditions of the resolution or agreement	Who applies it at IRPF
Option to be taxed in conjunction with children	• Children under 18 years of age, with the exception of children who, with parental consent, are living independently of their parents, and • Children of full age who before 3 September 2021 have been declared legally incapacitated, subject to extended or rehabilitated parental authority. • Children of full age for whom representative guardianship has been judicially declared as of 3 September 2021.	Without guard and custody shared	It is for the parent who is assigned the guard and custody of the children on the date of the tax accrual, that is, on 31 December
		With guard and custody shared	The option to be taxed jointly with the children can be exercised by either parent (but only one parent). However, if one of the parents dies during the year on a day other than 31 December, only the surviving parent can file a joint tax return with the descendant.
Minimum per descendants	• Children under 25 years of age • Children with disabilities, whatever their age, Meet the following requirements: 1) that they live with or depend economically on the taxpayer 2) That they have not obtained income in excess of 8,000 euros per year during the financial year, excluding income exempt from personal income tax.	Coexistence	• If custody is shared, the minimum shall be apportioned between the two parents. • If custody is not shared, the parent who has custody or, once custody has ended, the parent with whom the children live with shall be entitled to the full minimum for descendants, except in the following case [economic dependency (*)], in which case it shall be prorated between both parents.
		Economic dependence	The parents who do not live with the children, but provide them with sustenance under a court order, may choose to: • the application of the minimum for descendants, or

Declaration of IRPF	Children with the following requirements	Conditions of the resolution or agreement	Who applies it at IRPF
			• for the application of the treatment provided for by the Law of IRPF for the aforementioned maintenance annuities
	3º) That children under 25 years of age or with disabilities, whatever their age, do not file a tax return for IRPF with income over 1,800 euros.	If the child declares together with one of the parents	• If the child has an income of more than 1,800 euros , the parent with whom the child is taxed jointly applies the full minimum for descendants and the other parent is not entitled to the minimum in any case. However, if one of the parents dies on a day other than 31 December, the entire minimum will go to the surviving parent who is taxed jointly with the child. • If the child has **income equal to or less than 1,800 euros** the minimum will be prorated in the case of shared custody or cohabitation with both parents or in the case of economic dependency when the parent does not opt to apply maintenance annuities.
		If the child declares individually	• If the child has income equal to or less than EUR 1.800, the taxpayers entitled may apply the minimum per descendant, provided that the remaining requirements are met. • If the rents are more than 1.800 euros, none of them can apply the minimum per descendant.

Chapter 15.Tax calculation:Determining the full amount payable

Introduction

In general

The determination of the full quotas of the IRPF is made from the two components in which the settled base of the taxpayer is divided:

- **General livable basis** to which the progressive types of the state and autonomic scales apply.
- **The liquidating basis of the savings** to which the types of their corresponding state and autonomic scales apply.

On this general scheme, certain specialities derived, on the one hand, from the very nature of the IRPF are incorporated as a partially ceded tribute to the Autonomous Communities and, on the other hand, from the specific liquidatory regime assigned to the minimum personal and family, to the exempt incomes, except for determining the rate of levy applicable to the remaining rents, also known as "progressivity-exempt income" and to food annuities for children satisfied by court decision.

State lien and autonomic lien

Personal income tax is a partially devolved tax, with a limit of 50 percent, under the terms established in Organic Law 8/1980, of 22 September, on the financing of the Autonomous Communities, as last amended, for the purposes of IRPF, by Organic Law 3/2009, of 18 December (BOE of 19 December).

As a consequence of the transfer of personal income tax, there are two stages in the tax assessment procedure:one at state level and one at regional level. Thus, both the general tax base and the savings tax base are subject to a state tax and a regional tax, which give rise to a state tax liability and a regional tax liability.From the latter, the share of the tax debt that is transferred to each Autonomous Community of the common system is determined.

With regard to the **cuota autonómica**, it should be noted that, in accordance with the provisions of Article 46.1 of Law 22/2009, of 18 December (BOE of 19 December), the Autonomous Communities under the common system may assume regulatory powers in determining the amount of the personal and family minimum applicable for the calculation of the regional tax and on the regional scale applicable to the general taxable base.

With regard to the amount of the personal and family minimum applicable for the calculation of the regional tax, the Autonomous Communities of Andalusia, Galicia, the Balearic Islands, La Rioja and the Communities of Castilla y León, Madrid and Valencia have approved the

amounts of the personal and family minimum to be used by taxpayers resident in their territory in 2022 for the calculation of the regional tax.These regional amounts are discussed at Chapter 14.

> To the Community of Castilla y León (because their amounts do not differ) as well as to the rest of the Autonomous Communities that have not exercised such regulatory competence, the amounts of the personal and family minimum established in the Personal Income Tax Law are applied.

With regards to the regional scales, **all the Autonomous Communities have approved,** in accordance with the provisions of Article 46 of Law 22/2009, which regulates the system of financing of the Autonomous Communities of the common system and Cities with a Statute of Autonomy, and in Article 74 of the Personal Income Tax Act, **the corresponding regional scales applicable in the 2022** fiscal year, which are detailed below.

However, taxpayers with habitual residence in Ceuta and Melilla are subject to the autonomic scale set out in Article 65 of the IRFF Act (Additional provision Thirty-second IRPF Act).

Likewise, in the case of taxpayers habitually resident abroad due to the existence of any of the circumstances referred to in Articles 8.2 and 10.1 of the Law of IRPF, the determination of the total gross tax liability has certain special features, which are commented on in a specific section of this Chapter ("Taxation applicable to IRPF taxpayers resident abroad").

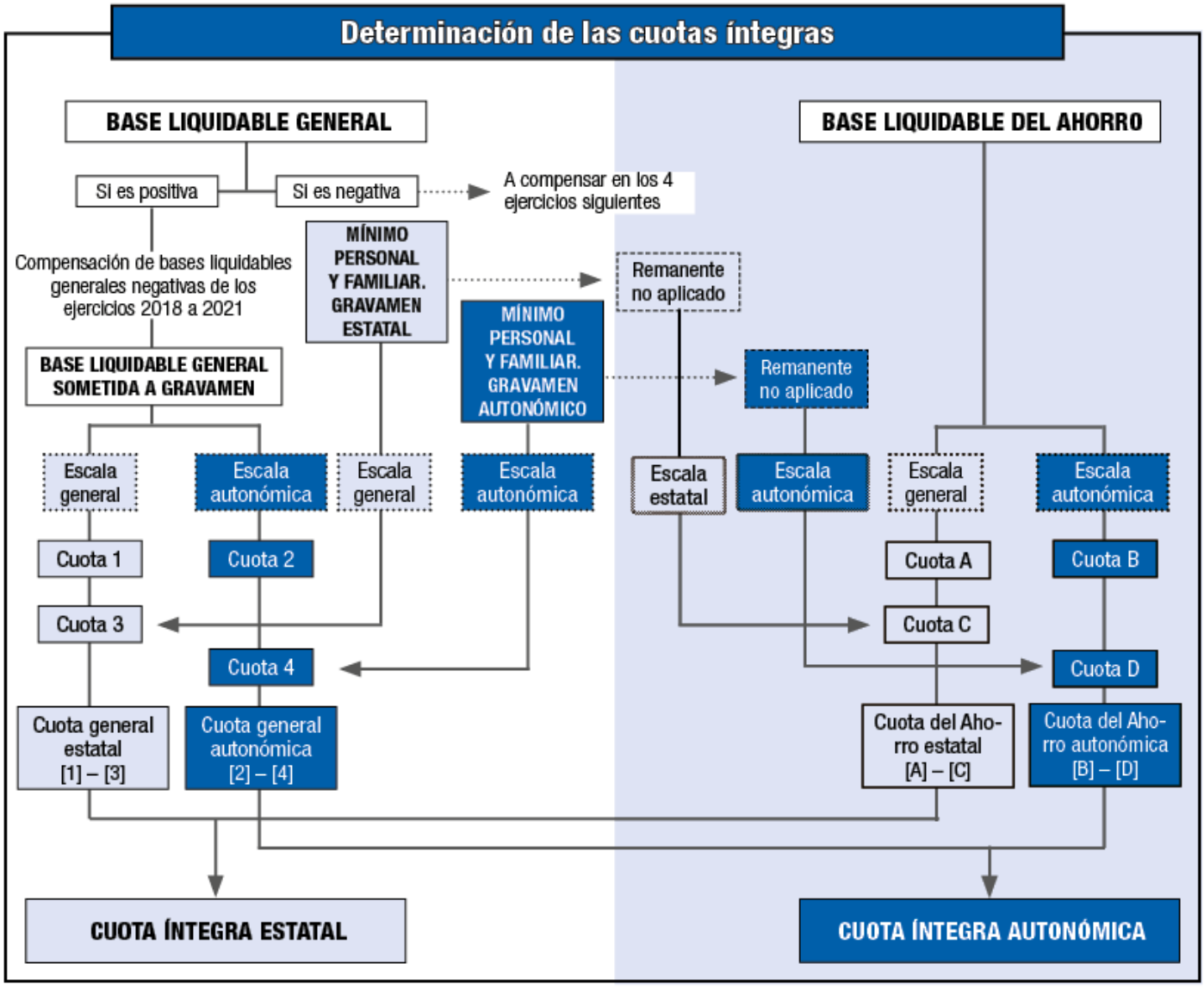
Application of the personal and family minimum

Regulations:(Arts.63.1.2º and 74.1.2º Law IRPF

In order to ensure the same tax savings for all taxpayers with the same personal and family situation, whatever their level of income, in the current Law of IRPF the personal and family minimum does not reduce the income for the tax period, but forms part of the general tax base up to the amount of the latter and, where applicable, of the savings tax base for the remainder.

The application of the personal and family minimum and the determination of the full contributions of the IRPF, are represented graphically in the diagram in the following section:

Graphic diagram:Application of the minimum personal and family size and determination of the full quotas



Tax of the net tax base

The assessment of the overall liquidation basis of the IRPF is structured in four phases:

Phase 1: The general and regional scales of IRPF are applied to the total general taxable base, including the amount corresponding to the amount of the personal and family minimum that forms part of it, obtaining the corresponding partial quotas (Quota 1 and Quota 2).

Phase 2: The general scale of IRPFis applied to the part of the general taxable base corresponding to the state personal and family minimum established in the IRPF to obtain the partial quota (Quota 3).

Phase 3: The part of the general taxable base corresponding to the personal and family minimum, increased or decreased by the amounts established, where applicable, by the Autonomous

Community in its regional regulations, is subject to the corresponding regional scale, thus obtaining the partial tax liability (tax liability 4).

In the financial year 2022, the Autonomous Community of Andalusia, the Autonomous Community of Galicia, the Autonomous Community of Illes Balears, the Autonomous Community of Madrid, the Autonomous Community of La Rioja and the Autonomous Community of Valencia have regulated amounts of the personal and family minimum different from those established in the Law of IRPF.Consequently, taxpayers resident in their territory must apply, for the purposes of the autonomous assessment (phase 3), the amounts regulated in the regulations of that Autonomous Community.

All other contributors (including those from the Community of Castile and Leon which have fixed amounts for the personal and family minimum of the same amount as those established in the Law of the IRPF) must apply the same amount of the personal and family minimum for the purposes of the State levy (phase 2) and autonomic assessment (phase 3).

Phase 4: The four partial quotas obtained are used to calculate the general state tax liability (Quota 1 minus Quota 3) and the general regional tax liability (Quota 2 minus Quota 4).

Taxation of the net savings tax base

The lien of the RFP's net saving base it is structured in four phases:

Phase 1: The amount of the taxable savings base is taxed at the rates of the savings scale, state and regional, set for 2022, obtaining the corresponding partial quotas (Quota A and Quota B).

Phase 2: The amount of the state tax resulting from applying the scale to the taxable savings base (Quota A) will be reduced, where applicable, by the amount derived from applying the scale of state savings fixed for 2022 (Quota C) to the remainder of the state personal and family minimum not applied (i.e. to the excess of the said minimum over the amount of the general taxable base).

Phase 3: The amount of the regional tax resulting from applying the scale to the savings tax base (Tax B) will be reduced by the amount resulting from applying the regional savings scale set for 2022 (Tax D) to the remaining amount of the regional personal and family minimum (i.e. the excess of the said minimum over the amount of the general tax base).

Phase 4: From the four partial quotas obtained, the full state savings quota (Quota A minus Quota C) and the full regional savings quota (Quota B minus Quota D) are calculated.

Tax of the net tax base

State Taxation

Regulations:Art. 63.1.1º Law IRPF

The general taxable income of the taxpayer must be taxed at the rates indicated in the general scale of the IRPF reproduced below:

Scale applicable irrespective of place of residence

Net tax base up to euros	Full contribution euros	Remaining net tax base up to euros	Applicable rate Percentage
0.00	0.00	12,450.00	9.50
12,450.00	1,182.75	7,750.00	12.00
20,200.00	2,112.75	15,000.00	15.00
35,200.00	4,362.75	24,800.00	18.50
60,000.00	8,950.75	240,000	22.50
300,000.00	62,950.75	From there on	24.50

The resulting amount shall be reduced by the amount resulting from applying this same scale to the part of the general taxable base corresponding to the personal and family minimum.

Average general state average tax rate

Regulations:Article 63.2 of the Personal Income Tax Law

The average general state tax rate is understood to be that derived by multiplying by 100 the quotient resulting from dividing the tax liability obtained by applying the above scale by the general net tax base.The average general State average tax rate shall be expressed to two decimal places without rounding.

Regional tax

Regulations:Art. 74.1.1.1 and 2 Law IRPF

The rates of the regional scale of the IRPF which, in accordance with the provisions of Law 22/2009, which regulates the financing system of the common regime Autonomous Communities and Cities with Statute of Autonomy, have been approved by the Autonomous Community, will be applied to the general taxable base.

The resulting amount will be reduced by the amount derived from applying the regional scale approved by each Autonomous Community to the part of the general taxable base corresponding to the personal and family minimum resulting from the increases or decreases referred to in Article 56.3 of the Personal Income Tax Act.

Average general regional tax rate

Regulations:Article 74.2 of the Personal Income Tax Law

The average general regional tax rate is understood to be that derived by multiplying by 100 the

quotient resulting from dividing the tax liability obtained by applying the corresponding regional scale by the general net tax base.The average general regional average tax rate shall be expressed to two decimal places without rounding.

For the financial year 2022, each taxpayer must apply the corresponding regional scale of those transcribed below:

Autonomous Community of Andalusia

Regulations:Art. 23 Ley 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía (Law 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía).

Scale applicable in the financial year 2022 for taxpayers resident in this Autonomous Community in that financial year

Taxable Base up to (euros)	Full amount (EUR)	Remaining taxable income up to (euros)	Applicable rate (Percentage)
0.00	0.00	13,000.00	9.50%
13,000.00	1,235.00	8,100.00	12.00%
21,100.00	2,207.00	14,100.00	15.00%
35,200.00	4,322.00	24,800.00	18.50%
60,000.00	8,910.00	From there on	22.50%

N.B.: It should be noted that Article 23 of Law 5/2021, of 20 October, on Assigned Taxes of the Autonomous Community of Andalusia, has been amended, with effect from 1 January 2022, by Article 1.1 of Decree-Law 7/2022, of 20 September (BOJA 21-09-2022) to adapt the regional scale to the crisis resulting from high inflation.

Autonomous Community of Aragon

Regulations:Art. 110-1 Texto Refundido de las disposiciones dictadas por la Comunidad Autónoma de Aragón en materia de tributos cedidos, aprobado por Decreto Legislativo 1/2005, de 26 de septiembre (Revised text of the provisions dictated by the Autonomous Community of Aragón regarding ceded taxes, approved by Legislative Decree 1/2005, of 26 September).

Scale applicable in the financial year 2022 for taxpayers resident in this Autonomous Community in that financial year

Net base up to (euros)	Full amount (EUR)	Remaining tax base up to (EUR)	Applicable rate (%)
0.00	0.00	12,450.00	9.50

Net base up to (euros)	Full amount (EUR)	Remaining tax base up to (EUR)	Applicable rate (%)
12,450.00	1,182.75	7,750.00	12.00
20,200.00	2,112.75	15,000.00	15.00
35,200.00	4,362.75	14,800.00	18.50
50,000.00	7,100.75	10,000.00	20.50
60,000.00	9,150.75	20,000.00	23.00
80,000.00	13,750.75	10,000.00	24.00
90,000.00	16,150.75	40,000.00	25.00
130,000.00	26,150.75	From there on	25.50

Note: Please note that Article 64 of Law 8/2022, of 29 December, on the Budget of the Autonomous Community of Aragon for the financial year 2023 (BOA 30-12-2022), has modified, with effect from 1 January 2022, the regional scale provided for in Article 110-1 of the Consolidated Text.

Autonomous Community of the Principality of Asturias

Regulations:Art. 2 Texto Refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 2/2014, de 22 de octubre.

Scale applicable in the financial year 2022 for taxpayers resident in this Autonomous Community in that financial year

Net base up to (euros)	Full amount (EUR)	Remaining tax base up to (EUR)	Applicable rate (%)
0.00	0.00	12,450.00	10.00
12,450.00	1,245.00	5,257.20	12.00
17,707.20	1,875.86	15,300.00	14.00
33,007.20	4,017.86	20,400.00	18.50
53,407.20	7,791.86	16,592.80	21.50
70,000.00	11,359.32	20,000.00	22.50
90,000.00	15,859.32	85,000.00	25.00

Net base up to (euros)	Full amount (EUR)	Remaining tax base up to (EUR)	Applicable rate (%)
175,000.00	37,109.32	From there on	25.50

Autonomous Community of the Balearic Islands

Regulations:Art. 1 Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, aprobado por Decreto Legislativo 1/2014, de 6 de junio

Scale applicable in the financial year 2022 for taxpayers resident in this Autonomous Community in that financial year

Net taxable income from (euros)	Full amount (EUR)	Remaining tax base up to (EUR)	Applicable rate (%)
0.00	0.00	10,000	9.50
10,000	950	8,000	11.75
18,000	1,890	12,000	14.75
30,000	3,660	18,000	17.75
48,000	6,855	22,000	19.25
70,000	11,090	20,000	22.00
90,000	15,490	30,000	23.00
120,000	22,390	55,000	24.00
175,000	35,590	From there on	25.00

Autonomous Community of the Canary Islands

Regulations:Fourth additional provision.Seventeen Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos, aprobado por Decreto legislativo 1/2009, de 21 de abril

Scale applicable in the financial year 2022 for taxpayers resident in this Autonomous Community in that financial year

Net taxable income from (euros)	Full amount (EUR)	Remaining tax base up to (EUR)	Applicable rate (%)

Scale applicable in the financial year 2022 for taxpayers resident in this Autonomous Community in that financial year

Net taxable income from (euros)	Full amount (EUR)	Remaining tax base up to (EUR)	Applicable rate (%)
0.00	0.00	13,010	9.00
13,010	1,170.90	5,458	11.50
18,468	1,798.57	15,859	14.00
34,327	4,018.83	20,949	18.50
55,276	7,894.39	34,724	23.50
90,000	16,054.53	30,000	25.00
120,000	23,554.53	From there on	26.00

Note: This scale shall apply only for the tax periods 2022 and 2023.

It should be noted that Decree Law 1/2023, of 26 January, which modifies certain regional measures in the IRPF and in the regulation of the zero rate in the Canary Islands General Indirect Tax applicable to certain goods used for livestock farming (BO of the Canary Islands of 31 January), has modified the fourth additional provision.Seventeen of the Consolidated Text in order, as the preamble to the Decree-Law states, to 'adjust the rates of the scale of taxation to two decimal places, without rounding'.

Autonomous Region of Cantabria

Regulations:Art. 1 Texto Refundido de la Ley de Medidas Fiscales en materia de tributos cedidos por el Estado, approved by Legislative Decree 62/2008, of 19 June 2008

Scale applicable in the financial year 2022 for taxpayers resident in this Autonomous Community in that financial year

Net base (euros)	Full amount (EUR)	Remaining tax base (euros)	Applicable rate (%)
0.00	0.00	12,450.00	9.50
12,450.00	1,182.75	7,750.00	12.00
20,200.00	2,112.75	13,800.00	15.00
34,000.00	4,182.75	12,000.00	18.50
46,000.00	6,402.75	14,000.00	19.50
60,000.00	9,132.75	30,000.00	24.50

Net base (euros)	Full amount (EUR)	Remaining tax base (euros)	Applicable rate (%)
90,000.00	16,482.75	From there on	25.50

Autonomous Community of Castilla-La Mancha

Regulations:Art. 13 bis Law 8/2013, of 21 November, of the Autonomous Community of Castile-La Mancha, on Tax Measures

Scale applicable in the financial year 2022 for taxpayers resident in this Autonomous Community in that financial year

Net base up to (euros)	Full amount (EUR)	Remaining tax base up to (EUR)	Applicable rate (%)
0.00	0.00	12,450.00	9.50
12,450.00	1,182.75	7,750.00	12.00
20,200.00	2,112.75	15,000.00	15.00
35,200.00	4,362.75	24,800.00	18.50
60,000.00	8,950.75	From there on	22.50

Community of Castilla y León

Regulations:Art. 1 Texto Refundido de las disposiciones legales de la Comunidad de Castilla y León en materia de tributos propios y cedidos, aprobado por Decreto Legislativo 1/2013, de 12 de septiembre (Consolidated Text of the legal provisions of the Community of Castilla y León on own and assigned taxes, approved by Legislative Decree 1/2013, of 12 September).

Scale applicable in the financial year 2022 for taxpayers resident in this Autonomous Community in that financial year

Net base up to (euros)	Full amount (EUR)	Remaining tax base up to (EUR)	Applicable rate (%)
0.00	0.00	12,450.00	9
12,450.00	1,120.50	7,750.00	12.00
20,200.00	2,050.50	15,000.00	14.00
35,200.00	4,150.50	18,207.20	18.50
53,407.20	7,518.83	From there on	21.50

N.B.: Please note that Article 1.1 of Law 2/2022, of 1 December, on tax reductions in the Community of Castilla y León (BOCyL 12-12-2022) has modified, with effect from 1 January 2022, the regional scale provided for in Article 1 of the Consolidated Text.

Autonomous Community of Catalonia

Regulations:Sole Art. Law 24/2010, of 22 July, on the approval of the regional scale of Personal Income Tax

Scale applicable in the financial year 2022 for taxpayers resident in this Autonomous Community in that financial year

Net base up to (euros)	Full amount (EUR)	Remaining tax base up to (EUR)	Applicable rate (%)
0.00	0.00	12,450.00	10.50
12,450.00	1,307.25	5,257.20	12.00
17,707.20	1,938.11	3,292.80	14.00
21,000.00	2,399.10	12,007.20	15.00
33,007.20	4,200.18	20,400.00	18.80
53,407.20	8,035.38	36,592.80	21.50
90,000.00	15,902.83	30,000.00	23.50
120,000.00	22,952.83	55,000.00	24.50
175,000.00	36,427.83	From there on	25.50

N.B.: Please note that Article 41 of Law 2/2021, of 29 December, on fiscal, financial, administrative and public sector measures (DOGC 31-12-2021- BOE 21-01-2022), has modified, with effect from 1 January 2022, the regional scale provided for in the sole article of Law 24/2010.

Autonomous Community of Extremadura

Regulations:Art. 1 Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Extremadura en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2018, de 10 de abril (Revised text of the legal provisions of the Autonomous Community of Extremadura regarding taxes ceded by the State, approved by Legislative Decree 1/2018, of 10 April).

Scale applicable in the financial year 2022 for taxpayers resident in this Autonomous Community in that financial year

Net base up to (euros)	Full amount (EUR)	Remaining tax base (euros)	Applicable rate (%)

Scale applicable in the financial year 2022 for taxpayers resident in this Autonomous Community in that financial year

Net base up to (euros)	Full amount (EUR)	Remaining tax base (euros)	Applicable rate (%)
0.00	0.00	12,450.00	9.50
12,450.00	1,182.75	7,750.00	12.50
20,200.00	2,151.50	4,000.00	15.50
24,200.00	2,771.50	11,000.00	16.50
35,200.00	4,586.50	24,800.00	20.50
60,000.00	9,670.50	20,200.00	23.50
80,200.00	14,417.50	19,000.00	24.00
99,200.00	18,977.50	21,000.00	24.50
120,200.00	24,122.50	From there on	25.00

Autonomous Community of Galicia

Regulations:Art. 4 Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Galicia en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2011, de 28 de julio (Consolidated text of the legal provisions of the Autonomous Community of Galicia on taxes ceded by the State, approved by Legislative Decree 1/2011, of 28 July)

Scale applicable in the financial year 2022 for taxpayers resident in this Autonomous Community in that financial year

Net base up to (euros)	Full amount (EUR)	Remaining tax base up to (EUR)	Applicable rate (%)
0.00	0.00	12,985.35	9.00
12,985.35	1,168.68	8,083.25	11.65
21,068.60	2,110.38	14,131.40	14.90
35,200.00	4,215.96	24,800.00	18.40
60,000.00	8,779.16	From there on	22.50

N.B.: Please note that Article 1 of Law 7/2022 of 27 December on fiscal and administrative measures (DOG 30-12-2022)

modifies, with effect from 1 January 2022, the regional scale provided for in Article 4 of the Consolidated Text.

Community of Madrid

Regulations:Art. 1 Consolidated Text of the legal provisions of the Region of Madrid on taxes ceded by the State, approved by Legislative Decree 1/2010, of 21 October.

Scale applicable in the financial year 2022 for taxpayers resident in this Autonomous Community in that financial year

Net base up to (euros)	Full amount (EUR)	Remaining tax base up to (EUR)	Applicable rate (%)
0.00	0.00	12,960.45	8.50
12,960.45	1,101.64	5,472.75	10.70
18,433.20	1,687.22	15,927.30	12.80
34,360.50	3,725.91	21,236.40	17.40
55,596.90	7,421.04	From there on	20.50

N.B.:the single article should be taken into account.Two of Law 8/2022 of 16 November (BOCM 21-11-2022) modified, with effect from 1 January 2022, the regional scale provided for in Article 1 of the Consolidated Text.

Autonomous Region of Murcia

Regulations:Fifth additional provision.4 Consolidated text of the Legal Provisions in force in the Region of Murcia regarding assigned taxes, approved by Legislative Decree 1/2010, of 5 November.

Scale applicable in the financial year 2022 for taxpayers resident in this Autonomous Community in that financial year

Net base up to (euros)	Full amount (EUR)	Remaining tax base up to (EUR)	Applicable rate (%)
0.00	0.00	12,960.45	9.60
12,960.45	1,244.20	8,067.75	11.46
21,028.20	2,168.76	14,365.80	13.74
35,394.00	4,142.62	24,606.00	18.22

When the taxable income exceeds 60,000.00 euros, the gross tax payable will be 8,716.67 euros plus the amount resulting from applying the rate of 22.70% to the part of the taxable income that exceeds 60,000 euros.

Note: Please note that the sole article of Decree-Law no. 4/2022, of 22 September, which modifies the Autonomous Scale of Personal Income Tax as a result of the increase in inflation (BORM 29-09-2022) has modified, for the 2022 tax period, the autonomous scale provided for in section 4 of the fifth additional provision of the Consolidated Text.

Autonomous Community of La Rioja

Regulations:Art. 31 Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes

Scale applicable in the financial year 2022 for taxpayers resident in this Autonomous Community in that financial year

Net base up to (euros)	Full amount (EUR)	Remaining tax base up to (EUR)	Applicable rate percentage
0.00	0.00	12,450.00	9.00
12,450.00	1,120.50	7,750.00	11.60
20,200.00	2,019.50	15,000.00	14.60
35,200.00	4,209.50	14,800.00	18.80
50,000.00	6,991.90	10,000.00	19.50
60,000.00	8,941.90	60,000.00	25.00
120,000.00	23,941.90	From there on	27.00

Region of Valencia

Regulations:Art. 2 Law 13/1997, of 23 December, which regulates the regional tranche of Personal Income Tax and other transferred taxes.

A distinction must be made between:

A. Taxpayers deceased before 28 October 2022

When the accrual of the IRPF occurs at the time of death, the applicable scale in accordance with the regulations in force up to the aforementioned date (27 October) is as follows:

Net base up to (euros)	Full amount (EUR)	Remaining tax base up to (EUR)	Applicable rate (%)
0.00	0.00	12,450.00	10.00
12,450.00	1,245.00	4,550.00	11.00

Net base up to (euros)	Full amount (EUR)	Remaining tax base up to (EUR)	Applicable rate (%)
17,000.00	1,745.50	13,000.00	13.90
30,000.00	3,552.50	20,000.00	18.00
50,000.00	7,152.50	15,000.00	23.50
65,000.00	10,677.50	15,000.00	24.50
80,000.00	14,352.50	40,000.00	25.00
120,000.00	24,352.50	20,000.00	25.50
140,000.00	29,452.50	35,000.00	27.50
175,000.00	39,077.50	From there on	29.50

B. Other taxpayers

Following the amendment made to Article 2 of Law 13/1997, with effect from 28 October, by Article 2 of Decree-Law 14/2022, of 24 October, of the Consell, amending Law 13/1997, of 23 December, which regulates the regional section of Personal Income Tax and other transferred taxes, to adapt the taxation of Personal Income Tax and other taxes to the impact of inflation (DOCV 27-10-2022), the scale applicable to the remaining taxpayers (deceased after 27 October and non-deceased) is as follows:

Net base up to (euros)	Full amount (EUR)	Remaining tax base up to (EUR)	Applicable rate (%)
0.00	0.00	12,000.00	9.00
12,000.00	1,080.00	10,000.00	12.00
22,000.00	2,280.00	10,000.00	15.00
32,000.00	3,780.00	10,000.00	17.50
42,000.00	5,530.00	10,000.00	20.00
52,000.00	7,530.00	13,000.00	24.17
65,000.00	10,672.10	15,000.00	24.50
80,000.00	14,347.10	40,000.00	25.00

Net base up to (euros)	Full amount (EUR)	Remaining tax base up to (EUR)	Applicable rate (%)
120,000.00	24,347.10	20,000.00	25.50
140,000.00	29,447.10	35,000.00	27.50
175,000.00	39,072.10	From there on	29.50

Speciality:Autonomic scale for taxpayers resident in Ceuta or Melilla

Regulations:Thirty-second additional provision Law IRPF

Taxpayers whose habitual residence is in Ceuta or Melilla are subject to the scale provided for in Article 65 of the Personal Income Tax Act.The scale is as follows:

Ceuta and Melilla.Scale applicable in 2022 for taxpayers resident in these Autonomous Cities in 2021

Net base up to (euros)	Full amount (EUR)	Remaining tax base up to (EUR)	Applicable rate (%)
0.00	0.00	12,450.00	9.50
12,450.00	1,182.75	7,750.00	12.00
20,200.00	2,112.75	15,000.00	15.00
35,200.00	4,362.75	24,800.00	18.50
60,000.00	8,950.75	From there on	22.50

Tax of the savings tax base

State Taxation

Regulations:Article 66.1 of the Personal Income Tax Law

1.For 2022, the tax base of savings shall be taxed at the rates shown on the following scale.

Net base up to (euros)	Increase in state tax liability (euros)	Remaining savings base up to (')	Applicable rate (%)
0	0	6,000	9.50
6,000.00	570	44,000	10.50
50,000.00	5,190	150,000	11.50
200,000.00	22,440	From there on	13.00

2.The resulting amount shall be minority in the amount derived from applying the previous scale to the part of the liquidated basis of the savings corresponding to the minimum personal and family.

Regional tax

Regulations:Article 76 of the Personal Income Tax Law

1. For 2022, the tax base of savings shall be taxed at the rates shown on the following scale.

Tax rates on savings

Net base up to (euros)	Increase in state tax liability (euros)	Remaining savings base up to (')	Applicable rate (%)
0	0	6,000	9.50
6,000.00	570	44,000	10.50
50,000.00	5,190	150,000	11.50
200,000.00	22,440	From there on	13.00

2. The resulting amount shall be minority in the amount derived from applying to the part of the liquidating basis of the savings corresponding to the personal and family minimum resulting from the increases or decreases referred to in article 56.3 of this Law, the previous scale.

Practical example:calculation of state and regional liabilities

In 2022, Mr. A.B.C., a resident in the Autonomous Community of Aragon, obtained a general net tax base of €23,900 and a net savings tax base of €2,800.

The amount of your personal and family minimum is 5.550 euros.

To determine the amount of the full, state and autonomous quotas, corresponding to that taxpayer.

Solution:

1.Application of the tax scales to the general tax base (23.900)

a. **General tax scale**

Up to 20,200 = 2,112.75

Other:3.700 to 15% = 555

Resulting quota 1 (2,112,75 + 555) = 2,667,75

b. **Regional scale of the tax**

Up to 20,200 = 2,112.75

Other:3,700 to 15.00% = 555

Resulting quota 2 = 2,112.75 + 555 = 2,667.75

2.Application of the tax scales to the general taxable base corresponding to the personal and family allowance

Since the amount of the general taxable base (23,900) is higher than the personal and family minimum (5,550), the latter forms an integral part of the general taxable base.

a. **General tax scale**

5.550 to 9,50% = 527,25

Resulting quota 3 = 527.25

b. **Regional scale of the tax**

5.550 to 9,50% = 527,25

Resulting charge 4 = 527.25

3.Determination of the general, state and autonomous community tax liability

State general full quota (quota 1 - quota 3):2.667,75 - 527,25 = 2.140,50

Autonomous general full quota (quota 2 - quota 4):2.667,75 - 527,25 = 2.140,50

4.Taxation of the net savings tax base (2,800)

State lien 2.800 x 9,50% = 266

Autonomic lien 2.800 x 9,50% = 266

5.Determination of full quotas

State tax liability (2,140.50 + 266) = 2,406.50

Autonomous Community tax (2,140.50 + 266) = 2,406.50

Taxation applicable to personal income taxpayers resident abroad

Delimitation

Regulations:(Arts.8.2 and 10.1 Law IRPF

The determination of the total gross tax payable by individuals of Spanish nationality who, being considered personal income taxpayers, reside abroad, presents certain special features with respect to the settlement procedure discussed so far, due to the fact that, as they cannot be considered residents in the territory of any Autonomous Community, these do not have regulatory powers over the IRPF applicable to them.

Persons of Spanish nationality, their spouse who is not legally separated and their minor children who, under the terms established in articles 8.2 and 10.1 of the Law of IRPF, have their habitual residence abroad, are taxpayers of the IRPF, resident abroad, due to their status as such:

- Members of Spanish diplomatic missions.
- Members of Spanish consular offices, with the exception of honorary deputy consuls or honorary consular agents and staff dependant on them.
- Holders of official positions or employment of the Spanish State as members of delegations and permanent representations accredited to international organisations or who form part of delegations or observer missions abroad.
- Active civil servants holding official posts or employment abroad which is not diplomatic or consular.
- Those who credit their new tax residence in a country or territory considered as a tax haven, during the tax period in which the change of residence takes place and the following four.

The specialities presented in the determination of the full tax quota on these taxpayers are those indicated in the following paragraphs.

Tax of the net tax base

Regulations:(Arts.63.1 and 65 Law IRPF

The general taxable base shall be taxed at the following rates:

Scale of Article 63.1 Ley IRPF

Net base up to (euros)	Full amount (EUR)	Remaining tax base up to (EUR)	Applicable rate (%)
0.00	0.00	12,450.00	9.50
12,450.00	1,182.75	7,750.00	12.00
20,200.00	2,112.75	15,000.00	15.00
35,200.00	4,362.75	24,800.00	18.50
60,000.00	8,950.75	240,000.00	22.50
300,000.00	62,950.75	From there on	24.50

Scale of Article 65 of Law IRPF

Net base up to (euros)	Full amount (EUR)	Remaining tax base up to (EUR)	Applicable rate (%)
0.00	0.00	12,450.00	9.50
12,450.00	1,182.75	7,750.00	12.00
20,200.00	2,112.75	15,000.00	15.00
35,200.00	4,362.75	24,800.00	18.50
60,000.00	8,950.75	From there on	22.50

Tax of the savings tax base

Regulations:(Arts.66.2 Law IRPF

The rates indicated in the following scale shall be applied to the savings tax base:

Net base up to (euros)	Increase in state tax liability (euros)	Remaining savings base up to (')	Applicable rate (%)
0	0	6,000	19
6,000.00	1,140	44,000	21
50,000.00	10,380	150,000	23
200,000.00	44,880	From there on	26

The resulting amount shall be minority in the amount derived from applying the previous scale to the part of the liquidated basis of the savings corresponding to the minimum personal and family.

Note: *the remainder of the personal and family minimum not applied to the general taxable base does not reduce the savings taxable base, but the state and regional scales are applied to its amount and the resulting tax liability reduces the amount obtained by applying the aforementioned scales to the total savings taxable base, in the same way as it operates in the general taxable base.*

Special scheme applicable to employees posted to Spanish territory

Regulations:Art. 93.2.e) Law IRPF

Note*:Please note that the special tax regime applicable to workers posted to Spanish territory is discussed in Chapter 2.*

Individuals who acquire their tax residence in Spain as a result of their move to Spanish territory and who choose to pay non-resident income tax, with the special rules in Article 93.2 of the Law of IRPF, maintaining their status as IRPF taxpayers during the tax period in which the change of residence takes place and during the following five tax periods, will be subject to the following scales:

1. On a livable basis, except for the share of income referred to in article 25.1(f) of the consolidated text of the Non-resident income Tax Act (dividends and other income derived from the participation in an entity's own funds, interest and other yields obtained by the transfer to third parties of own capital, and wealth gains that are shown on the occasion of transmissions of assets), the rates indicated on the following scale shall apply:

Net base up to (euros)	Applicable rate (%)
Up to 600,000	24
From €600,000.01 upwards	47

2. To the portion of the livable base corresponding to the income referred to in article 25.1(f) of the consolidated text of the Non-resident income Tax Act (dividends and other income derived from the participation in an entity's own funds, interest and other yields obtained by the transfer to third parties of own capital, and wealth gains that are shown on the occasion of transmissions of assets), the rates indicated on the following scale shall apply:

Net base up to (euros)	Increase in state tax liability (euros)	Remaining savings base up to (')	Applicable rate (%)
0	0	6,000	19
6,000.00	1,140	44,000	21
50,000.00	10,380	150,000	23
200,000.00	44,880	From there on	26

Specialities in the determination of the state and regional liability

Annuities for foodstuffs in favour of children

Speciality in the treatment of child support annuities

Regulations:(Arts.64 and 75 Law of IRPF

Child maintenance annuities paid by the taxpayer **do not reduce** the general taxable base of the payer, but they are taken into account for the calculation of his full state and regional personal income tax liability by means of the special provisions of Articles 64 and 75 respectively of the Law of IRPF, the purpose of which is to reduce the progressivity of the tax in these cases.

For children receiving such maintenance allowances, these constitute exempt income according to Article 7 of the Personal Income Tax Act .

On the other hand, it should be remembered that, in the case of compensatory pensions and maintenance payments in favour of persons other than the children, the payer may apply the reductions in the taxable base established in Article 55 of the Law of IRPF discussed in Chapter 13 of this manual.

For this purpose, taxpayers who pay in 2022 annuities for child maintenance by judicial decision

(or fixed through a regulating agreement decreed judicially or formalised before the judicial Secretary or in a public deed before a Notary) without the right to the application of the minimum for descendants foreseen in article 58 of the Law of IRPF will determine, when the amount of the annuities is lower than the general taxable base, the contributions corresponding to the general taxable base (state part and regional part) in accordance with the following procedure:

1. The amount of the maintenance annuities will be differentiated from the rest of the general taxable base, thus obtaining two bases for the application of the tax scales:

   - Base "A":amount of the maintenance annuity.
   - Base "B":the rest of the general taxable base.

2. The general tax scale for 2022 will be applied to each of the aforementioned bases, in the State part, and, in the Autonomous Community part, the corresponding Autonomous Community scale.This results in a quota 1 and a quota 2 for base "A" and a quota 3 and a quota 4 for base "B".

3. The quotas obtained in the previous phase will be added together to determine the general state quota and the general regional quota.The sum is as follows:

   - State General Quota (Quota 5) = Quota 1 + Quota 3
   - General autonomous quota (quota 6) = quota 2 + quota 4

4. Application of the general and regional tax scales to the part of the general taxable base corresponding to the personal and family minimum, increased by 1,980 euros per year.As a result of this operation, quota 7 (general state quota) and quota 8 (regional quota) are obtained.

5. Reduction of quotas 5 and 6 determined in step 3 above by the amount of quotas 7 and 8, without being able to become negative as a result of this reduction.

   - State general quota = quota 5 - quota 7.
   - General autonomous quota = quota 6 - quota 8.

Precisions

1. The parent or parents who have custody of the children may apply the minimum amount for descendants, as they are the persons with whom the descendants live, and **may not apply** the special provisions applicable in the case of child maintenance annuities set out in articles 64 and 75 of the Law of IRPF.In the event that custody of a child ceases because the child reaches the age of majority, the above shall apply as long as the parent in question continues to live with the child.

   On the other hand, parents who do not live with their children, but provide them with maintenance by judicial decision, **may opt** for the application of the minimum for descendants, by supporting them financially, **or** for the application of the treatment provided for in articles 64 and 75 of the Law of IRPF for maintenance annuities.

2. Following the amendments introduced by Law 15/2015, of 2 July, on Voluntary Jurisdiction, the regime established in articles 64 and 75 of the Law of IRPF for child maintenance annuities paid by judicial decision, **extends** to those agreed in the regulatory agreement formulated by

the spouses before the Court Clerk or in a public deed before a Notary, as referred to in article 90 of the Civil Code, whether or not their inclusion is obligatory.

3. For the calculation of child maintenance annuities to which the special regime of Articles 64 and 75 of the Law of IRPF applies, the amount of money that has actually been paid as maintenance annuity shall be taken into account, taking into account the provisions of Article 142 of the Civil Code, which states the following:

   "Food means everything that is indispensable for sustenance, shelter, clothing and medical care.

   Maintenance also covers the education and instruction of the maintenance creditor while he is a minor and thereafter, if he has not completed his education for reasons for which he is not responsible.

   Maintenance shall include the costs of pregnancy and childbirth, in so far as they are not otherwise covered".

Attention: *taxpayers who pay maintenance annuities to their children by judicial decision shall apply the general scale of taxation separately to maintenance annuities from the rest of the general tax base, provided that they do not live with the child and have not opted for the application of the minimum amount for descendants of those children.*

Example:Child support annuities for food

Mr LDZ, a resident of the Region of Valencia, has obtained a general settlement base of 63,000 euros in the fiscal year 2022.During that year, she has paid child support payments of 12,000 euros to her children, in accordance with the provisions of the legally approved divorce settlement agreement.

In addition, the settable basis for the savings of this taxpayer amounts to EUR 5.000.

Determine the gross tax amounts for 2022, knowing that the amount of his personal and family minimum is 5,550 euros.

Solution:

Having paid child maintenance annuities for his children in accordance with court decision and the amount being less than the amount of his net general tax base, the general and regional tax scale for 2022 must be applied separately to the amount of the annuities and the amount of the rest of the net general tax base.

Preliminary note: With effect from 28 October, Decree-Law 14/2022 of 24 October, of the Consell, amending Law 13/1997 of 23 December (DOCV 27-10-2022), amended Article 2 of Law 13/1997 regulating the regional scale applicable to the general taxable base.Two scales are therefore taken into account for the financial year 2022:One, applicable to taxpayers deceased prior to 28 October 2022, and the other, for the rest of the taxpayers (deceased after 27 October and not deceased), which is the one applied in the resolution of this case.

1.Application of the tax scales to the amount of the annuities, base "A" (12,000 euros)

a. **General tax scale**

12,000 at 9.50% = 1,140

Quota 1 = 1.140

b. **Regional scale approved for 2022 by the Region of Valencia**

12,000 to 9% = 1,080

Amount 2 = 1,080

2.Application of the tax scales to the rest of the general taxable base, base "B" (51,000 euros)

a. **General tax scale**

up to 35,200 = 4,362.75

Other:15,800 at 18.50% = 2,923

Quota 3 = 7,285.75

b. **Regional scale approved for 2022 by the Region of Valencia**

Up to 42,000 = 5,530

Other:9,000 to 20.00% = 1,800

Amount 4 = 7,330

3.Determination of the quotas resulting from the application of the scales in both bases

Quota 5 = quota 1 + quota 3:(1.140 + 7.285,75) = 8.425,75

Quota 6 = quota 2 + quota 4:(1,080 + 7,330) = 8,410

4.Application of the tax scales to the general taxable base corresponding to the personal and family minimum increased by 1,980 euros.

a. General scale

Since the amount of the general taxable base (63,000) is higher than the personal and family minimum plus 1,980 euros (5,550 + 1,980 = 7,530), it forms an integral part of the general taxable base.

7,530 at 9.50% = 715.35

Quota 7 = 715.35

b. Regional scale approved for 2022 by the Region of Valencia

Note: With effect from 28 October, Decree Law 14/2022, of 24 October, of the Council, amending Law 13/1997, of

23 December (DOCV 27-10-2022), establishes the amounts of the personal and family minimum to be applied by taxpayers resident in its territory.

In this case, the autonomous amount of the taxpayer's minimum (fixed at 6,105 euros) increased by 1,980 euros (6,105 + 1,980) determines an amount of 8,085, which is lower than the general taxable base (63,000), so that this amount forms an integral part of the general taxable base.

8,085 to 9% = 727.65

Amount 8 = 727.65

5.Determination of quota differences

State General Quota (Quota 5 - Quota 7):8.425,75 - 715,35 = 7.710,40

General regional quota (Quota 6 - Quota 8):8,410 − 727.65 =7,682.35

6.Taxation of the net savings tax base (5,000)

State levy (5,000 x 9.50%) = 475

Autonomous tax (5,000 x 9.50%) = 475

7.Determination of full quotas:

State tax (7,710.40 + 475) = 8,185.40

Autonomous Community tax (7,682.35 + 475) = 8,157.35

Progressively exempt income

Delimitation

Regulations:Twentieth Additional Provision Law IRPF

Income which, **without being subject to taxation**, should **be taken into account for the purposes of calculating the tax rate applicable to the remaining income** for the tax period, is considered to be exempt income with progressivity.

Examples of such income include that provided for in the **double taxation treaties signed by Spain.**

Exempt income with progressive taxation will be added to the general tax base or savings tax base, depending on the nature of the income, **for the purpose of calculating the average tax rate** that corresponds to the determination of the state and regional tax liability.

The **average tax rate** thus calculated will be applied to **the general or savings tax base, not including exempt income with progressive taxation.**

Certain double taxation treaties signed by Spain provide that when the income obtained by a taxpayer is exempt, in accordance with the provisions of the treaty itself, it must be taken into account for the purpose of calculating the tax rate applicable to the rest of the income obtained by that taxpayer in the tax year.

Tax treatment of exempt income with progressivity in the general tax base

The liquidation treatment of the exempted income with progressivity that, according to its nature, form part of the general tax base is structured in the following phases:

1. The amount of the rents exempted with progressivity must be added to the general settlement base and the amount resulting from that sum shall be applied to the general assessment scale and the amount approved by the corresponding Autonomous Community, in the autonomous part.As a result, partial quotas 1 and 2 are obtained.

2. The amount of the personal and family minimum (provided that it does not exceed the general livable basis or, where appropriate, the general livable basis increased with the progressivity exempt income) is applied, successively, to the general lien scale, obtaining in this way the partial quota 3 and the autonomous or complementary assessment scale obtaining the partial quota 4.

3. The following quantities are calculated from the four partial quotas obtained in the previous phases:

   - Resulting quota 1 = part-quota 1 - part-quota 3

   - Resulting instalment 2 = instalment 2 - instalment 4

4. From the resulting quotas 1 and 2 calculated in the previous phase, the average rate of assessment, state and autonomous, is determined.In both cases, the average rate is the result of multiplying by 100 the ratio resulting from dividing the resulting quotas 1 and 2 between the basis for the application of the scale of assessment (sum obtained in phase 1).

5. Once these average rates have been obtained, they will be applied exclusively to the general tax base, not including exempt income with progressivity.This will obtain the full state and autonomous quota, respectively, corresponding to the general settlement base.

Example

Mrs. P.C.A., resident in the Community of Castilla y León, has obtained in 2022 a general taxable income of 23,900 euros and a savings taxable income of 2,800 euros.

The amount of your personal and family minimum is 5.550 euros.In addition, he has received in Germany an income of EUR 2,900 which, pursuant to the Agreement between the Kingdom of Spain and the Federal Republic of Germany for the avoidance of double taxation and the prevention of tax evasion in the field of income tax and wealth tax and its protocol of 3 February 2011, is declared in Spain to be exempt with progressive taxation.

To determine the amount of the full quotas for that taxpayer.

Solution:

Preliminary note: It should be noted that Article 1.1 of Law 2/2022, of 1 December, on tax reductions in the Community

of Castilla y León (BOCyL 12-12-2022) has modified, with effect from 1 January 2022, the regional scale provided for in Article 1 of the Consolidated Text.

1.Sum of the general tax base and the amount of exempted income with progressivity

23.900 + 2.900 = 26.800

2.Application of the tax scales to the result of the above sum (26,800)

a. **General tax scale**

Up to 20,200 = 2,112.75

Other:6.600 to 15% = 990

Quota 1 (2,112.75 + 990) = 3,102.75

b. **Regional scale**

Up to 20,200 = 2,050.50

Other:6.600 to 14% = 924

Quota 2 (2,050.50 + 924) = 2,974.50

3.Application of the tax scales to the amount of the personal and family allowance

General scale

5.550 to 9,50% = 527,25

Quota 3 = 527.25

Regional scale

Note: Although the Community of Castilla y León has approved regional amounts of the personal and family minimum, these coincide with the amounts of the minimum for the taxpayer, for descendants and ascendants and for disability established in articles 57, 58, 59 and 60 of the Law of IRPF.

5,550 to 9% = 499.50

Amount 4 = 499.50

4.Determination of differences in quotas:

Resulting quota 1 (quota 1 - quota 3):3,102.75 - 527.25 = 2,575.50

Resulting quota 2 (quota 2 - quota 4):2,974.50 - 499.50 = 2,475

5.Determination of average tax rates

a. Average state tax rate (ACT):TME = (2,575.50 ÷26,800) x 100 = 9.61%.

b. Average Type of Autonomous Lien (TMA):AAR = (2,475 ÷ 26,800) x 100 = 9.23%.

6.Determination of the contributions corresponding to the general taxable base (23,900):

State fee:(23.900 x 9,61%) = 2.296,79

Autonomous quota:(23.900 x 9,23%) = 2.205,97

7.Taxation of the net savings tax base (2,800)

State tax

2.800 x 9,5% = 266

Regional tax

2.800 x 9,5% = 266

8.Determination of full quotas

State tax (2.296,79 +266) = 2.562,79

Autonomous Community tax (2,205.97 + 266) = 2,471.97

Tax treatment of exempt income with progressivity that forms part of the savings tax base

In those cases in which there is a remainder of the personal and family minimum which, as it cannot be applied to the general tax base to determine the full taxable income, becomes part of the savings tax base, as well as when the amount of the latter increased by the amount of the exempt income with progressivity exceeds the amount of 6,000 euros, the tax treatment of the exempt income with progressivity which, depending on its nature, forms part of the savings tax base, is structured in the following phases:

1. The amount of the rents exempted with progressivity must be added to the livable basis of the savings subject to taxation, in order to apply to their result the rates of taxation of the corresponding savings scales, state and autonomic.As a result, partial quotas A and B. are obtained

2. If there are remaining staff and family minimums not applied on the general livable basis, the quotas corresponding to that remainder are found by applying the rates of assessment of the savings, state and autonomous scales.As a result, partial quotas C and D. are obtained

3. The following quantities are calculated from the four partial quotas obtained in the previous phases:

   - Quota 1 = part quota A - part quota C.
   - Quota 2 = part quota B - part quota D.

4. From quotas 1 and 2 calculated in the previous phase, the average type of assessment, state and autonomic, is determined.In both cases, the resulting quota is divided between the sum of the liquidated base of the savings and the exempt income with progressivity to be integrated into the taxable base of the savings.The quotient thus obtained is multiplied by 100 to

determine in this way the average type of lien.

5. Once these average rates have been obtained, they will be applied exclusively to the taxable savings base, not including exempt income with progressivity.This will obtain the full state and autonomous quota, respectively, corresponding to the liquidable basis of the savings.

Note:*in those cases where there is no remaining minimum personal and family staff, if the amount of the liquidated basis of the increased savings in the amount of the rents exempted with progressivity does not exceed the figure of eur 6.000, the above calculations will not need to be carried out.*

Example

The personal income tax return for 2022 of Mr. J.L.M., resident in Aragón, includes the following amounts relating to the net savings tax base:

- Net savings tax base:50,000
- Amount of the minimum personal and family that is part of the settled savings base:4,200

In 2022, the taxpayer sold an urban property in the Netherlands from which he obtained a capital gain of 80,000 euros determined in accordance with personal income tax regulations.

To determine the amount of the State party and the autonomous part of the quotas corresponding to the liquidating basis of the savings.

Solution:

In accordance with the provisions of Article 25.3 of the Convention between the Government of the Spanish State and the Government of the Kingdom of the Netherlands to avoid double taxation on income and property taxes and their protocol, Done at Madrid on June 16, 1971 (BOE 16-10-1972), the wealth gain derived from the transmission of the real property is exempt from the IRPF, But this income will be taken into account in calculating the IRPF for the remaining income to be integrated into the settled base of the taxpayer's savings.

Given that there is a balance of the minimum personal and family that reduces the livable basis of the savings to determine the amount of the same that is subject to taxation, The progressive exemption of the wealth gain derived from the transmission of the urban property in the Netherlands should be taken into account.The calculations to be performed for this purpose are as follows:

1.Sum of the savings tax base and the amount of exempt income with progressivity

50.000 + 80.000 = 130.000

2.Application of tax scales to the result of the above sum (130,000)

Scale of government savings

Up to 50.000 = 5.190

Remainder (80.000 to 11,5%) = 9.200

Quota A (5,190 + 9,200) = 14,390

Regional savings scale

Up to 50.000 = 5.190

Remainder (80.000 to 11,5%) = 9.200

Quota B (5,190 + 9,200) = 14,390

3.Application of the tax scales to the amount of the personal and family allowance

Scale of government savings

4.200 to 9,50% = 399

Quota C = 399

Regional savings scale

4.200 to 9,50% = 399

Quota D = 399

4.Determination of quota differences

Resulting quota 1 (quota A - quota C):14.390 - 399 = 13.991

Resulting quota 2 (quota B - quota D):14.390 - 399 = 13.991

5.Determination of average tax rates

a. Average tax rate on state savings (AARS):AARR = (13,991 ÷130,000) x 100 = 10.76%.

b. Average tax rate on regional savings (TMGAA):AARR = (13,991 ÷130,000) x 100 = 10.76%.

6.Determination of the contributions corresponding to the taxable savings base (50,000):

State Savings fee:(50.000 x 10.76%) = 5.380

Autonomous Savings quota:(50.000 x 10.76%) = 5.380

Special cases of income concurrence:Child maintenance annuities and progressively exempted income

The procedure applicable in the event that there are simultaneously annuities for food in favor of children and income exempted with progressivity incorporates the liquidatory specialities of each of these incomes as described in the following example.

Example:

Mr J.R.F., residing in the Autonomous Community of Madrid, has obtained a net general tax base of 23,900 euros in the 2022 tax year.It has also obtained exempt incomes with progressivity amounting to EUR 2.950.

During the financial year, he has satisfied his children with annuities for food amounting to EUR 2.800, as provided for in the judicial divorce regulation.

Determine the gross tax amounts for the 2022 tax year, knowing that the minimum personal and family allowance amount is up to 5,550 euros.

Solution:

Preliminary note: It should be noted that the single article.Two of Law 8/2022, of 16 November (BOCM 21-11-2022), has modified, with effect from 1 January 2022, the regional scale of the Community of Madrid provided for in Article 1 of the Consolidated Text.

1.Determination of the bases for the application of the tax scales

Having satisfied their children in the annual exercise by judicial decision and resulting in their amount lower than the amount of their general settlement, the general and autonomous scale of the tax should be applied separately to the amount of annuities (2.800) and to the amount of the rest of the general settlement base.

The latter amount is determined by increasing the general taxable base (23,900 euros) by the amount of the exempt income with progressivity (2,950) and decreasing the result by the amount of the annuities for maintenance paid in the year (2,800).The following must be borne in mind:

Base "A" = 2,800

Base "B" = (23.900 + 2.950) - 2.800 = 24.050

2.Application of the tax scales to the amount of the annuities, base "A" (2,800 euros)

General tax scale 2,800 x 9.50% = 266

Quota 1 = 266

Regional scale

2,800 x 8.50% = 238

Amount 2 = 238

3.Application of the tax scales to the rest of the general taxable base, base "B" ('24,050)

General tax scale

Up to 20,200 = 2,112.75

Other:3,850 at 15% = 577.50

Quota 3 = 2.690,25

Regional scale

Up to:18,433.20 = 1,687.22

Other:5,616.80 to 12.80% = 718.95
Amount 4 = 2,406.17

4.Application of the tax scales to the general taxable base corresponding to the personal and family minimum increased by 1,980 euros.

Since the amount of the general taxable base (23,900) is higher than the personal and family minimum increased by 1,980 euros (5,550 + 1,980 = 7,530), it forms an integral part of the general taxable base.

General scale

As the general net tax base (23,900) is higher than the personal and family allowance, increasing it by 1.980 euros (5,550 + 1.980 = 7,730), it forms part of the net general tax base as a whole.

7,530 at 9.50% = 715.35

Quota 5 =715.35

Regional scale

Note: With effect from 1 January 2022, the sole article of Law 8/2022 of 16 November (BOCM 21-11-2022) amended Article 2 and added Articles 2 bis, 2 ter and 2 quater to the Consolidated Text of the legal provisions of the Community of Madrid on taxes ceded by the State, in order to establish the regional amounts corresponding to the minimum amounts for taxpayers, descendants, ascendants and disability, with effect from 1 January 2022.

In this case, the autonomous amount of the taxpayer's minimum (set at 5,777.55 euros) increased by 1,980 euros (5,777.55 + 1,980) results in an amount of 7,757.55 euros, which is lower than the general taxable base (23,900), so that this amount forms an integral part of the general taxable base.

7,757.55 to 8.50% = 659.39

Amount 6 = 659.39

5.Calculation of quotas for the purpose of determining average tax rates

In order to determine the average national and regional tax rates, it is necessary to first calculate the respective national and regional tax rates.These quotas are calculated as follows:

State quota = (quota 1 + quota 3 - quota 5):

266 + 2.690,25 - 715,35 = 2.240,90

Autonomous quota = (quota 2 + quota 4 - quota 6):

238 + 2.406,17 - 659,39= 1.984,78

6.Determination of average tax rates

a. Average state tax rate MSER:2.240,90 ÷ 26.850 x 100 = 8,34%

b. Average regional tax rate = TMA = 1,984.78 ÷ 26,850 x 100 = 7.39%

7.Determination of the general state and autonomous community tax liability

State general tax liability (general taxable base x TME) 23,900 x 8.34% = 1,993.26

General autonomous community tax:(net general tax base x TMA) 23,900 x 7.39% = 1,766.21

Chapter 16.General deductions from the amount for 2022

Introduction

General and regional deductions applicable in 2022

Regulations:(Arts.67 and 77 Law of IRPF

Once the full national and regional tax payments have been determined, the next phase of the settlement of the IRPF aims to determine the respective net national and regional tax payments.For this purpose, the following groups of deductions must be applied to the amount of the full tax liability:

1.Deduction for investment in main home:Transitional regime

As of 1 January 2013, the deduction for investment in primary residence was abolished.However, for those taxpayers who, before that date, had acquired their main residence or paid amounts for its construction, extension, refurbishment or carried out disability-related work on it (with the exception of contributions to housing accounts) and had enjoyed this tax benefit, a transitional regime is established that allows them to continue taking the deduction under the same conditions as they were doing.

For such taxpayers, the amount of the deduction for investment in the main residence will be broken down into two brackets:one at state level and the other at regional level.

- **The state tranche**, the amount of which is calculated in accordance with the provisions of article 68.1 of the Law of IRPF in the wording in force until 31 December 2012, will be applied **in its entirety to reduce the total state tax liability**.
- **The regional tax bracket**, the amount of which is determined by the provisions of article 78 of the Law of IRPF in the wording in force until 31 December 2012, will be applied **in its entirety to reduce the total regional tax liability.**

The percentage to be applied will be either that approved by each of the Autonomous Communities in accordance with article 46 of Law 22/2009, of 18 December or, failing this, the percentages established in article 78.2 of the Law of IRPF in the wording in force on 31 December 2012.

2.Deduction for investment in companies of new or recent creation

Taxpayers may deduct the full amount corresponding to the deduction for investment in new or recently created companies regulated in Article 68.1 of the Law of IRPF from their state tax liability when they meet the requirements and conditions for this new incentive.

3.General deductions from state regulations

The deductions listed below, whose regulation is contained in the Law of IRPF (article 68.2, 3, 4 and 5) and, in relation to the transitory regime of the deduction for renting a primary residence, in the fifteenth transitory provision which refers, in turn, as regards its regulation for taxpayers entitled to this transitory regime to the regulations of the Law of IRPF in force on 31 December 2014, they may be applied, in general, by all taxpayers who meet the legal requirements to be entitled to them, regardless of the common regime Autonomous Community in which they have resided during 2022, with the exception of the specialities deriving from the deduction for income obtained in Ceuta or Melilla and, as a new feature this year 2022, for income obtained by taxpayers with effective primary residence on the island of La Palma.

- Deductions for incentives and stimuli for business investment
- Deductions for donations and other contributions
- Deduction for incomes obtained in Ceuta or Melilla
- Deduction for habitual and effective residence on the island of La Palma (only applicable in 2022 and 2023).
- Deduction for actions for the protection and dissemination of Spanish Historical Heritage and World Heritage.
- Deduction for renting the main residence.Transitional regime

The amount of these deductions is distributed as follows:

- **50 per cent of the total amount is applied to reduce the state tax liability.**
- **50 per cent of the total amount is applied to reduce the regional tax liability.**

4.Deductions for housing energy efficiency improvement works

The following deductions are introduced as of 6 October 2021 on a temporary basis, with the first two deductions applying in 2021, 2022 and 2023 and the third also extending to 2024:

a. Deduction for improvement works that reduce the demand for heating and cooling.

b. Deduction for improvement works that reduce the consumption of non-renewable primary energy.

c. Deduction for energy rehabilitation works in buildings of predominantly residential use.

The amount of these deductions is calculated on the **state tax liability**l after subtracting the amount of the deduction for investment in new or recently created companies provided for in article 68.1 of the Personal Income Tax Act and 50% of the total amount of the deductions for

incentives and stimuli for business investment, for donations and other contributions, for income obtained in Ceuta or Melilla, for habitual and effective residence on the island of La Palma and for actions for the protection and dissemination of Spanish Historical Heritage and of the cities, sites and assets declared World Heritage as provided for in sections 2, 3, 4, and 5 of article 68 of the Personal Income Tax Act.

5.Autonomous community deductions

The Autonomous Communities of the common system, making use of the regulatory powers they have assumed in relation to the transferred part of the IRPF, have approved regional deductions that may only be applied by taxpayers who, meeting the requirements established to qualify for them, have resided in their respective territories during the financial year 2022.

The amount of these deductions is applied in full to reduce the regional tax liability.

Note: *the application of general and regional deductions may not give rise to a negative net tax liability.General deductions that cannot be applied due to insufficient state tax liability cannot be deducted from the regional tax liability.Similarly, regional deductions that cannot be applied due to insufficiency of the regional gross tax liability cannot be deducted from the national gross tax liability.*

Finally, the taxpayer must keep in his possession the supporting documents of the deductions made for any verification by the tax authorities, without it being necessary for him to attach the supporting documents of the deductions made to his tax return.

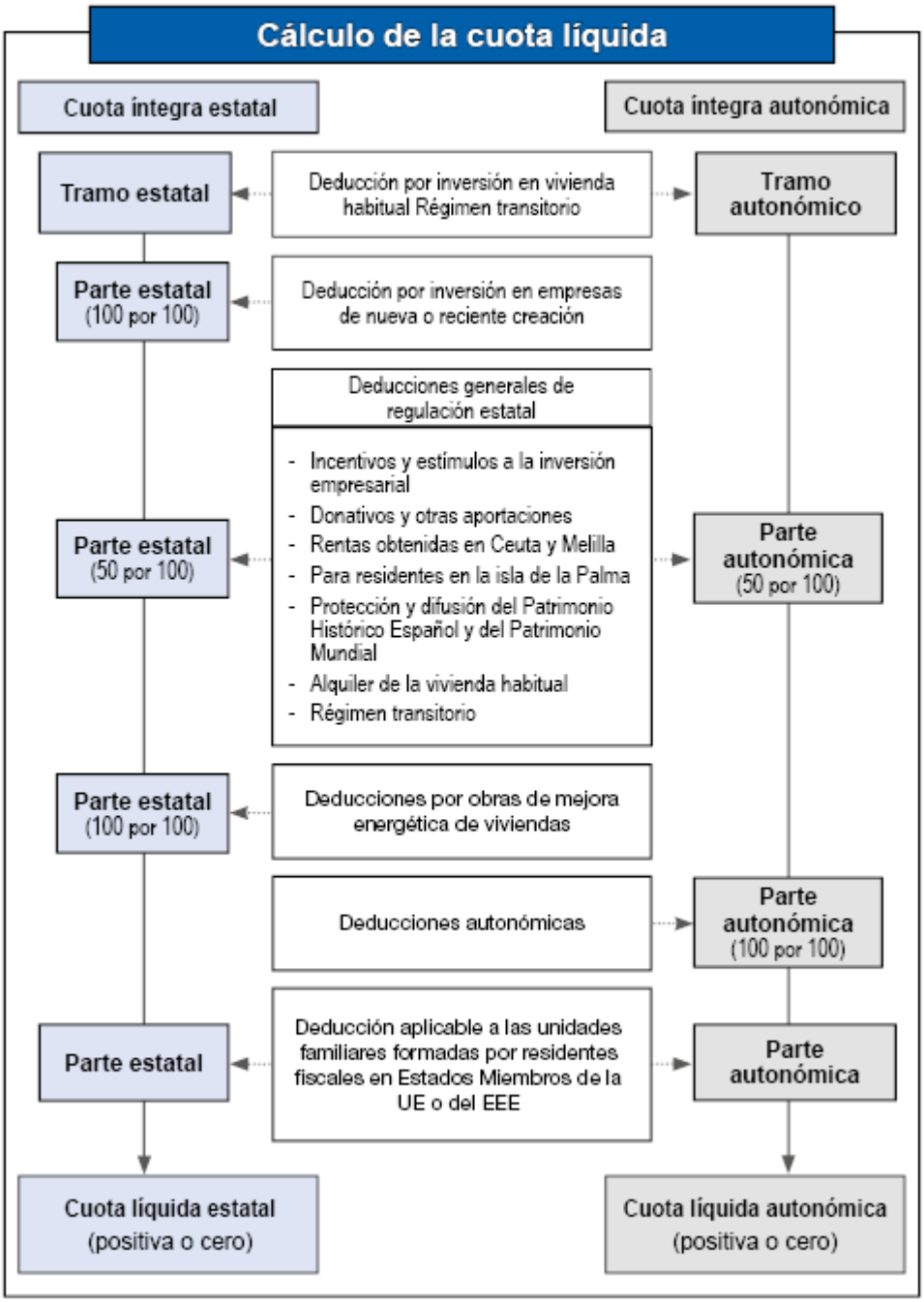
6.Deduction applicable to family units formed of tax residents in EU or EEA member states

This deduction is introduced, from 1 January 2018, in favour of those taxpayers of the IRPF, members of a family unit in which one of its members resides in another Member State of the European Union or of the European Economic Area, which prevents them from filing a joint tax return.By means of this deduction, the tax payable by these taxpayers resident in Spain is brought into line, where more favourable, with that which would be payable if all the members of the family unit had been tax residents in Spain and had opted to pay tax jointly.

The amount of this deduction is not divided 50/50 between the total national and regional tax liability, but rather reduces each of them in the manner established in the forty-eighth additional provision of the Law of IRPF and which is commented on in the section referring to this deduction.

Graphic outline of the application on the amounts of the liabilities of the general and regional deductions

The following table shows, in schematic form, the application of the general and regional deductions referred to above in the 2022 financial year:



Deduction for investment in main home:Transitional regime

The Tax Agency's Electronic Headquarters incorporates a "Virtual Income Tax Assistant", where you can consult whether you are entitled to the deduction, the effects on the deduction for changes in the use of the home, for modifications in the mortgage loan that finances the main residence, among other cases.

Temporary arrangement

Regulations:Eighteenth Transitional Provision Law IRPF;Twelfth Transitional Provision Regulation IRPF

Law 16/2012, of 27 December, adopting various tax measures aimed at consolidating public finances and boosting economic activity (BOE of 28 December) abolished, with effect from 1 January 2013, the deduction for investment in primary residences.

However, for taxpayers who were deducting for their main residence prior to 1 January 2013 (except for contributions to housing accounts), the aforementioned Law 16/2012 introduced a transitional regime that allows them to continue enjoying the deduction under the same terms and conditions existing on 31 December 2012.

To whom does the transitional regime apply?

Only the following taxpayers will be entitled to apply the deduction for investment in primary residence in 2022 for the amounts paid in the period:

a. Taxpayers who acquired their main residence prior to 1 January 2013, or from that date, provided that in the latter case amounts had been paid for the construction of the same prior to 1 January 2013 and the completion of the works had taken place within the deadlines established in the applicable regulations of IRPF.

> ***Attention:****the "construction of the principal residence" option ceases to be possible in 2022, as the four-year period has expired, plus the extension, if applicable, of a further four years and adding the 78 days corresponding to the period between 14 March and 30 May 2020 during which the calculation of time limits provided for in the ninth additional provision of Royal Decree-Law 11/2020 was suspended.*
>
> *In accordance with the above, the taxpayer must have completed the construction work on their principal residence and have legally acquired it before 20 March 2021 in order to continue to be entitled to the transitional regime of this deduction.However, the right to the application of the transitional regime continues in respect of the amounts still paid by the taxpayer in relation to the construction or acquisition, where third party financing has been*

used, provided that the requirements of timely completion, occupation and effective and permanent residence are met.

In these cases, taxpayers must include the amounts paid during the year under the heading "acquisition and/or construction of the main residence" in Annex A.1 of the tax return, indicating the date of the deed of acquisition or new construction of the residence.

b. Taxpayers who had paid amounts prior to 1 January 2013 for renovation or extension work on their main residence, provided that the work was completed before 1 January 2017.

c. Taxpayers who had paid amounts for the execution of works and installations for the adaptation of the habitual residence of persons with disabilities prior to 1 January 2013, provided that the aforementioned works or installations were completed before 1 January 2017.

In any case, in order to be able to apply the transitional deduction regime, taxpayers are required to have taken the deduction for this home in 2012 or in previous years, unless they have not yet been able to do so because the amount invested in it has not exceeded the amounts invested in previous homes, to the extent that they have been subject to deduction and, where applicable, the amount of exempt capital gains on reinvestment.

How the deduction is applied in the transitional regime

The eighteenth transitional provision of the Law of IRPF maintains, for taxpayers entitled to the transitional regime, the application of the regulations contained in articles 67.1, 68.1, 70.1, 77.1, and 78 of the Law of IRPF in its wording in force on 31 December 2012, without prejudice to the deduction percentages that, in accordance with the provisions of Law 22/2009, have been approved by the Autonomous Community.

Likewise, the new twelfth transitional provision of the Regulation of IRPF provides for taxpayers entitled to the transitional regime of the deduction for investment in primary residence to apply the provisions of Chapter I of Title IV thereof, in the wording in force on 31 December 2012.

Obligation to submit a declaration

Taxpayers who wish to exercise the right to the deduction due to investment in the usual home under the transitional arrangements shall, in any case, be obliged **to file a Personal Income Tax** return

General conditions and requirements

Principal Residence item

Regulations:(Arts.68.1 3º and 4º f) Law IRPF, wording as at 31-12-2012;54 and 55.2 Reglamento IRPF, as at 31-12-2012

For the purposes of this deduction, a main residence is understood to be a building that meets the following requirements:

1.It constitutes the taxpayer's residence for a continued period of at least three years.

However, it will be understood that the dwelling was considered to be the habitual residence when, despite the three years not having elapsed, the taxpayer dies or there are other circumstances that necessarily require a change of address, such as marriage, separation, transfer of employment, obtaining the first job, change of employment, or other similar justified circumstances.

> It shall also be understood as a circumstance that necessarily requires a change of dwelling.the fact that the former is unsuitable as a result of the disability of the taxpayer himself or of his spouse or a relative, in the direct or collateral line, by blood or by affinity, up to and including the third degree, who lives with him.
>
> See the comments on this issue when discussing the concept of principal residence in Chapter 11 of this manual under the exemption for transfer of the principal residence with reinvestment of the amount obtained in another principal residence.

The period of three years is for the purposes of classifying the home as the habitual residence, and it is not necessary for this period to have elapsed in order to begin to make the corresponding deduction in the terms discussed below.However, if the three-year period of residence is not complied with once the dwelling is inhabited, the deductions made would have to be refunded, unless one of the aforementioned circumstances applies.

> ***Attention:*** *for the purposes of tax benefits related to the habitual residence, in cases of acquisition of the property in pro indiviso, if the taxpayer has resided uninterruptedly in the property since its acquisition, for the calculation of the three-year period to determine whether or not the property is considered to be the habitual residence, the date on which the acquisition of the undivided share took place shall be taken as the date on which the remaining share was acquired until 100% ownership of the common property was completed, without the date on which the remaining share was acquired being of significance for these purposes.See in this respect the Resolution of the TEAC of 10 September 2015, Complaint number 00/06331/2013, handed down in an extraordinary appeal for the unification of criteria.*

2.The taxpayer effectively and permanently lives there within no longer than twelve months following its acquisition or the termination of the works.

However, it shall be understood that the dwelling does not lose its character of habitual residence,

despite not being occupied within twelve months, in the following cases:

- In the event of the death of the taxpayer or the occurrence of any other of the circumstances mentioned in number 1 above (marriage, separation, transfer of employment, etc.).preventing the occupation of the dwelling.
- When the dwelling is unsuitable because of the disability suffered by the taxpayer, his spouse or relatives, in direct or collateral line, by blood or by affinity, up to and including the third degree, who live with him.
- When the taxpayer has a permanent residence by reason of his position or employment and the residence acquired is not used.In this case, the twelve-month period shall start to run from the date of termination of the relevant post or employment.

When any of the circumstances mentioned in this number or in the previous one occur, which determine the change of address or prevent the occupation of the dwelling, the deduction shall be made up to the time when these circumstances occur.By way of exception, when the taxpayer enjoys the use of their usual residence by reason of their position or employment, deductions may continue to be made for this concept for as long as this circumstance is maintained and the residence is not used.

3.Concepts that are considered to be the main residence, for the purposes of the deduction

- **The annexes** or any other element that does not constitute the dwelling itself, such as gardens, parks, swimming pools and sports facilities, **provided that they are acquired together with the dwelling.**
- **The parking spaces acquired together with this one, with a maximum of two**.For the purposes of the deduction, parking spaces that meet the following requirements are understood to have been acquired with the dwelling:

  a. That they are located in the same building or property complex and are delivered at the same time.

  b. The transfer is carried out in the same act, even if it is in a different document.

  c. They are used or available for use by the acquirer, i.e. their use is not transferred to third parties.

Verification of financial position:effective base of deductible investment

Regulations:Item 70.1 Law IRPF , writing at 31-12-2012

Without prejudice to the existence of maximum deduction bases for the different investment concepts discussed below, the effective enjoyment of the deduction for investment in the main residence is conditional upon the verified amount of the taxpayer's assets at the end of the tax period exceeding the value shown by its verification at the beginning of the same by at least the

amount of the investments made, without including interest and other financing expenses.

> The purpose of the verification of the wealth situation is to ensure that investments in habitual housing and in newly created or newly created companies entitled to deduction are made with the income generated in the period, avoiding deductions from amounts corresponding to income generated in previous periods.

The comparison of the assets at the end and beginning of the tax period shall be made on the basis of the acquisition value of all the assets and rights that make up the taxpayer's assets, including those exempt from the Heritage Tax, **without, therefore, the value variations experienced during the tax period by the assets that at the end of the tax period remain part of the taxpayer's assets.**

However, **in the case of rehabilitation or expansion of the usual housing** , investments made in the financial year will be valued in the final assets independantly of the housing.

Similarly, **in the case of works and facilities for the adaptation of the usual housing for reasons of disability,** the amounts paid to cover these works should be included in the final assets assessment of the tax period, both in the event that the latter have the consideration of investment (those made on the habitual dwelling of the taxpayer) and of expenditure (those made on the dwelling leased or sublet by the taxpayer).

In the event that the increase in assets at the end of the tax period is less than the amount invested or the amount of the adaptation works and installations carried out for reasons of disability, without including interest and other financing expenses, the deduction for investment in housing or for adaptation works and installations may only be made on the amount by which the taxpayer's assets have increased, increased by the interest and other financing expenses paid.

Example

Mr. A.G.E., acquired his habitual residence on 30 November 2006 for a total price of 150,000 euros.This home was partly financed by a mortgage loan of 120.000 euros.

In 2022, A.G.E. invested €9,000 in his primary residence, of which €1,000 euros correspond to interest on the loan and the rest to repayment of the loan.

The taxpayer's assets on 1 January 2022 consisted of the house;equity in an investment fund valued at eur 55.200;a bank account of €5,700 and a car acquired for a total of €25,242 in 2021 and whose current valuation is estimated at €21,035.The amount of the loan due on that date was 95.000 euros.

The assets at 31 December 2022 consist of the home, investment funds with a net asset value at that date of 52,200 euros;eur 3.000 in the bank account and car, the value of which is estimated at eur 15.625 at that date.

In 2022, he obtains earned income amounting to €54,000.

Determine whether it meets the demand for a proven increase in equity in the amount of investment.

Solution:

a. Final equity (31-12-2022) = 66,000

- Housing (150.000,00 - 87.000,00) = 63.000
- Bank account:=3.000

b. Initial equity (01-01-2022) = 60.700

- Housing (150.000,00 - 95.000,00) = 55.000
- Bank account = 5,700

Increase in equity = 5.300

Investment made in 2022 = 9,000

Effective basis for deductible investment (increase in equity without computing interest and other financing costs) =5.300

Note for the example:

The interest on the loan (€1,000) must be added to the effective base of the deductible investment (€5,300) and the result (€6,300) will be the amount of the tax deduction base corresponding to the taxpayer in 2022.

It should also be noted that the solution to the example does not take account of the car or investment funds, since they remain part of the taxpayer's assets at the end of the tax period.

Modalities of deduction

The eighteenth transitional provision of the Law of IRPF maintains three of the four types of deduction for investment in housing that until 2012 were regulated by article 68.1 of the aforementioned Law, which are:

Acquisition, construction, refurbishment and extension of the principal residence

Regulations:(Arts.68.1 and 78.2 Law IRPF, as at 31-12-2012;55 Reglamento IRPF, as at 31-12-2012

Who is entitled to this deduction?

Taxpayers who meet the following requirements have the right to apply the deduction for investment in a main residence for quantities paid during 2022:

a. In the case of the acquisition of a primary residence, when the home was legally acquired before 1 January 2013 or after that date, provided that in the latter case amounts had been paid for the construction of the home before 1 January 2013 and the completion of the works had taken place within the periods established in the applicable IRPF regulations, adding, where applicable, the suspension period established by the ninth additional provision of Royal Decree-Law 11/2020.

b. In the case of renovation work on the main residence, where amounts have been paid for such work prior to 1 January 2013, provided that the work was completed before 1 January 2017.

c. Taxpayers who had paid amounts prior to 1 January 2013 for extension work on their main residence, provided that the said work was completed before 1 January 2017.

In any case, the taxpayer must have taken the deduction for investment in the main residence in relation to the amounts paid for the acquisition, construction, refurbishment or extension of said residence in a tax period accrued prior to 1 January 2013, unless it could not have been taken because it did not exceed the amounts invested in previous dwellings, insofar as they had been subject to deduction when integrating effective deduction bases, plus, where applicable, the amount of exempt capital gains due to reinvestment.

New 2022:disappearance of the construction mode in 2022 and application of the transitional regime.

Article 55 of the Regulations of IRPF, in the wording in force on 31 December 2012, assimilated the acquisition of the habitual residence to its "construction" in cases in which the taxpayer had directly paid the expenses derived from the execution of the works, or had paid amounts on account to the promoter thereof, provided that the works were completed within a period not exceeding four years from the start of the investment or, in the exceptional cases provided for in paragraphs 3 and 4 of said Article 55 of the Regulations, an extension of said period was granted which could not exceed, in any case, a further four years.

As a consequence of the above, the application of the transitional regime of the deduction in the modality of "construction of the principal residence" required:

1º. The taxpayer had taken the deduction for investment in a principal residence in relation to the amounts paid for the construction of such residence in a tax period accrued prior to 1 January 2013 (unless the provisions of Article 68.1.2.2 of the Law of IRPF in its wording in force on 31 December 2012 had been applicable) and

*2º. That the aforementioned works, taking into account the period of 4 years, have been completed, in any case**, before 1 January 2017 or, in the case of an extension, until 19 March 2021 at the latest, which will also lead to the legal acquisition of the dwelling.***

> ***Accuracy:** for the purposes of calculating the four-year period in the case of extending the deadline for completion of the works and legal acquisition of the property under the terms indicated, the period from 14 March to 30 May has not been taken into account, by virtue of the provisions of the ninth additional provision of Royal Decree-Law 11/2020, of 31 March, adopting urgent complementary measures in the social and economic sphere to tackle Covid-19 (BOE of 1 April) and the modification of the time references provided for in the first additional provision of Royal Decree-Law 15/2020, of 21 April, on urgent complementary measures to support the economy and employment (BOE of 22 April).Therefore, the deadline for the completion of the works and legal acquisition of the property would expire on 19 March 2021.*

To this end:

- *In cases of construction through direct execution by the taxpayer -self-promotion-, the legal acquisition is understood to have been obtained with the completion of the works, a fact that must be duly proven, failing which the date of the deed of declaration of new*

construction will be taken as the date of the new construction.

- *In cases of construction by means of delivery to a developer or cooperative, the legal acquisition is understood to have been obtained in accordance with the provisions of the Civil Code, when the contract (title) and the tradition or delivery of the dwelling (mode) concur.*

In accordance with the above, in the 2022 financial year in cases of construction of the main residence, the deadlines have been met, in order to continue applying the deduction the works must have been completed and the legal acquisition of the dwelling in the terms mentioned before 20 March 2021.For this reason, ***taxpayers who use third-party financing may continue to take the deduction for the amounts paid in the year (principal and interest) for the construction of the main residence under the heading "Acquisition and/or construction of the main residence of the main residence"*** *in Annex A.1 of the return, but they must enter the date of the deed of acquisition or new construction of the home as additional data in the return of IRPF .*

Concept of acquisition, construction, refurbishment and extension of the principal residence

Concept of acquisition of a principal residence

For the purposes of the deduction, the acquisition of a main residence is understood to be the acquisition in the legal sense of the right of ownership or full ownership of the property, even if this is shared, regardless of the legal transaction that gives rise to it.Thus, the acquisition may be made by sale, permule, inheritance, legacy or donation.It is therefore excluded from the concept of acquisition valid for the application of the deduction, the acquisition of the new property, usufruct or other real rights of enjoyment or enjoyment over the habitual dwelling.

The deduction for the purchase of a principal residence may be applied if the property was legally acquired prior to 1 January 2013.In other words, if the contract (title) and the tradition or delivery of the dwelling (mode) are in place before that date.

Precisions*:*

- *In the event of marriage annulment, divorce or legal separation, the taxpayer may continue to make this deduction for the amounts paid in the tax period for the acquisition of the home that was their main residence during the marriage, provided that it continues to be their main residence for the common children and the parent in whose company they remain.*

  You may also make a deduction for the amounts paid, where applicable, for the purchase of the home that constitutes or will constitute your main residence, up to a joint limit of 9,040 euros per year.

- *The right to apply the deduction for investment in the main residence is recognised even in cases where the main residence was originally acquired in full ownership by the spouses in pro indiviso or for the marital partnership, and, although it is the main residence of both spouses and their minor children, the ownership is dismembered, not voluntarily, but mortis causa due to the death of one of the spouses, and the residence continues to be the main residence of the family unit.See in this respect the Resolution of the TEAC of 8 May 2014, Complaint number 00/00990/2012, handed down in an extraordinary appeal for the unification of criteria.*

- *In the event of the termination of a condominium on the main residence as from 1 January 2013, if one of the parties*

obtains 100% of the property, they will be entitled to apply 100% of the deduction for the acquisition of the main residence, up to a total of 9,040 euros of base, provided that they had applied the deduction in a financial year prior to 2013 in the percentage corresponding to their share in the condominium.

In this case, the application of the deduction for the part acquired up to 100% of the full ownership of the property will be limited to the amount that would have been entitled to be deducted from the date of the termination of the condominium by the co-owner who ceases to be the owner of the property if the termination had not taken place.The deduction is also subject to the condition that the joint owner who ceases to be the owner has not exhausted the possibility of continuing to take the deduction for the acquisition of a principal residence at the date of the termination of the condominium.See in this respect the Resolution of the TEAC of 1 October 2020, Complaint number 00/00561/2020, handed down in an extraordinary appeal for the unification of criteria.

Remember:

A taxpayer who uses third-party financing may continue to take the deduction for the amounts paid in the financial year in relation to the construction of the main residence, provided that:

1st You have paid amounts for the construction of the main residence prior to 1 January 2013.

2º Completion of the works prior to 20 March 2021, as indicated above, has fulfilled the requirements of timely completion, occupation and effective and permanent residence.

The concept of renovation of normal dwellings

Regulations:Art. 55.5 Personal Income Tax Regulations

For the purposes of this type of deduction, refurbishment of the main residence is considered to be work carried out on it that has fulfilled any of the following requirements:

a. **That the works have been qualified or declared as a protected action in the field of housing rehabilitation**, under the terms set out in Royal Decree 1186/1998, of 12 June, on measures for the financing of protected actions in the field of housing and land of the 1998-2001 Plan (BOE of 26 June);in Royal Decree 1/2002, of 11 January, on financing measures for protected housing and land actions under the 2001-2005 Plan (BOE of 12 January);in Royal Decree 801/2005, of 1 July, which approves the 2005-2008 State Plan to promote citizens' access to housing (BOE of 13 July), in Royal Decree 2066/2008, of 12 December, which regulates the State Housing and Rehabilitation Plan 2009-2012" (BOE of 24 December);in Royal Decree 106/2018, of 9 March, which regulates the State Housing Plan 2018-2021 (BOE of 10 March).

b. **The main purpose of the work is the reconstruction of the dwelling by means of the consolidation and treatment of the structures, façades or roofs and other similar work**, provided that the overall cost of the renovation work exceeds 25% of the purchase price if the purchase was made during the two years immediately prior to the start of the renovation work or, otherwise, the market value of the dwelling at the time of the start of the renovation work.For these purposes, it will be deducted from the acquisition price or market value of the residence the proportional part corresponding to the land.

Concept of extension of the main residence

The extension of the usual dwelling is understood to be the **increase of its habitable surface area**, produced by enclosing part of it uncovered or by any other means, on a permanent basis and during all seasons of the year.Thus, this concept includes both the acquisition of a contiguous dwelling and a dwelling located at an immediate higher or lower level, in order to link it to the usual dwelling and thus increase the living area of the dwelling.

Remember:*renovation or extension work on the main residence shall qualify for the deduction where amounts have been paid for such work prior to 1 January 2013, provided that the work has been completed before 1 January 2017.*

Items that do not give a right to deduct

For the purposes of the deduction, under no circumstances are the following items considered to be an investment in the main residence:

a. **Maintenance and repair costs** regularly incurred for the purpose of maintaining the normal use of tangible assets, such as painting, plastering or repairing installations and the like.

b. **The costs of replacing elements** such as heating installations, lifts, security doors and others.

c. **Improvements,** , understood as works that result in an increase in the capacity or habitability of the property, or in a lengthening of its useful life.

d. **The parking spaces** acquired together with the dwelling that exceed two.

e. **The acquisition of parking spaces, gardens, parks, swimming pools and sports facilities** and, in general, annexes or any other element that does not constitute a dwelling itself, **provided that they are acquired independently of this**.

Amounts paid with the right to deduct and maximum deductible base

Basis of deduction

Subject to the limit of 9,040 euros, the basis for the deduction is made up of **the amounts paid by the taxpayer in the financial year** for the acquisition, construction, refurbishment and extension of the main residence, including the expenses and taxes incurred and paid by the taxpayer, such as Transfer Tax and Stamp Duty, VAT, architect's and surveyor's fees, building permit, declaration of new construction, notary and registry fees, agency fees, etc.

In the case of **investment through external financing**, the deduction will be applied as the principal of the loan is repaid and, where applicable, the corresponding interest is paid, provided that all the requirements for the application of the deduction are met.

The novation, subrogation or substitution of one loan or credit for another, including its extension, in whatever form agreed - with the guarantees and conditions that any of them may have - does not imply that the financing process of the corresponding investment is concluded at that moment, nor that the possibilities of making the deduction are exhausted.It only implies a modification of the initially agreed financing conditions, provided, of course, that the resulting loan is actually used to repay the previous loan.

Therefore, the annuities (repayments and interest) and other amounts paid on the resulting loan or credit -in its constitution, life and cancellation-, in the proportional part of the total capital obtained in this, attributable to the repayment or cancellation of the original loan -when this has been used exclusively for the purchase of the main residence-, including, where applicable, the cancellation of the mortgage registration, will be eligible for deduction for investment in the main residence, forming part of the deduction base of the tax period in which they are paid, provided that the other legal and regulatory requirements are complied with.In the case of an extension of the principal amount, if the whole of the extension is intended to cover strictly the costs associated with the repayment of the original loan, it is also eligible for deduction.On the other hand, the proportional part of the aforementioned annuities that corresponds to the increase in the principal, which has been used to finance other things, other than the acquisition of the home itself, whatever it may be, will not be eligible for the deduction base.

With regard to the new loan or credit, the taxpayer must be able to prove its use for housing purposes and the justification for its repayment.

In the case of a taxpayer who, by virtue of a divorce court ruling, pays all the payments on the loan for the purchase of the main residence that was granted jointly to both spouses and for the repayment of which they were both taking the deduction for the purchase of the main residence before 1 January 2013, the taxpayer is entitled to the application of this deduction for all the amounts paid for this purpose even if he/she only owns 50% of the residence because the community property has not been liquidated, both in the case that the residence continues to be the main residence for him/her and the joint children and in the case that the residence is the main residence for the joint children and the other parent.See in this respect the Resolution of the TEAC of 23 November 2021, Complaint number 00/00629/2021, in an extraordinary appeal for the unification of criteria.

In these cases,**, in addition to the principal and interest repayments, the other expenses derived from such financing** shall form part of the basis for the deduction, among which the following may be cited:

- **The cost of interest rate risk hedging instruments for mortgage loans** regulated in article nineteen of Law 36/2003, of 11 November, on economic reform measures (BOE of 12 November).In the case of application of such hedging instruments, the interest paid by the taxpayer shall be reduced by the amounts obtained from the application of the aforementioned instrument.

- **Premiums for life and fire insurance contracts**, provided that they are included in the conditions of the mortgage loans obtained for the purchase (or, where applicable, for the construction), renovation or extension of the principal residence.

Note: *in accordance with additional provision forty-fifth Law IRPF the following amounts will not be included in the base of the deduction for investment in primary residence nor of the deductions for this concept established by the Autonomous Community:*

- *The amounts paid by the taxpayer for the application of floor clauses in 2022, when before the end of the deadline for filing the self-assessment of IRPF for that year an agreement is reached with the financial institution to refund them, or such refund is made as a result of the enforcement or compliance with court rulings or arbitration awards.*

- *Those amounts paid in previous years by the taxpayer in application of the floor clauses subject to the refund that are used directly by the financial institution in the year, following agreement with the taxpayer affected, judgment or arbitration award, to reduce the principal of the loan.*

Maximum deductible investment base

Regulations:Art. 68.1 1º Law IRPF, wording as of 31-12-2012

The maximum deduction base for investments in the acquisition, refurbishment or extension of the main residence is **9,040 euros per year**.

This limit will be the same for all the investment items listed above and will be applied **in the same amount for joint taxation**.

The excess of the amounts invested over these amounts may not be carried forward to future years.

In the event of the termination of a condominium on the main residence as from 1 January 2013, if one of the parties obtains 100% of the property, they will be entitled to apply 100% of the deduction for the acquisition of the main residence, up to a total of 9,040 euros of base, provided that they had applied the deduction in a financial year prior to 2013 in the percentage corresponding to their share in the condominium.

In this case, the application of the deduction for the part acquired up to 100% of the full ownership of the property will be limited to the amount that the co-owner who ceases to be the owner of the property would have been entitled to deduct from the date of the termination of the condominium if the termination had not taken place.The deduction is also subject to the condition that the joint owner who ceases to be the owner has not exhausted the possibility of continuing to take the deduction for the acquisition of a principal residence at the date of the termination of the condominium.See in this respect the Resolution of the TEAC of 1 October 2020, Complaint number 00/00561/2020, handed down in an extraordinary appeal for the unification of criteria.

Other conditions for the application of the deduction

In order to determine the basis for the deduction, i.e. the amounts invested with the right to deduct, the following special rules must be taken into account in addition to the requirements outlined above:

- **When a main residence is acquired having benefited from the deduction for the acquisition of other previous main residences**, deductions cannot be made for the acquisition, refurbishment or extension of the new residence until the amount invested in it exceeds the amounts invested in the previous ones that had benefited from the deduction.
- **When the transfer of the main residence has generated an exempt capital gain by reinvestment , the basis of deduction for the acquisition, refurbishment or extension of the new main residence will be reduced by** amount of the exempt capital gain, and deductions cannot be made until the amount invested exceeds the sum of the purchase price of the previous homes, insofar as it has been deducted, plus the exempt capital gain on the previous ones.

Similarly, when **the transfer of the main residence has generated a partially non-subject capital gain** by application of the ninth transitory provision of the Law of IRPF (as the date of acquisition was prior to 31 December 1994), the deduction for the acquisition of the new home may not begin until the amount invested in the new home does not exceed the amounts invested in the previous main residence, insofar as they have been deducted, plus the capital gain that is exempt due to reinvestment.

The application of the reduction or abatement coefficients to determine the part of the capital gain obtained in the transfer of dwellings acquired before 31 December 1994 that is not subject to the IRPF by application of the provisions of the ninth transitory provision of the Law of IRPF is discussed in more detail in Chapter 11.

Remember:*taxpayers who have paid amounts for the construction of their main residence prior to 1 January 2013 and have completed the work will be entitled to continue taking the deduction under the "acquisition of a main residence" when they have used third-party financing, and meet the requirements of completion on time, occupation and effective and permanent residence foreseen for the same.*

Deduction rates

The deduction percentages applicable to the acquisition, refurbishment or extension of the main residence are those indicated in the following table:

Investment	State section of the deduction	Autonomous section of the deduction		
		Catalonia		Remaining Autonomous Communities
		In general terms	Special arrangements	
Investment made in the financial year up to 9,040 euros	7.5%	7.5%	9%	7.5%

Notes to the table:

(1) The special regime (9%) is applicable for taxpayers resident in the Autonomous Community of Catalonia who acquired their main residence before 30-07-2011 or paid amounts for the construction of the main residence before 30-07-2011 (not including the rehabilitation or extension of the main residence) and are in any of the following situations:

- Be 32 years of age or younger on the accrual date of IRPF.
- Having been in the normalising during 183 days or more during the fiscal year.
- Have a degree of disability equal to or greater than 65 percent.
- Be part of a family unit that includes at least one child on the date of accrual of personal income tax.

In order to be able to enjoy the 9 per 100 deduction percentage, the total tax base, minus the personal and family minimum, must not exceed EUR 30.000.In the case of joint taxation, this limit is computed individually for each of the taxpayers who is entitled to the deduction for having made investments in the usual dwelling in the financial year.(Return)

(2) Includes the remaining Autonomous Communities under the common system and the Cities with Statute of Autonomy of Ceuta and Melilla to which article 78.2 of the Personal Income Tax Act applies, in the wording in force on 31 December 2012.(Go back)

Adaptation works and installations of the main residence due to disability

Regulations:(Arts.68.1.4º and 78.2 Ley IRPF;57 Regulation IRPF, as at 31-12- 2012

Who is entitled to this deduction?

They will be entitled to apply the transitional regime of deduction for investment in main residence:

a. Taxpayers who have paid amounts for the execution of works and installations for the adaptation of the habitual residence of persons with disabilities prior to 1 January 2013, provided that the said works or installations have been completed before 1 January 2017.

b. Taxpayers who are co-owners of the property in which persons with disabilities reside and in which work is carried out to modify the common elements of the building that serve as a necessary passage between the urban property and the public road, such as stairs, lifts, corridors, doorways or any other architectural element, as well as those necessary for the application of electronic devices that serve to overcome sensory communication barriers or to promote their safety.

Concept of works and installations for the adaptation of the main residence

For the purposes of the deduction, the following are considered to be works and installations for the adaptation of the main residence:

a. Works that involve internal reforms in the property.

b. Works to modify common elements of the building, which provide necessary access between the public path and the property, such as stairs, lifts, corridors, doors or any other architectural element.

c. Works needed to set up electronic devices to overcome sensory communication barriers or to improve safety.

Accreditation of the need for the works and installations

The adaptation works and installations must be qualified as necessary for accessibility and sensory communication to facilitate the dignified and adequate development of the disabled person, by means of a certificate or resolution issued by the IMSERSO or the competent body of the Autonomous Communities for the assessment of disabilities, based on the report issued by the Assessment and Guidance Teams dependent on the same.

Subjective requirements for the deduction

The subjective requirements that must be met to apply this deduction are the following:

a. That the person with a disability is the taxpayer himself or herself or his or her spouse or a relative, in direct or collateral line, by blood or by affinity, up to and including the third degree, who lives with him or her.

b. That the dwelling is occupied by any of the persons referred to in the previous paragraph as owner, tenant, sub-tenant or usufructuary.

Amounts invested with the right to deduct

The basis for the deduction is made up of the amount paid in the year by the taxpayer for works and installations to adapt the home for reasons of disability in the terms mentioned above.

Maximum deductible investment base

Regulations:(Arts.68.1.4º d) Law IRPF, wording as at 31-12-2012

The maximum annual deduction base for amounts spent on works and installations for the adaptation of the taxpayer's main residence due to disability is **12,080 euros per year**.

This limit is also applied with joint taxation.

The excess of the amounts invested over these amounts may not be carried forward to future years.

Remember: *the limit of 12,080 euros per year for works and installations to adapt the main residence for reasons of disability is independent of the limit of 9,040 euros per year set for the other deductible items for investment in the main residence.*

Deduction rates

The deduction percentages applicable for the current year are as shown in the table below:

Investment	State section of the deduction	Autonomous section of the deduction	
		Catalonia	Remaining Autonomous Communities
Investment in the financial year up to 12,080 euros	10%	15%	10%

Note to the table:

(1) Includes the other Autonomous Communities under the common system and the Cities with Statute of Autonomy of Ceuta and Melilla to which article 78.2 of the Personal Income Tax Act applies, in the wording in force on 31 December 2012.(Go back)

Deduction for investment in new or recently created companies

Regulations:(Arts.68.1 and Additional provision Thirty-eighth.2 Law IRPF

The deduction for investment in new or recently created companies is introduced in the IRPF in order to encourage new or recently created companies to raise equity from taxpayers who, in

addition to financial capital, wish to contribute their business or professional knowledge to the development of the company in which they are investing (business angel investors), or also from taxpayers who are only interested in contributing capital (seed capital).

The highlights of this deduction are as follows:

Object, maximum basis and percentage of deduction

Object of the deduction

Taxpayers may apply this deduction for the amounts paid during the year for the subscription of shares or holdings in new or recently created companies when the requirements and conditions indicated below are met, and may, in addition to contributing capital, collaborate with their business or professional knowledge in the development of the entity in which they invest under the terms established in the investment agreement between the taxpayer and the entity.

For the purposes of this deduction, an investment made by a person who, in a capital increase of a new or recently created company, contributes a claim against the company, provided that the other requirements of Article 68.1 of the Law on IRPF are met, may be considered to be a valid investment that allows this deduction to be taken.See in this respect the Resolution of the TEAC of 1 June 2020, Complaint number 00/06580/2019, handed down in an appeal for the unification of criteria.

***Note**:this deduction is exclusively a state deduction and therefore only reduces the state tax liability.*

Deduction base and maximum amount

The maximum deduction base is **60,000 euros per year** and is made up of the acquisition value of the shares or units subscribed.

Amounts paid for the subscription of shares or units not deducted because they exceed the maximum annual basis for deduction may not be deducted in subsequent years.

Amounts paid for the subscription of shares or holdings shall not form part of the deduction base when the taxpayer **makes a deduction in respect of such amounts established by the Autonomous Community in the exercise of its powers.**

Furthermore, when the taxpayer transfers shares or holdings and opts for the application of the reinvestment exemption regulated in article 38.2 of the Law of IRPF,**, only the part of the reinvestment that exceeds the total amount obtained in the transfer of the shares or holdings will form part of the basis of the deduction corresponding to the new shares or holdings subscribed.**

In no case may a deduction be made for new shares or holdings as long as the amounts invested do not exceed the aforementioned amount of 60,000 euros per year.

Regarding the exemption for reinvestment of capital gains obtained from the transfer of shares or holdings in newly or recently created companies, see Chapter 11.

Percentage of deduction

The percentage of deduction applicable to the amounts paid in the financial year for the subscription of shares or holdings in new or recently created companies, as described above, **is**

30 per cent.

Requirements and conditions for its application

1.Requirements to be met by the entity in which you invest

Regulations:Art. 68.1.2º Law IRPF

The organisation whose shares or stocks are acquired must comply with the following requirements:

a. **To take the form of** Sociedad Anónima, Sociedad de Responsabilidad Limitada, Sociedad Anónima Laboral or Sociedad de Responsabilidad Limitada Laboral, under the terms set out in the revised text of the Law on Capital Companies, approved by Royal Legislative Decree 1/2010, of 2 July, and in Law 4/1997, of 24 March, on Labour Companies, and **not be admitted to trading on any organised market**.

   This requirement must be met during all years of ownership of the action or participation.

b. **Exercise an economic activity** that has the personal and material means to carry it out.

   In particular, it may not have for activity the management of a property or property property property referred to in Article 4.8(a) of Law 19/1991, of 6 June, of the property tax, in none of the entity's tax periods concluded prior to the transmission of the participation.

c. The **amount of the entity's own funds** may not exceed **400,000 euros** at the beginning of the tax period of the entity in which the taxpayer acquires the shares or holdings.

   Where the entity is part of a group of companies within the meaning of Article 42 of the Commercial Code, irrespective of residence and of the obligation to prepare consolidated annual accounts, the amount of own funds shall relate to all the entities belonging to that group.

2.Conditions to be met by the shares or units in which they are invested

Regulations:Art. 68.1.3º Law IRPF

The following conditions must also be met:

a. The **shares or holdings in the entity must be acquired** by the taxpayer either at **at the time of incorporation** or **through a capital increase** carried out within three years of incorporation and **remain in the taxpayer's assets for a period of more than three years and less than twelve years**.

b. The **direct or indirect shareholding of the taxpayer**, together with that held in the same entity by his spouse or any person related to the taxpayer by blood or marriage, up to and including the second degree, **may not, during any day of the calendar years of holding the shareholding, exceed 40 per cent** of the share capital of the entity or of its voting rights.

c. That they are not shares or holdings in an entity through which the **same activity is carried out as was previously carried out** through another ownership.

3.Formal requirements

Regulations:Art. 68.1.5º Law IRPF

Compliance with these requirements **must be accredited by means of a certificate issued by the entity** in the tax period in which the acquisition took place.

For this purpose, the qualifying entity has to submit an informative statement in relation to eligibility, identification of its shareholders or unitholders, percentage and holding period of the shareholding.

Note: the obligation to file an information return for newly created or newly established entities and the information to be included is set out in Article 69.1 of the IRPF Regulation.

Likewise, in relation to this informative declaration, see Order HAP/2455/2013, of 27 December, which approves form 165, "Informative declaration of individual certificates issued to members or participants of new or recently created entities" and determines the place, form, deadline and procedure for its presentation, and modifies the Order of 27 July 2001, which approves forms 043, 044, 045, 181, 182, 190, 311, 371, 345, 480, 650, 652 and 651, in euros, as well as form 777, payment or refund document in the case of extemporaneous and complementary tax returns, and which establishes the obligation to use the forms in euros from 1 January 2002 (BOE of 31 January 2002).

Limit on the deduction:verification of the state of assets

Regulations:Art. 70 Law IRPF

The application of this deduction shall require that the amount of the taxpayer's assets ascertained at the end of the tax period exceeds the value ascertained at the beginning of the tax period by at least the amount of the investments made.

For these purposes, shall not be the increases or decreases of value experienced during the tax period for assets that at the end of the same remain part of the taxpayer's assets.

> The purpose of this last requirement is to ensure that the amounts invested with the right to make the deduction come from the income generated in the period, whether or not it is subject to personal income tax, thus preventing deductions from being made on the basis of amounts that come from income generated in previous years.

Attention: *Regarding the verification of the capital situation see the comments in the corresponding section on the "Deduction for investment in principal residence":Transitional regime" in this Chapter.*

Example:Application of the deduction for investment in companies of new or recent creation

After the closure of the opticians in which four people worked, they decided to open a new opticians in Zaragoza for which they constituted the public limited company XX with an initial capital of €300,000 (300 shares) in January 2022.

J.A.S.M, resident in Zaragoza (former client of opticians that closed) decides to invest in the new business and purchase a total of 70 shares in the company "XX" in 2022:

- 30 shares in march (30.000 euros)
- 40 shares in november (40.000 euros)

Determine the amount of the deduction for investment in new or newly created companies in 2022 assuming that the requirements for applying the deduction are met.

Solution:

Preliminary note:taxpayers resident in the Autonomous Community of Aragon can apply in 2022 both the state deduction for investment in the acquisition of shares and equity investments in new or recently created entities and the regional deduction.However, in accordance with the regional regulation applicable in 2022, the taxpayer may apply the regional deduction only on the invested amount exceeding the general maximum deduction base for investment in the acquisition of shares in new or newly created entities provided for in Article 68.1 of the Personal Income Tax Act.

Total amount invested in 2022 (30,000 + 40,000) = 70,000

Deduction in the state tax liability

- Amount of the investment eligible for deduction **(1)** = 60.000
  - Maximum deduction base:60,000
  - Effective Deduction basis:70,000
- Amount of the deduction (60,000 x 30%) = 18,000

Deduction in the autonomous community tax liability

- Amount of the investment eligible for deduction **(2)** = 10.000
- Deduction amount (10.000 x 20%) **(3)** = 2.000

Notes for the example:

(1) The amounts invested in 2022 will be eligible for the deduction provided that they meet the requirements of article 68.1.1.1.º of the Law of IRPF having as maximum deduction base, from 1 January 2018, the amount of 60,000 euros per year.Also note that if the shares are kept a minimum of 3 years from the date of the investment, their sale or transfer will be eligible for the capital gains exemption that is generated, provided that the amount obtained is reinvested in

shares of new or newly created companies.(Return)

(2) The 10,000 euros of the 70,000 euros invested in 2022 that exceed the maximum base of the state deduction may be used as the basis for the deduction for investment in the acquisition of shares or equity investments in new or recently created entities established by the Autonomous Community of Aragon in the exercise of its powers, provided that they meet the requirements and conditions demanded.(Go back)

(3) In the regional deduction, the applicable deduction percentage is 20% with a maximum amount of 4,000 euros, which in this case is not exceeded.(Go back)

Deductions for incentives for business investment in economic activities in direct estimation

Regulations:(Arts.68.2 and 69.2 Law IRPF

Taxpayers who carry out economic activities in direct estimation may apply incentives and incentives to business investment established or established in the Company Tax Regulations with equal percentages and deduction limits, with two exceptions:

a. The provisions of Article 39.2 of the LIS , which establishes the possibility of applying the deduction for research and development and technological innovation activities in paragraphs 1 and 2 of Article 35 of the LIS, are not applicable to taxpayers of the IRPF , without being subject to the overall limit of the gross tax liability and may, where applicable, be applied for payment, provided that certain requirements are met.

   Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

b. The provisions of Article 39.3 of the LIS which, in relation to the deduction for foreign film productions in Spain provided for in Article 36.2 of the LIS, does not apply to taxpayers of the IRPF , which allows, in the event of insufficient quota, the early payment of the deduction for investment in foreign production of feature films or audiovisual works.

In addition to the deductions established by the LIS, with the exceptions indicated above, taxpayers of the IRPF whose activities meet the requirements to be considered small entities may deduct the net income from economic activities of the tax period that is invested in new tangible fixed assets or real estate investments assigned to economic activities under the terms discussed below.

Consequently, in 2022, the deductions for incentives and stimulants for business investment that may be applied by taxpayers with economic activities in the direct estimation method, in either of its two forms, normal or simplified, can be structured in the following categories or schemes:

General regime and special regimes of deductions for incentives and stimuli for business investment of the Corporate Income Tax Law

1.Rules common to deductions

a) Percentages and limits for the application of corporate income tax deductions

Regulations:(Arts.68.2 and 69.2 Law IRPF

The percentage of deduction corresponding to each type of investment and the limits (joint or specific) applicable to the deductions generated are shown, respectively, in the table of the General Scheme of Deductions and in the table of the Special Schemes of Deductions.

These limits are applied to the tax liability resulting from reducing the sum of the total tax liability, state and regional, by the total amount of the deductions for investment in new or recently created companies and for actions for the protection and dissemination of Spanish Historical Heritage and the cities, sites and assets declared World Heritage Sites.

b) Deductions not applied in the year due to insufficient tax liability

Regulations:Art. 39.1 and transitory provision twenty-four LIS

Deductions for the year itself: in accordance with Article 39.1 of the LIS the amounts corresponding to the tax period not deducted may be applied in the tax returns for the tax periods ending in the 15 years immediately following.However, the amounts corresponding to the deduction for research and development and technological innovation activities in Article 35 of the LIS may be applied in the tax returns for the tax periods ending in the 18 years immediately following.

Deductions from previous years: the deductions provided for in Chapter IV of Title VI of Law 43/1995, of 27 December, on Corporate Income Tax, and in Chapter IV of Title VI of the revised text of the Corporate Income Tax Law, approved by Royal Legislative Decree 4/2004, of 5 March, which were pending application at the beginning of the first tax period commencing on or after 1 January 2015, may be deducted from that tax period, subject to the requirements provided for in their respective applicable regulations prior to that date, within the period and under the conditions established in Article 39 of the current Corporate Income Tax Law.

(c) Cases of deferral of the running of time-limits

Regulations:Art. 39.1 LIS

The calculation of timeframes for applying the deductions may be deferred to the first tax year in which positive results are produced, within the period of limitation, in the following cases:

a. In the newly-created entities.

b. In the institutions which reorganise losses in previous years through the contribution effective new resources, without which it is considered as such the application or capitalisation reserve.

(d) Incompatibilities

Regulations:Art. 39.4 LIS

As a general rule, the same investment may not give rise to the application of more than one

deduction by the same taxpayer unless expressly provided for, nor may it give rise to the application of a deduction by more than one taxpayer.

e) Maintenance of investments

Regulations:Art. 39.5 LIS

The assets subject to the deductions must remain in operation for 5 years or 3 years in the case of movable assets, or for their useful life, whichever is shorter.

In the case of film productions and audiovisual series, this requirement is understood to be fulfilled to the extent that the production company maintains the same percentage of ownership of the work during the period of 3 years, without prejudice to its right to market all or part of the exploitation rights derived from the work to one or more third parties.

f) Prescription of the right to check deductions

Regulations:Art. 39.6 LIS

The Administration's right to initiate the procedure to verify the deductions for incentives and incentives for business investment of the LIS provided for in this section, applied or pending application, shall expire 10 years after the day following the end of the period established for filing the tax return or self-assessment corresponding to the tax period in which the right to apply them was generated.

Once this period has elapsed, the taxpayer must accredit the deductions he/she intends to apply, by showing the tax assessment or self-assessment and the accounts, with proof of their deposit during the aforementioned period at the Companies Registry.

(g) Other general conditions and requirements of application

The deductions mentioned in this section are only applicable to taxpayers who carry out economic activities and determine their net income using the direct assessment method, in either of its two modalities.

However, deductions pending application from investments made in previous years in which the taxpayer has been included in the direct assessment method and has fulfilled the requirements established for this purpose, may be deducted in this return and until the end of the legal period granted for this purpose, even if the taxpayers are included in the objective assessment method in this year.

Note: *taxpayers of the IRPF, partners of civil companies to which the income attribution system was applicable and who became corporate taxpayers as of 1 January 2016, may continue to apply the deductions for investment in economic activities provided for in article 68.2 of the Law of IRPF that were pending application on 1 January 2016 to their total tax liability under the terms provided for in article 69 of the Law of IRPF, provided that the conditions and requirements established in the LIS (thirtieth transitory provision of the Law of IRPF) are met.*

2.General deduction regime

The business investments which in the year 2022 determine the right to deduct for this item are contained in **articles 35, 36 and 38** of the LIS.

Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

Deduction for job creation in article 37 of the LIS: *with effect for tax periods beginning on 1 January 2019, the sole repealing provision of Royal Decree-Law 28/2018, of 28 December, for the revaluation of public pensions and other urgent measures in social, labour and employment matters, repealed article 4 of Law 3/2012, of 6 July, on Urgent Measures for the Reform of the Labour Market, which established the possibility of concluding employment contracts for an indefinite period of time to support entrepreneurs.*

However, the sixth transitory provision of the aforementioned Royal Decree-Law 28/2018 maintained the validity of those contracts that had been entered into prior to that date (1 January 2019) under the regulations in force at the time of their conclusion and those of their corresponding incentives.

As a consequence of the above, the deduction for job creation under article 37 of the LIS continued to apply to employment contracts for an indefinite period of time to support entrepreneurs entered into before 1 January 2019.This deduction was to be made from the full tax liability for the tax period corresponding to the end of the one-year probationary period required for the corresponding type of contract.Therefore, for contracts validly concluded in 2018, for which the probationary period ended in one year, the deduction could be applied to the full tax liability for 2019.

However, from 2020 onwards, the right to apply this deduction will no longer apply, as these contracts have been repealed as of 1 January 2019.

Furthermore, in accordance with the provisions of paragraph 5 of the twenty-fourth transitory provision of the LIS, the **deduction for investments of article 37 of the revised text of the Corporate Income Tax Act,** approved by Royal Legislative Decree 4/2004, is applicable in 2022 in those cases in which the investment in assets assigned to economic activities is made in accordance with a special investment plan approved by the tax authorities at the proposal of the taxpayer and said plan allows the net income from economic activities of the 2014 tax period to be invested in new tangible fixed assets or real estate investments in the 2022 tax year.

The table below shows each of these types of deduction, their percentage deduction and the joint limit, as well as a study and specific commentary on each of them:

General deduction regime table (Law 27/2014, of 27 November, on Corporate Income Tax)

Deductions to encourage the performance of certain activities:investment modalities		Percentage of deduction	Joint limit
For investment in research and development and technological innovation (art. 35 LIS)	In research and development activities (art. 35.1 LIS)	25/42/8 per 100 17 per 100 (additional)	25/50 per 100
	In technological innovation activities (art. 35.2 LIS)	12 per 100	
For investments in film productions, audiovisual series and live performances of performing arts and music (art. 36 LIS)	In Spanish productions of feature films, short films and audiovisual series (art. 36.1 LIS)	30/25 per 100	
	In foreign productions of full-length films or audiovisual works -for execution costs incurred in Spanish territory- (art. 36.2 LIS)	30/25 per 100 (excluded from the joint limit)	
	In live performances of performing arts and music - production and exhibition costs - (art. 36.3 LIS)	20 per 100	
For investment in profits of the former art. 37 Texto Refundido LIS (D.T.24ª LIS)		10/5 per 100	
For job creation for workers with disabilities (art. 38 LIS)		9.000 /12.000 euros person/year	

Note: *investments made during the year by entities under the income attribution system (civil companies that are not taxpayers of corporation tax, inheritances, community of property, etc.).which determine their net income in direct assessment, in either of its two modalities, may be subject to deduction by each of the partners, heirs, co-owners or participants in proportion to their share in the result of the entity.*

Article 35 LIS "Deduction for research and development and technological innovation activities".

Note: *It should be borne in mind that, in accordance with the provisions of article 68.2 of the Law of IRPF, the deductions for research and development and technological innovation activities of article 35.1 and 2 of LIS,* ***are applicable to IRPF taxpayers who carry out economic activities, with the exception of the provisions of paragraph 2 of article 39 of the LIS,*** *that is, they may not, optionally, be excluded from the joint limit of 50 percent, nor apply these deductions with a discount of 20 percent of their amount when certain requirements are met nor, finally, request, in the event of insufficient quota, their payment to the Administration under the terms determined by the LIS.*

The most relevant modalities and aspects to be examined in the deduction for research and development and technological innovation activities in Article 35 of the LIS are the following:

A. Deduction for Research and Development activities (art. 35.1 LIS)

Subject

Regulations:Art. 35.1.a) LIS

Article 35.1.a) of the LIS defines **research and development** in the following terms:

- Research is considered to be original, planned enquiry aimed at discovering new knowledge and a better understanding in science and technology.
- Development is the application of the results of research or any other type of scientific knowledge for the manufacture of new materials or products or for the design of new processes or production systems, as well as for the substantial technological improvement of pre-existing materials, products, processes or systems.

In addition, the paragraph specifically considers the following activities as research and development activities which qualify for this deduction:

- The materialisation of new products or processes in a plan, scheme or design, as well as the creation of a first non-marketable prototype and initial demonstration projects or pilot projects, provided that these cannot be converted or used for industrial applications or commercial exploitation.
- The design and creation of a collection of samples in order to launch new products.For these purposes, the launch of a new product shall be understood as its introduction on the market and a new product shall be understood as one whose novelty is essential and not merely formal or accidental.
- The creation, combination and configuration of advanced software, using new theorems and algorithms or operating systems, languages, interfaces and applications aimed at elaborating products, processes or new or substantially improved services.Software designed to facilitate

access to information society services for people with disabilities fall under this concept when they are carried out not for profit.Standard or routine activities related to software maintenance and minor updates are not included.

Deduction base

Regulations:Art. 35.1.b) LIS

The basis for the deduction is the amount of research and development expenditure and, where appropriate, investment in tangible and intangible fixed assets excluding buildings and land.

For these purposes, research and development expenditure shall be considered to be expenditure incurred by the taxpayer, including depreciation of the assets assigned to the aforementioned activities, insofar as it is directly related to the aforementioned activities and is actually applied to carrying them out, and is specifically identified by project.

> **Accuracy**:the concept of expenditure is none other than expenditure in accounting terms;i.e. the basis for deduction is the accounting expenses for the year applied to the research and development activity, and therefore the excess of tax depreciation over the accounting depreciation, derived from the rules on freedom of depreciation corresponding to the investments made in assets applied to these activities, does not form part of the deduction.

The base of the deduction will be reduced by the amount of the subsidies received to promote said activities, and are taxed as income during the tax period.

The research and development expenditure on the basis of the deduction must correspond to activities carried out in Spain or in any Member State of the European Union or the European Economic Area.

Likewise, amounts paid for the performance of such activities in Spain or in any Member State of the European Union or of the European Economic Area, on behalf of the taxpayer, individually or in collaboration with other entities, will also be considered as research and development expenses.

The investments will be understood to have been made when the capital assets are put into operating condition.

Deduction rates

Regulations:Art. 35.1.c) LIS

The deduction percentages are:

- In general, **25 per cent** of the expenses incurred in the tax period under this heading.

  However, in the event that the expenditure incurred in carrying out research and development activities in the tax period is greater than the average of that incurred in the previous 2 years, **25 per cent** will be applied up to that average, and **42 per cent** will be applied to the excess.

  In addition, an additional deduction of 17 per cent of the amount of the entity's personnel expenses corresponding to qualified researchers assigned exclusively to research and development activities may be made.

- The **8 per cent** of investments in tangible and intangible fixed assets, excluding buildings and land, provided that they are used exclusively for research and development activities.

It is also required that the items in which the investment is made remain in the taxpayer's assets, unless there are justified losses, until they fulfil their specific purpose in the research and development activities, unless their useful life in accordance with the depreciation method allowed under Article 12.1(a) of the LIS, which is applied, is shorter.

In short:

Percentage deduction	Basis of deduction
25%	Spending on R&D in the period, up to the average for the 2 previous years.
42%	Spending on R&D in the period, in excess of the average for the 2 previous years.
17%	Qualified R&D staff costs.
8%	Investments related to R&D (except buildings and land).

B. Deduction for technological innovation activities (art. 35.2 LIS)

Concept of technological innovation

Regulations:Art. 35.2.a) LIS

Technological innovation is considered to be an activity resulting in a technological breakthrough in the development of new products or production processes or substantial improvements to existing ones.New products or processes are considered to be those whose characteristics or applications are substantially different from those that existed previously, from a technological point of view.

This activity shall include the materialisation of new products or processes in a plan, scheme or design, the creation of a first non-marketable prototype, initial demonstration projects or pilot projects, including those related to animation and video games, and samples of textiles, footwear, tanning, leather goods, toys, furniture and wood, provided that they cannot be converted or used for industrial applications or commercial exploitation.

Deduction base

Regulations:Art. 35.2.b) LIS

1.Technological innovation activities whose expenses are included in the deduction base

The basis for the deduction for technological innovation activities shall consist of the amount of expenditure for the period corresponding to the following items:

a. Technological diagnosis activities based around the identification, definition and orientation of advanced technological solutions, regardless of their results.

b. Industrial design and engineering for production processes, including the design and elaboration of plans, drawings and supports aimed at defining the descriptive elements, technical specifications and functioning characteristics required for the manufacturing, testing, installation and use of a product, as well as the elaboration of textile samples, in the footwear, tanning, leather goods, toys, furniture and wood industries.

c. Acquisition of advanced technology in the form of patents, licences, know-how and designs.

   Amounts paid to people or entities related to the taxpayers do not give way to the right to the deduction.

   The base corresponding with this concept cannot exceed 1 million euros.

d. Acquisition of the certificate of compliance with quality-assurance standards, corresponding with ISO 9000, GMP or similar, without including expenses incurred for implementing said standards.

2.Delimitation of technological innovation expenditure

Expenditure incurred by the taxpayer is considered to be technological innovation expenditure to the extent that it is directly related to technological innovation activities, is effectively applied to the realisation of these activities and is specifically identified by project.

The technological innovation expenses that form the basis for the deduction must correspond to activities carried out in Spain or in any Member State of the European Union or of the European Economic Area.

Likewise, amounts paid for the performance of such activities in Spain or in any Member State of the European Union or of the European Economic Area, on behalf of the taxpayer, individually or in collaboration with other entities, will be considered as technological innovation expenses.

The base of the deduction will be reduced by the amount of the subsidies received to promote said activities, and are taxed as income during the tax period.

Percentage of deduction

Regulations:Art. 35.2.c) LIS

In this case, the deduction percentage will be **12 per 100** of the expenses incurred in the tax period for this concept.

Note: *Please note that for the financial years **2020 and 2021**, the increases in the rate of deduction for these financial years for expenditure incurred on projects started on or after 25 June 2020 consisting of technological innovation activities resulting in a technological breakthrough in obtaining new production processes in the automotive industry value chain or substantial improvements to existing ones, will be:*

- *Up to 50 per cent in the case of taxpayers that qualify as small and medium-sized enterprises within the meaning of Annex I to Commission Regulation (EU) No 651/2014 of 17 June 2014.*

  According to the aforementioned Regulation (EU) No 651/2014 the category of micro, small and medium-sized enterprises (SMEs) consists of enterprises which employ fewer than 250 persons and whose annual turnover does not exceed EUR 50 million or whose annual balance sheet total does not exceed EUR 43 million.

- *Up to 15 per cent for other taxpayers under certain conditions.*

Therefore, for the year 2022, the applicable deduction rate will be the generally established rate of 12 per cent.

See Article 7 of Royal Decree-Law 23/2020 of 23 June.

C. Exclusions and pre-assessment of costs

Exclusions

Regulations:Art. 35.3 LIS

The assumptions that **do not** are considered research and development activities **or** of technological innovation are the following:

a. **Activities not involving significant scientific or technological innovation**.In particular, routine efforts to improve the quality of products or processes, the adaptation of an existing product or production process to specific requirements imposed by a customer, periodic or seasonal changes, except for textile, footwear, tanning, leather goods, toys, furniture and wood samples, as well as aesthetic or minor modifications of existing products to differentiate them from similar products.

b. **The activities of industrial production and provision of services or distribution of goods and services**.In particular, the planning of productive activity:preparation and start of production, including tool setting and activities other than those referred to in Article 35(2)(b)(1) to (4) of LIS;the incorporation or modification of plant, machinery, equipment and systems for production which are not concerned with activities classified as research and development or innovation;The solution of technical problems of production processes interrupted;The quality control and standardisation of products and processes;social science foresight and market research;the establishment of networks or facilities for marketing;The training and staff training related to said activities.

c. **Exploration, drilling or prospecting for minerals and hydrocarbons.**

Prior appraisal of expenditure on scientific research or technological innovation projects

Regulations:Art. 38 Regulation IS

In accordance with the provisions of article 38 of the Regulations of the IS, approved by Royal Decree 634/2015, of 10 July, persons or entities intending to carry out scientific research or technological innovation activities may request the tax authorities to assess, in accordance with the rules of Corporate Income Tax and, prior and binding, the expenses corresponding to such activities that they consider eligible for this deduction, with the aforementioned regulatory precept establishing the content of the request and the procedure to be followed.

Article 36 LIS "Deduction for investments in film productions, audiovisual series and live performances of performing arts and music".

Article 36 of the LIS regulates the deduction for investments in film productions, audiovisual series and the production and exhibition of live performing arts and musical shows, distinguishing in separate sections between Spanish productions, expenses incurred in the execution of a foreign production in Spain and expenses incurred in the production and exhibition of live performing arts and musical shows.

These deductions are discussed in the following sections:

A. Deduction for investments in Spanish film productions and audiovisual series (art. 36.1 LIS)

Beneficiaries of the deduction

Regulations:see also art. 39.7 LIS

a. **Producers:** taxpayers making Spanish productions of feature films and short films and of fiction, animation or documentary audiovisual series.

b. **Funders:** from 1 January 2021, entrepreneurs or professionals who participate in the financing of Spanish productions of feature films, short films, fiction, animation or documentary audiovisual series are allowed to apply this deduction, under the same conditions as the producers who generate the right to it, when the following circumstances are met:

- They provide funding to cover all or part of the production costs as well as the costs of obtaining copies, publicity and promotion at the producer's expense **up to a limit of 30% of the production costs.**

  Time at which funding should be provided:

  - The **amounts intended to finance production costs** may be contributed at any stage of production, before or after the producer incurs these production costs until the certificates referred to in Article 36(1)(a') of the LIShave been obtained.
  - The **amounts intended to finance expenses for obtaining copies, advertising and promotion to be borne by the producer** may be contributed before or after the producer incurs such expenses, but never after the tax period in which the producer incurs them.

- **That they do not acquire intellectual or other property rights over the results of the production**, the ownership of which shall in any case remain with the producer.

- **They are not related**, within the meaning of Article 18 of the LIS, to the taxpayer generating the right to deduct (the producer).

***Important**: the producer and the taxpayers participating in the financing (**financiers**) of the production must sign one or more financing contracts, which may also be signed at any stage of production , and both and **must notify** to the tax authorities prior to the end of the tax period in which the latter (producer) is entitled to apply the deduction, providing both the financing contract signed and the certificates of compliance with the requirements set out in Article 36.1 for the application of the deduction.*

To make this communication regulated in art. 39.7 LIS , the management "Presentation of communication regulated in art. 39.7 LIS" has been created in the Electronic Headquarters of the State Tax Administration Agency.

Basis of deduction

The basis for the deduction shall be the total cost of the production, as well as the costs of obtaining copies and the costs of advertising and promotion to be borne by the producer **up to a limit for both of 40 per cent of the production cost**.

At least **50 per 100** of the deduction base must correspond to **expenditure incurred in Spanish territory**.

In the case of a co-production, the amounts shall be determined, for each co-producer, on the basis of their respective percentage share in the co-production.

The deduction base **will be reduced** by the amount of the subsidies received to finance the investments giving rise to the right to deduct.

Percentage deduction and maximum amount of deduction

a. Percentage

Investments in **Spanish feature and short film productions and fiction, animation or documentary audiovisual series**, which allow the production of a physical support prior to their serialised industrial production will entitle the producer or the taxpayers participating in the financing (financier) to a deduction which will be:

- From **30 per 100 per cent** of the first million of the deduction base.
- From **25 per 100 per cent** on the excess of this amount.

b. Maximum amount of the deduction

- **For the producer:** the amount of this deduction may not exceed **10 million euros**.
- **For the funder:** although it may determine the amount of the deduction under the same

conditions as would have applied to the producer, provided that they have been generated by the latter, the maximum amount of the deduction **shall be the result of multiplying by 1.20 the amount of the sums contributed by** to finance the aforementioned production costs and the costs of obtaining copies, advertising and promotion borne by the product.

The excess deduction may be applied by the producer who has generated the right to the deduction.

Remember: *in the case of the financer, he may apply the deduction provided for in Article 36(1) of the LIS where he contributes amounts intended to finance all or part of the production costs, as well as the costs of obtaining copies, advertising and promotion at the producer's expense up to a limit of 30 per cent of the production costs.*

Requirements

For the application of the deduction established in this section, the following requirements must be met:

1. That the production obtains the corresponding certificate of nationality and the certificate accrediting its cultural character in relation to its content, its link with the Spanish cultural reality or its contribution to the enrichment of the cultural diversity of cinematographic works shown in Spain, issued by the Instituto de Cinematografía y de las Artes Audiovisuales, or by the corresponding body of the Autonomous Community with competence in the matter.

   In relation to the certificate of nationality, see Article 5 of Royal Decree 1084/2015, of 4 December, in development of the provisions of Article 5 of Law 55/2007, on Cinema.

   These certificates will be binding for the competent tax administration in terms of accreditation and application of the above tax incentives and identification of the beneficiary producer, regardless of the time at which they are issued.

2. A new copy of the production in perfect condition must be delivered to the Filmoteca Española or the film library officially recognised by the respective Autonomous Community.

In short:

Percentage deduction		Maximum amount	Basis of deduction
30%	Up to €1 million	10 million In addition, in the case of the financier, the result of multiplying by 1.20 the amount of the sums he has contributed to finance the production costs or the costs of obtaining copies, advertising and promotion to be borne by the product.	(+) Total cost of production together with costs of obtaining copies, advertising and promotion costs to be borne by the producer up to a limit of 40% of the cost of production. In the case of the financier, production costs and the costs of obtaining copies, publicity and
25%	On the excess of €1 million		

Percentage deduction		Maximum amount	Basis of deduction
		Not exceeding the following limits	promotion to be borne by the producer up to a limit of 30% of the production costs. (-) Amount of subsidies received to finance the investments that generate the right to deduction.

Limits

The amount of this deduction, together with the other aid received by the taxpayer, may not exceed **50 percent of the production cost**.However, this limit is raised to:

- The **85 per 100** for short films.
- The **80 percent** for productions directed by a person who has not directed or co-directed more than two feature films qualified for commercial exploitation in cinemas, whose production budget does not exceed 1,500,000 euros.
- The **80 per 100 per cent** in the case of productions filmed entirely in one of the co-official languages other than Spanish which are screened in Spain in that co-official language or subtitled.
- The **80 per 100 per cent** in the case of productions directed exclusively by people with a degree of disability equal to or greater than 33 per cent recognised by the competent body.
- The **75 per 100 per cent** in the case of productions made exclusively by female directors.
- The **75 per 100 per cent** in the case of productions with a special cultural and artistic value that require exceptional financial support according to the criteria established by Ministerial Order or in the corresponding calls for aid.
- The **75 per 100** in the case of documentaries.
- The **75 per 100 per cent** in the case of animated works whose production budget does not exceed 2,500,000 euros.
- The **60 per 100 per cent** in the case of cross-border productions financed by more than one EU Member State and involving producers from more than one Member State.
- The **60 per 100** in the case of international co-productions with Latin American countries.

Tax period in which the deduction is applied

The production costs incurred in each tax period will qualify for this deduction, although it will be applied with effect from the tax period in which production of the work is concluded.

However, in the case of animation productions, the deduction shall apply from the tax period in which the certificate of nationality referred to in Article 36(1)(a') of the LIS is obtained.

Attention:*lhe application of the deduction by the taxpayer participating in the financing* ***shall be incompatible****, in whole or in part, with the deduction to which the producer would be entitled .*

B. Deduction for foreign film productions in Spain (art. 36.2 LIS)

Note: *It should be taken into account that, in accordance with the provisions of article 68.2 of the Law of IRPF, IRPF taxpayers who carry out economic activities can apply this deduction of article 36.2 of LIS,* ***with the exception of the provisions of paragraph 3 of article 39 of LIS,****, that is, no may, in the event of insufficient quota, request its payment to the Administration under the terms determined by the LIS.*

Producers registered in the Administrative Register of Film Companies of the Institute of Cinematography and Audiovisual Arts who are in charge of the execution of a foreign production of feature films or audiovisual works that allow the production of a physical support prior to their industrial serialised production, will be entitled to the deduction for the expenses incurred in Spanish territory.

Basis of deduction

The basis for the deduction is made up of the following expenses incurred in Spanish territory directly related to production:

1. Cost of creative staff, provided they are tax-registered in Spain or another member State of the European Economic Area, with the limit of EUR 100,000 per person.
2. Expenses deriving from the use of technical industries and other suppliers.

Deduction percentages and maximum amount of deduction

The amount of deduction shall be:

a. **In general**

- From **30 per 100 per cent** of the first million of the deduction base.
- From **25 per 100 per cent** on the excess of this amount.

The deduction shall apply provided that such expenditure incurred in Spanish territory is at least **1 million euros**.However, in the case of animation productions, the amount of such expenditure is set at least at **200,000 euros**.

The amount of this deduction may not exceed **10 million euros**, for each production carried

out.

Likewise, Article 36.2 of the LIS also establishes that the amount of this deduction, together with the other aid received by the taxpayer, **may not exceed 50 percent of the production cost**.

b. **When the producer is responsible for the execution of visual effects services and the expenses incurred in Spanish territory are less than 1 million euros:** From **30 per 100** of the deduction base.

The amount of this deduction may not exceed the amount laid down in Commission Regulation (EU) 1407/2013 of 18 December 2013 on the application of Articles 107 and 108 of the Treaty on the Functioning of the European Union to de minimis aid .

In short:

<table>
<tr><th colspan="2">Percentage deduction</th><th>Maximum amount</th><th>Basis of deduction</th></tr>
<tr><td>30%</td><td>When the producer is responsible for the execution of visual effects services and the expenses incurred in Spanish territory are less than €1 million.</td><td>It may not exceed the amount set for "de minimis" aid under Regulation (EU) 1407/2013.</td><td rowspan="3">The following expenses incurred in Spanish territory directly related to production:
• Cost of creative staff, provided they are tax-registered in Spain or another member State of the European Economic Area, with the limit of EUR 100,000 per person.
• Expenses deriving from the use of technical industries and other suppliers.</td></tr>
<tr><td>30%</td><td>Up to €1 million deduction base.</td><td rowspan="2">10 million for each production
Not exceeding 50% of the production cost

Requirement: the deduction will be applied provided that the expenses incurred in Spanish territory are at least €1 million. However, in the case of animation productions, the amount of such expenditure is set at least at €200,000.</td></tr>
<tr><td>25%</td><td>On the excess of €1 million.</td></tr>
</table>

Requirements

From 1 January 2021, the following requirements must be met in order to apply the deduction:

a') That the production obtains the corresponding certificate accrediting its cultural nature in relation to its content or its link with the Spanish or European cultural reality, issued by the Instituto de Cinematografía y de las Artes Audiovisuales, or by the corresponding body of the Autonomous Community with competence in the matter.

Attention: *it is not necessary to obtain the certificate referred to in this point a') for the application of the deduction dof 30 percent of the deduction base, applicable when the*

producer is responsible for the execution of visual effects services and the expenses incurred in Spanish territory are less than 1 million euros of article 36.2.b) LIS.

b') That a specific reference to having benefited from the tax incentive is incorporated in the final production receivables;the collaboration, where applicable, of the Spanish Government, the Autonomous Communities, the Film Commissions or Film Offices directly involved in the filming or other production processes carried out in Spain, as well as, where applicable, the specific filming locations in Spain and, in the case of animated audiovisual works, the location of the studio that has been commissioned to carry out the production service.

c') That the holders of the rights authorise the use of the title of the work and of graphic and audiovisual press material that expressly includes specific locations of the filming or any other production process carried out in Spain, for the carrying out of activities and the preparation of promotional materials in Spain and abroad for cultural or tourism purposes, which may be carried out by state, autonomous or local entities with powers in matters of culture, tourism and economy, as well as by the Film Commissions or Film Offices that have been involved in the filming or production.

Attention: *the requirements set out in points b') and c') do not apply in the case of foreign productions of feature films and audiovisual works where the contract for the execution of the production was signed before 11 July 2021, by application of the provisions of the forty-second transitional provision of the LIS.*

Limits

This deduction ***is excluded from the joint limit*** *(25/50 per 100)* ***provided for in Article 39.1 LIS*** *for deductions to encourage the performance of certain activities and, therefore, this deduction for expenses incurred in the execution of a foreign production is not computed for the calculation of this limit.*

Finally, it should be taken into account that, in the event of insufficient tax liability in the application of this deduction in Article 36.2 of the LIS, the possibility of being able to request its payment to the Administration granted in Article 39.3 of the LIS, ***is not applicable to the*** *IRPF, in accordance with the provisions of Article 68.2 of the Law of IRPF.*

C. Deduction for the production of certain live shows (art. 36.3 LIS)

Beneficiaries of the deduction

Regulations:see also art. 39.7 LIS

a. **Producers:** taxpayers engaged in the production and exhibition of certain live performances of performing arts and music.

b. **Funders:**from 1 January 2021, entrepreneurs or professionals who participate in the financing of the production and exhibition of live performing arts and music shows may apply this

deduction, under the same conditions as the producers who generate the right to it, when the following circumstances apply:

- provide funding to cover all or part of the direct artistic and technical costs of the production, as well as advertising and promotion costs to be borne by the producer, up to a limit of 30 per cent of the production costs.

  Time at which funding should be provided:

  - The **amounts intended to finance production costs** may be contributed at any stage of production, before or after the producer incurs the production costs until the certificate referred to in Article 36(3)(a) of the LISis obtained.
  - The **amounts intended to finance expenses for obtaining copies, advertising and promotion to be borne by the producer** may be contributed before or after the producer incurs such expenses, but never after the tax period in which the producer incurs them.

- Do not acquire **any intellectual or other property rights over the results of the production,** which shall in any case remain the property of the producer.
- **are not connected**, within the meaning of Article 18 of the LIS, with the taxpayer generating the right to deduct (the producer).

Important: *the producer and the taxpayers participating in the financing (**financiers**) of the production must sign one or more financing contracts, which may be signed at any stage of production, and both and **must notify** to the tax authorities prior to the end of the tax period in which the latter (producer) is entitled to apply the deduction, providing both the financing contract signed and the certificates of compliance with the requirements set out in Article 36.3 for the application of the deduction.*

To make this communication regulated in art. 39.7 LIS, the management "Presentation of communication regulated in art. 39.7 LIS" has been created in the electronic headquarters of the State Tax Administration Agency.

Percentage of deduction

Expenses incurred in the production and exhibition of live performances of performing arts and music shall be deductible at the rate of **20 per 100 per cent**.

Basis of deduction

The basis for the deduction shall be the **direct costs of an artistic, technical and promotional nature** incurred in these activities.

This base for this deduction **will be reduced** by the amount of the **subsidies received** to finance the expenses giving rise to the right to this deduction.

Maximum amount of the deduction

- **For the producer:** the deduction generated in each tax period may not exceed the amount of **500,000 euros per taxpayer**.
- **For the funder:** although it may determine the amount of the deduction under the same conditions as would have applied to the producer, provided that they have been generated by the latter, the maximum amount of the deduction shall be the result of **multiplying by 1.20 the amount of the sums contributed by** to finance the production costs and the advertising and promotion expenses borne by the producer.

  The excess deduction may be applied by the producer who has generated the right to the deduction.

> ***Remember:*** *in the case of the financer, he may apply the deduction provided for in Article 36(1) of the LIS where he contributes amounts intended to finance all or part of the production costs, as well as the costs of obtaining copies, advertising and promotion at the producer's expense up to a limit of 30 per cent of the production costs.*

In short:

Percentage of deduction	Maximum amount	Basis of deduction
20%	500,000 for each production The amount of the deduction, together with the subsidies received by the taxpayer, may not exceed 80% of the expenditure. In the case of the financier, subject to the above limits, the maximum amount shall be the result of multiplying by 1.20 the amount of the sums he has contributed to finance the costs of the production, as well as the advertising and promotion costs to be borne by the producer.	(+) Direct artistic, technical and promotional costs incurred. In the case of the financier, the production costs and expenses directly related to the publicity and promotion of the above-mentioned actions to be borne by the producer up to a limit of 30% of the production costs. (-) Amount of subsidies received to finance expenses giving entitlement to deduction

Requirements

The necessary requirements for the application of the deduction are:

a. The taxpayer must have a certificate to prove this, under the terms established by Ministerial Order, issued by the National Institute of Performing Arts and Music.

   See in this regard Order ECD/2836/2015 of 18 December 2015, which regulates the procedure for obtaining the certificate of the National Institute of Performing Arts and Music, provided for in the LIS.

b. That, of the profits obtained in the development of these activities in the financial year in which

the right to the deduction is generated, the taxpayer allocates at least **50 per 100 per cent** to the performance of activities that give entitlement to the application of the deduction provided for in this section.

Reinvested profit is understood to be profit derived from income directly related to the production and exhibition of the live performance (ticket sales, excluding sales of beverages, merchandising products, etc.).

c. The period for compliance with this obligation shall be from the beginning of the financial year in which the aforementioned profits were obtained and **the 4 years following** at the close of that financial year.

Limit

The amount of the deduction, together with the subsidies received by the taxpayer, may not exceed **80 per 100** of these expenses.

Tax period in which the deduction applies

The deduction **cannot be applied until it obtains the required certificate from the National Institute of Performing Arts and Music**.

Once **has been obtained, the deduction will be applied to the expenses incurred in each tax period** in the production and exhibition of live performing arts and music shows.

Attention: *the application of the deduction by the taxpayer participating in the financing shall be wholly or partly incompatible with the deduction to which the producer would be entitled.*

Deduction for investment of profits (former art. 37 TRLIS)

The twenty-fourth transitory provision of the LIS, establishes in section 5 that *"Income qualifying for **the deduction for investment of profits provided for in Article 37 of the revised text of the Corporate Income Tax Act**, as amended in tax periods commencing prior to 1 January 2015, shall be governed by the provisions therein and in its implementing regulations, even when the investment and the other requirements occur in tax periods commencing on or after 1 January 2015".*

Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

To this end, the aforementioned Article 37 TRLIS **stated in paragraph 2 that** :*"The investment in assets assigned to economic activities must be made between the beginning of the tax period in which the profits are obtained and the two subsequent years or, exceptionally, in accordance with a special investment plan approved by the tax authorities at the proposal of the taxpayer", **and in paragraph 3 that** "The deduction will be made from the full tax liability corresponding to the tax period in which the investment is made".*

In accordance with the above, for 2022, net income from economic activities in the 2014 tax period which, in 2022, is invested in new tangible fixed assets or real estate investments, exceptionally, in accordance with a special investment plan approved by the tax

administration at the proposal of the taxpayer , may give rise to the application of the deduction for investments in article 37 of the revised text of the Corporate Income Tax Law, with the special features established for this deduction in article 68.2 of the Law of IRPF, as it stood on 31 December 2014, if they meet the conditions and requirements established therein.

Attention: *However, it should be noted that the wording of article 68.2.b) of the Law of IRPF which regulates the deduction for investment in new tangible fixed assets and real estate investments that came into force on 1 January 2015 affects income obtained from that date that is invested between the beginning of the tax period in which the investment income is obtained and the following tax period.*

Incompatibility

This deduction is **incompatible** with the application of the freedom of depreciation, with the deduction for investments in the Canary Islands and with the Reserve for investments in the Canary Islands.

Article 38 LIS "Deduction for job creation for disabled workers".

Article 38 of the LIS includes the **deduction for job creation for disabled workers**.

There is the possibility of making a deduction for each person/year of **increase in the average number of disabled workers employed by the taxpayer during the tax period compared to the average number of disabled workers in the immediately preceding period.**

Deductible amounts

This deduction determines the following deductible amounts based on the degree of disability of workers:

- **9,000 euros for each person/year of increase in the average workforce of workers with a degree of disability equal to or greater than 33% and less than 65%, hired by the taxpayer during the tax period, with respect to the average workforce of workers of the same nature in the immediately preceding period.**
- **12,000 euros for each person/year of increase in the average number of workers, with the same conditions, if the degree of disability is equal to or greater than 65%.**

Attention: ***Article 38 of the LIS establishes two different amounts to be deducted depending on the degree of disability of the workers (equal to or greater than 33% and less than 65% and, on the other hand, equal to or greater than 65%) and therefore, in order to apply the deduction, the increase in the average number of disabled workers to a certain degree during the tax period, compared to the average number of workers of the same nature in the immediately preceding period, will be taken into account.***

Incompatibility

In addition, maintains the incompatibility in the calculation of workers hired between this deduction and the application of the freedom of amortisation with job creation established for small entities in article 102 of LIS.See Chapter 7.

Article 39.1 LIS (Joint Limit)

Regulations:Art. 69.2 Ley IRPF and 39.1 and 7.LIS

The deduction limits provided for in Article 39.1 of the LIS are applied in the IRPF on the amount resulting from reducing the sum of the total state and regional contributions (boxes ***[0545]*** and ***[0546]*** of the return), in the total amount of the deductions for investment in primary residence (in the case of taxpayers to whom the transitional regime of this deduction is applicable), for investment in new or recently created companies, provided for in Article 68.1 of the Law of IRPF, and for actions for the protection and dissemination of Spanish Historical Heritage and World Heritage (∑ boxes ***[0547]*** and ***[0548] xml-ph-0013@deepl<g/10><g/11>boxes [0549]; [0550] and [0551], respectively).***

In relation to these limits, Article 39.1 of the LIS, establishes that the amount of the deductions to encourage the performance of certain activities (excluding the deduction for expenses for the execution of a foreign production of feature films or audiovisual works referred to in Article 36.2 of the LIS which is not subject to these limits), applied in the tax period, together may not exceed 25 per cent of the quota defined above.

However, this limit is raised to 50 per cent when the amount of the deductions provided for in articles 35 (deductions for research and development and technological innovation activities) and 36 of the LIS (deductions for investments in film productions, audiovisual series and live performances of performing and musical arts), corresponding to expenses and investments made in the tax period itself, exceeds 10 per cent of the tax liability defined above (i.e. the total gross personal income tax liability, less the deductions for the protection and dissemination of Spanish Historical Heritage and World Heritage and for investments in primary residence and in new or recently created companies).

Note: ***the amount of the deduction applied by the taxpayer participating in the financing (financer) must be taken into account for the purpose of applying the joint limit of 25 per cent.However, this limit shall be raised to 50 per cent when the amount of the deduction provided for in Article 36 of the LIS (deductions for investments in film productions, audiovisual series and live performances of performing arts and music), which corresponds to the taxpayer participating in the financing, is equal to or greater than 25 per cent of the quota referred to at the beginning of this section [(∑ boxes [0545] and [0546])- (∑ boxes [0547] and [0548])- (∑ boxes [0547] and [0548] ;boxes [0549]; [0550] and [0551])].See articles 39.7 of the LIS and 69 of the Law of IRPF.***

Where there are outstanding balances of deductions from previous years, the appropriate limit (25 per cent or 50 per cent) shall apply jointly to the deductions for the year 2022 and to the outstanding balances from previous years.

Attention:For the purposes of calculating this joint limit (25 per cent or 50 per cent) the deduction for foreign film productions in Spain provided for in Article 36.2 of the LIS) will not be taken into account.

3.Special deduction schemes (Programmes to support events of exceptional public interest)

3.1.General regulation and limits

Regulations:Art. 27 Ley 49/2002, de 23 de diciembre, de régimen fiscal de las entidades sin fines lucrativos y de los incentivos fiscales al mecenazgo (BOE del 24)

Delimitation of an event of exceptional interest

Article 27.1 of Law 49/2002 defines the **support programmes for events of exceptional public interest** as "the set of specific tax incentives applicable to the actions carried out to ensure the appropriate development of the events which, where appropriate, are determined by Law".

Percentage and basis of deduction

For its part, Article 27.3 of Law 49/2002 establishes as a tax benefit for taxpayers of the IRPF who carry out economic activities under the direct estimation system the possibility of **deducting from the full tax liability 15 percent of the expenses that**, in compliance with the plans and programmes of activities established by the consortium or by the corresponding administrative body, **carry out in the propaganda and advertising of multiannual projection** that serve directly for the promotion of the respective event.

For these purposes, advertising and publicity expenses with a multi-year projection are considered to meet the aforementioned requirements when they meet the conditions referred to in Article 8(1) of Royal Decree 1270/2003, of 10 October, which approves the Regulations for the application of the tax regime for non-profit organisations and tax incentives for patronage.

Note: for this purpose, please note:

- The Resolution of 25 January 2018, of the Directorate General for Taxation, which approves the Manual for the application of tax benefits corresponding to propaganda and advertising expenses of multi-year projection, which serve to promote events of exceptional public interest (BOE of 2 February) contains the applicable rules and,
- The Resolution of 9 June 2022, of the Directorate General for Taxation, which interprets the criteria of the Manual for the application of the tax benefits provided for in section one of article 27.3 of Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage, corresponding to propaganda and advertising expenses of multi-year projection, which serve to promote events of exceptional public interest, approved by the Resolution of 25 January 2018 (BOE of 11 June).

Where the content of the advertising material relates essentially to the publicising of the event, **the basis for the deduction** shall be the **total amount of the expenditure incurred**.**Otherwise**, the basis for deduction shall be **25 percent of such expenditure**.

Limits

a. Joint limit on deductions to encourage the performance of certain activities

This deduction will be computed **jointly** with the deductions regulated in articles 35, 36 and 38 of the LIS, for the purposes of the limits established in article 39.1 of the LIS.

These limits for all the deductions provided for in Article 39.1 of the LIS are applied in the IRPF on the amount resulting from reducing the sum of the total state and regional tax payments (boxes ***[0545]*** and ***[0546]*** of the return), in the total amount of the deductions for investment in primary residence (in the case of taxpayers to whom the transitory regime of this deduction is applicable), for investment in new or recently created companies, provided for in Article 68.1 of the Law of IRPF, and for actions for the protection and dissemination of Spanish Historical Heritage and World Heritage (∑ boxes ***[0547]*** *and* ***[[0549];[0550] and [0551****]).*

In relation to these limits, Article 39.1 of the LIS establishes that the amount of the deductions (excluding the deduction for expenses incurred in the execution of a foreign production of feature films or audiovisual works referred to in Article 36.2 of the LIS which is not subject to these limits), applied in the tax period, **together may not exceed 25 percent of the quota as defined above**.

However, this limit **is raised to 50% when the amount of the deductions provided for in articles 35 and 36 of the LIS** (the latter from 1 January 2021), corresponding to expenses and investments made in the tax period itself, **exceeds 10% of the total tax liability**, less the deductions for the protection and dissemination of Spanish Historical Heritage and World Heritage and for investments in the principal residence and in new or recently created companies.

Where there are outstanding balances of deductions from previous years, the appropriate limit (25 per cent or 50 per cent) shall be applied jointly to the deductions for the year 2022 and to the outstanding balances from previous years.

b. Additional limit

As for the deduction limits, in addition to the general limit referred to in the previous section, the amount of this deduction is subject to an additional limit, which is that **may not exceed 90 percent of the donations made to the consortium, publicly owned entities or entities** referred to in Article 2 of Law 49/2002, of 23 December, in charge of carrying out programmes and activities related to the event throughout the duration of the programme.

If the deduction under examination in this section is applied for expenses linked to events of exceptional public interest, the donations referred to in the previous paragraph shall not be eligible for any of the tax incentives provided for in the aforementioned Law 49/2002.

3.2.Expenditure incurred in the financial year linked to events of exceptional public interest

Table Special deduction schemes (events of exceptional public interest in force in the financial year)

Special deduction schemes

Events of exceptional public interest.	% deduction	Joint limit
"4th Edition of the Barcelona World Race".	15 per 100	25/50 per 100
“V Centenary of the expedition of the first round to the world of Fernando de Magallanes and Juan Sebastián Elcano”	15 per 100	25/50 per 100
"Milliarium Montserrat Decade Plan 1025-2025".	15 per 100	25/50 per 100
"Jacobean Holy Year 2021".	15 per 100	25/50 per 100
"VIII Centenary of the Cathedral of Burgos 2021".	15 per 100	25/50 per 100
"Expo Dubai 2020	15 per 100	25/50 per 100
"Plan Berlanga	15 per 100	25/50 per 100
"Alicante 2021.Round the World Sailing Trip".	15 per 100	25/50 per 100
"Spain Guest of Honour at the Frankfurt Book Fair in 2022".	15 per 100	25/50 per 100
"Plan de Fomento de la ópera en la Calle del Teatro Real".	15 per 100	25/50 per 100
"175th Anniversary of the construction of the Gran Teatre del Liceu".	15 per 100	25/50 per 100
"The Time of Freedom.Communards V Centenary".	15 per 100	25/50 per

Events of exceptional public interest.	% deduction	Joint limit
		100
"Spanish Formula 1 Grand Prix".	15 per 100	25/50 per 100
"Bicentenaries of the Independence of the Ibero-American Republics".	15 per 100	25/50 per 100
"150th Anniversary of the creation of the Spanish Academy in Rome".	15 per 100	25/50 per 100
"MADBLUE" Summit Celebration	15 per 100	25/50 per 100
"30th Anniversary of the Escuela Superior de Música Reina Sofía".	15 per 100	25/50 per 100
"Guadalupe Holy Year 2021	15 per 100	25/50 per 100
"Davis Cup Madrid Tournament	15 per 100	25/50 per 100
"Andalucía Valderrama Masters 2022/2024".	15 per 100	25/50 per 100
"MADRID HORSE WEEK 21/23".	15 per 100	25/50 per 100
"Centenary of Rugby in Spain and of the Unió Esportiva Santboiana".	15 per 100	25/50 per 100
"Solheim Cup 2023	15 per 100	25/50 per 100
"IX Centenary of the Reconquest of Sigüenza".	15 per 100	25/50 per 100
"Barcelona Mobile World Capital	15 per 100	25/50 per 100

Events of exceptional public interest.	% deduction	Joint limit
"Valencia, Capital Mundial del Diseño 2022 / Valencia World Design Capital 2022".	15 per 100	25/50 per 100
"Fiftieth anniversary of the National University of Distance Education (UNED)".	15 per 100	25/50 per 100
"Centenary of Revista de Occidente".	15 per 100	25/50 per 100
"50th anniversary of the death of Clara Campoamor.90 years since the beginning of a full democracy".	15 per 100	25/50 per 100
"V Centenary of the death of Elio Antonio de Nebrija".	15 per 100	25/50 per 100
"New Goals II	15 per 100	25/50 per 100
"Andalusia European Region of Sport 2021".	15 per 100	25/50 per 100
"75th anniversary of the Opera in Oviedo".	15 per 100	25/50 per 100
"Healthy Habits for the control of Cardiovascular risk "Learning to take care of ourselves".	15 per 100	25/50 per 100
"Badminton World Championships Spain".	15 per 100	25/50 per 100
"Centenary of the Battle of Covadonga-Cuadonga".	15 per 100	25/50 per 100
"VII Centenary of the Cathedral of Palencia 2021-2022".	15 per 100	25/50 per 100
"FITUR special:tourism recovery".	15 per 100	25/50 per 100
"Inclusive Sport Programme II	15 per 100	25/50 per

Events of exceptional public interest.	% deduction	Joint limit
		100
"Valencia 2020-2021, Jubilee Year.The Way of the Holy Chalice".	15 per 100	25/50 per 100
"Neurodegenerative diseases.International Year of Research and Innovation.Period 2021-2022".	15 per 100	25/50 per 100
"50th anniversary of the Hospital Sant Joan de Deu".	15 per 100	25/50 per 100
"Bicentenary of the National Police".	15 per 100	25/50 per 100
"Centenary of the Aragonese Football Federation".	15 per 100	25/50 per 100
"Plan 2030 to Support Grassroots Sport".	15 per 100	25/50 per 100
"Women's Universe III	15 per 100	25/50 per 100
"Preparation programme for Spanish athletes for the Paris 2024 Games".	15 per 100	25/50 per 100
"100 years since the death of Joaquín Sorolla".	15 per 100	25/50 per 100
"20th Anniversary of Primavera Sound".	15 per 100	25/50 per 100
"Centenary of the birth of Victoria de los Ángeles".	15 per 100	25/50 per 100
"Commemoration of the 50th anniversary of the death of the Spanish artist Pablo Picasso".	15 per 100	25/50 per 100
"All Against Cancer	15 per 100	25/50 per 100

Events of exceptional public interest.	% deduction	Joint limit
"Santiago Ramón y Cajal Year of Research 2022	15 per 100	25/50 per 100
Lebaniego Jubilee Year 2023-2024	15 per 100	25/50 per 100
"Volunteer World 2030/ 35th Anniversary of the Spanish Volunteer Platform".	15 per 100	25/50 per 100
7th UNWTO World Conference on Wine Tourism 2023".	15 per 100	25/50 per 100
"Caravaca de la Cruz 2024.Jubilee Year".	15 per 100	25/50 per 100
"Bicentenary of the Ateneo de Madrid".	15 per 100	25/50 per 100
"Barcelona Equestrian Challenge (4th Edition)".	15 per 100	25/50 per 100
"200TH ANNIVERSARY OF THE PASSEIG DE GRÁCIA".	15 per 100	25/50 per 100
"Reconstruction of the historical indoor diving pool of the Club Natació Barcelona (CNB)".	15 per 100	25/50 per 100
"FOOD 2022".	15 per 100	25/50 per 100
"HOSTELCO 2022	15 per 100	25/50 per 100
"Barcelona Music Lab. The future of music".	15 per 100	25/50 per 100
"Global Mobility Call	15 per 100	25/50 per 100
"South Summit 2022-2024	15por 100	25/50 per

Events of exceptional public interest.	% deduction	Joint limit
		100
"Jubilee Holy Year of Saint Isidro Labrador".	15 per 100	25/50 per 100

Note: *investments made during the year by entities under the income attribution system (civil companies that are not corporate taxpayers, inheritances, community property, etc.).which determine their net income in direct assessment, in either of its two modalities, may be subject to deduction by each of the partners, heirs, co-owners or participants in proportion to their share in the result of the entity.*

Specific regulation of each event

In order to encourage private participation in the holding of certain events of exceptional public interest, investments and expenses incurred in 2022 in connection with the following events are eligible for special deduction schemes:

- **"4th Edition of the Barcelona World Race"**, established in the sixtieth additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June) and modified by the forty-second final provision.Three of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"V Centenario de la expedición de la primera vuelta al mundo de Fernando de Magallanes y Juan Sebastián Elcano"**, established in the sixty-fourth additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June) and modified by the fourth final provision of Royal Decree-Law 17/2020, of 5 May, approving measures to support the cultural sector and taxation to address the economic and social impact of Covid-2019 (BOE of 6 May).
- **"Plan Decenio Milliarium Montserrat 1025-2025"**, established in the eighty-seventh additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June), modified by the thirty-ninth final provision of Law 11/2020, of 30 December, on the General State Budget for 2021 (BOE of 31 December) and by the seventy-seventh additional provision of Law 22/2021, of 28 December, on the General State Budget for 2022 (BOE of 29 December).
- **"Jacobean Holy Year 2021"** established in the eighty-seventh additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July) and modified by the fifth final provision of Royal Decree-Law 17/2020, of 5 May, approving measures to support the cultural sector and tax measures to address the economic and social impact of Covid-2019 (BOE of 6 May).
- **"VIII Centenary of the Cathedral of Burgos 2021"** established in the eighty-eighth additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July) and modified by the seventh final provision of Law 28/2022, of 21 December, on the promotion of the start-up ecosystem (BOE of 22 December).

- **"Expo Dubai 2020"** established in the sixth additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July) and modified by the fourteenth final provision of Royal Decree-Law 17/2020, of 5 May, approving measures to support the cultural sector and tax measures to address the economic and social impact of Covid-2019 (BOE of 6 May).
- **"Plan Berlanga"** established in the second additional provision of Royal Decree-Law 17/2020, of 5 May, approving measures to support the cultural sector and tax measures to address the economic and social impact of Covid-2019 (BOE of 6 May).
- "**Alicante 2021.Round the World Sailing Tour"** established in the third additional provision of Royal Decree-Law 17/2020, of 5 May, approving measures to support the cultural sector and tax measures to address the economic and social impact of Covid-2019 (BOE of 6 May) and amended by the eighth final provision of Law 28/2022, of 21 December, to promote the start-up ecosystem (BOE of 22 December).
- "**Spain Guest of Honour at the Frankfurt Book Fair in 2022"** established in the fourth additional provision of Royal Decree-Law 17/2020, of 5 May, approving measures to support the cultural sector and tax measures to address the economic and social impact of Covid-2019 (BOE of 6 May) and amended by the forty-second final provision of Law 11/2020, of 30 December, on the General State Budget for 2021 (BOE of 31 December).
- **"Plan de Fomento de la ópera en la Calle del Teatro Real"** established in the fifth additional provision of Royal Decree-Law 17/2020, of 5 May, approving measures to support the cultural sector and tax measures to address the economic and social impact of Covid-2019 (BOE of 6 May).
- **"175th Anniversary of the construction of the Gran Teatre del Liceu"** established in the sixth additional provision of Royal Decree-Law 17/2020, of 5 May, approving measures to support the cultural sector and tax measures to address the economic and social impact of Covid-2019 (BOE of 6 May).
- **"The Time of Freedom.Comuneros V Centenario"** established by the ninth additional provision of Royal Decree-Law 17/2020, of 5 May, approving measures to support the cultural sector and tax measures to address the economic and social impact of Covid-2019 (BOE of 6 May).This ninth additional provision was added by the eleventh article of Law 14/2021, of 11 October, which amends Royal Decree-Law 17/2020, of 5 May, approving measures to support the cultural sector and tax measures to address the economic and social impact of Covid-2019 (BOE of 13 October).
- **"Gran Premio de España de Fórmula 1"** established by the third additional provision of Royal Decree-Law 26/2020, of 7 July, on economic reactivation measures to deal with the impact of Covid-19 in the fields of transport and housing (BOE of 8 July).
- **"Bicentenaries of the Independence of the Ibero-American Republics"** established by the sixty-seventh additional provision of Law 11/2020, of 30 December, on the General State Budget for the year 2021 (BOE of 31 December).
- **"150th Anniversary of the creation of the Spanish Academy in Rome"** established by the sixty-eighth additional provision of Law 11/2020, of 30 December, on the General State Budget for the year 2021 (BOE of 31 December).
- **Celebration of the Summit "MADBLUE"** established by the seventy-ninth additional provision of Law 11/2020, of 30 December, on General State Budgets for the year 2021 (BOE of 31 December).
- **"30 Aniversario de la Escuela Superior de Música Reina Sofía"** established by the seventy-first additional provision of Law 11/2020, of 30 December, on the General State Budget for the year 2021 (BOE of 31 December).
- **"Año Santo Guadalupense 2021"** established by the seventy-second additional provision of

Law 11/2020, of 30 December, on the General State Budget for the year 2021 (BOE of 31 December).

- **"Andalucía Valderrama Masters 2022/2024"** established by the seventy-third additional provision of Law 11/2020, of 30 December, on the General State Budget for the year 2021 (BOE of 31 December).
- **"Davis Cup Madrid Tournament"** established by the seventy-fourth additional provision of Law 11/2020, of 30 December, on General State Budgets for the year 2021 (BOE of 31 December) and modified by the thirty-first final provision of Law 22/2021, of 28 December, on General State Budgets for the year 2022 (BOE of 29 December).
- **"MADRID HORSE WEEK 21/23"** established by the seventy-fifth additional provision of Law 11/2020, of 30 December, on the General State Budget for the year 2021 (BOE of 31 December).
- **"Centenary of Rugby in Spain and of the Unió Esportiva Santboiana"** established by the seventy-sixth additional provision of Law 11/2020, of 30 December, on the General State Budget for the year 2021 (BOE of 31 December).
- **"Solheim Cup 2023"** established by the seventy-seventh additional provision of Law 11/2020, of 30 December, on the General State Budget for the year 2021 (BOE of 31 December).
- **"IX Centenary of the Reconquest of Sigüenza"** established by the seventy-eighth additional provision of Law 11/2020, of 30 December, on the General State Budget for the year 2021 (BOE of 31 December).
- **"Barcelona Mobile World Capital"** established by the seventy-ninth additional provision of Law 11/2020, of 30 December, on the General State Budget for 2021 (BOE of 31 December).
- **"Valencia, World Design Capital 2022 / Valencia World Design Capital 2022"** established by the eightieth additional provision of Law 11/2020, of 30 December, on the General State Budget for 2021 (BOE of 31 December).
- **"Fiftieth anniversary of the National University of Distance Education (UNED)"** established by the eighty-first additional provision of Law 11/2020, of 30 December, on the General State Budget for 2021 (BOE of 31 December).
- **"Centenary of Revista de Occidente"** established by the eighty-second additional provision of Law 11/2020, of 30 December, on the General State Budget for 2021 (BOE of 31 December).
- **"50th anniversary of the death of Clara Campoamor.90 years since the beginning of a full democracy"** established by the eighty-third additional provision of Law 11/2020, of 30 December, on the General State Budget for 2021 (BOE of 31 December).
- **"V Centenary of the death of Elio Antonio de Nebrija"** established by the eighty-fourth additional provision of Law 11/2020, of 30 December, on the General State Budget for 2021 (BOE of 31 December).
- **"New Goals II"** established by the eighty-fifth additional provision of Law 11/2020, of 30 December, on the General State Budget for the year 2021 (BOE of 31 December).
- **"Andalusia European Region of Sport 2021"** established by the eighty-seventh additional provision of Law 11/2020, of 30 December, on the General State Budget for the year 2021 (BOE of 31 December).
- **"75th anniversary of the Opera in Oviedo"** established by the eighty-eighth additional provision of Law 11/2020, of 30 December, on the General State Budget for the year 2021 (BOE of 31 December).
- **Healthy Habits for the control of Cardiovascular risk "Learning to take care of ourselves"** established by the eighty-ninth additional provision of Law 11/2020, of 30 December, on the General State Budget for the year 2021 (BOE of 31 December).
- **"Mundiales Bádminton España"** established by the Ninth Additional Provision of Law

11/2020, of 30 December, on the General State Budget for the year 2021 (BOE of 31 December).

- **"Centenary of the Battle of Covadonga-Cuadonga"** established by the ninety-first additional provision of Law 11/2020, of 30 December, on the General State Budget for the year 2021 (BOE of 31 December).
- **"VII Centenary of the Cathedral of Palencia 2021-2022"** established by the ninety-second additional provision of Law 11/2020, of 30 December, on the General State Budget for the year 2021 (BOE of 31 December).
- **"FITUR special:recovery tourism"** established by the third additional provision of Law 11/2020, of 30 December, on the General State Budget for the year 2021 (BOE of 31 December).
- **"Programa Deporte Inclusivo II"** established by the fourth additional provision of Law 11/2020, of 30 December, on the General State Budget for the year 2021 (BOE of 31 December).
- **"Valencia 2020-2021, Jubilee Year.Camino del Santo Cáliz"** established by the ninety-fifth additional provision of Law 11/2020, of 30 December, on the General State Budget for the year 2021 (BOE of 31 December).
- **"Neurodegenerative diseases.International Year of Research and Innovation.Period 2021-2022"** established by the ninety-sixth additional provision of Law 11/2020, of 30 December, on the General State Budget for 2021 (BOE of 31 December).
- **"50th anniversary of the Hospital Sant Joan de Deu"** established by the ninety-seventh additional provision of Law 11/2020, of 30 December, on the General State Budget for the year 2021 (BOE of 31 December).
- **"Bicentenary of the National Police"** established by the fifty-ninth additional provision of Law 22/2021, of 28 December, on the General State Budget for 2022 (BOE of 29 December).
- **"Centenario Federación Aragonesa de Fútbol"** established by the sixtieth additional provision of Law 22/2021, of 28 December, on the General State Budget for the year 2022 (BOE of 29 December).
- **"Plan 2030 de Apoyo al Deporte de Base"** established by the sixty-first additional provision of Law 22/2021, of 28 December, on the General State Budget for the year 2022 (BOE of 29 December).
- **"Universo Mujer III"** established by the sixty-second additional provision of Law 22/2021, of 28 December, on the General State Budget for 2022 (BOE of 29 December).
- **"Programme for the preparation of Spanish athletes for the Paris 2024 Games",** established by the sixty-third additional provision of Law 22/2021, of 28 December, on the General State Budget for the year 2022 (BOE of 29 December).
- **"100 years since the death of Joaquín Sorolla",** established by the sixty-fourth additional provision of Law 22/2021, of 28 December, on the General State Budget for the year 2022 (BOE of 29 December).
- **"20th Anniversary of Primavera Sound",** established by the sixty-fifth additional provision of the Law 22/2021, of 28th December, of the General State Budget for the year 2022 (BOE of 29th December).
- **"Centenary of the birth of Victoria de los Ángeles",** established by the sixty-sixth additional provision of Law 22/2021, of 28 December, on the General State Budget for the year 2022 (BOE of 29 December).
- **"Commemoration of the 50th anniversary of the death of the Spanish artist Pablo Picasso",** established by the sixty-seventh additional provision of Law 22/2021, of 28 December, on the General State Budget for the year 2022 (BOE of 29 December).
- **"Todos contra el cáncer",** established by the sixty-eighth additional provision of Law 22/2021,

of 28 December, on the General State Budget for the year 2022 (BOE of 29 December).

- **"Santiago Ramón y Cajal Research Year 2022",** established by the sixty-ninth additional provision of Law 22/2021, of 28 December, on the General State Budget for the year 2022 (BOE of 29 December).
- **"Año Jubilar Lebaniego 2023-2024",** established by the septuagésima additional provision of Law 22/2021, of 28 December, on the General State Budget for 2022 (BOE of 29 December).
- **"Mundo Voluntario 2030/ 35th Anniversary of the Spanish Volunteer Platform",** established by the seventy-first additional provision of Law 22/2021, of 28 December, on the General State Budget for the year 2022 (BOE of 29 December).
- **"7th UNWTO World Conference on Wine Tourism 2023"**, established by the seventy-second additional provision of Law 22/2021, of 28 December, on the General State Budget for 2022 (BOE of 29 December).
- **"Caravaca de la Cruz 2024.Jubilee Year",** established by the seventy-third additional provision of Law 22/2021, of 28 December, on the General State Budget for 2022 (BOE of 29 December).
- **"Bicentenary of the Ateneo de Madrid",** established by the seventy-fourth additional provision of Law 22/2021, of 28 December, on the General State Budget for 2022 (BOE of 29 December).
- **"Barcelona Equestrian Challenge (4th Edition)",** established by the seventy-fifth additional provision of Law 22/2021, of 28 December, on the General State Budget for the year 2022 (BOE of 29 December).
- **"200 ANIVERSARIO DEL PASSEIG DE GRÁCIA"** established by the seventy-sixth additional provision of Law 22/2021, of 28 December, on the General State Budget for the year 2022 (BOE of 29 December).
- **"Reconstruction of the historical indoor diving pool of the Club Natació Barcelona (CNB),** established by the seventy-eighth additional provision of Law 22/2021, of 28 December, on the General State Budget for the year 2022 (BOE of 29 December).
- **"ALIMENTARIA 2022",** established by the seventy-ninth additional provision of Law 22/2021, of 28 December, on the General State Budget for 2022 (BOE of 29 December).
- **"HOSTELCO 2022",** established by the seventy-ninth additional provision of Law 22/2021, of 28 December, on the General State Budget for 2022 (BOE of 29 December).
- **"Barcelona Music Lab. The future of music",** established by the eightieth additional provision of Law 22/2021, of 28 December, on the General State Budget for 2022 (BOE of 29 December).
- **"Global Mobility Call",** established by the fifth additional provision of Royal Decree-Law 3/2022 of 1 March on measures to improve the sustainability of road freight transport and the functioning of the logistics chain, and transposing Directive (EU) 2020/1057 of 15 July 2020 laying down specific rules with regard to Directive 96/71/EC and Directive 2014/67/EU for the posting of drivers in the road transport sector, and exceptional measures concerning price revisions in public works contracts.
- **"South Summit 2022-2024"** established by the sixth additional provision of Decree-Law 10/2022, of 13 May, which temporarily establishes a production cost adjustment mechanism to reduce the price of electricity in the wholesale market (BOE of 14 May).
- **"Año Santo Jubilar San Isidro Labrador",** established by the twenty-ninth additional provision of Law 11/2022, of 28 June, General Telecommunications Law (BOE of 29 June).

Note: *the certification of the appropriateness of the expenditure incurred in relation to the*

objectives and plans of each of the above-mentioned programmes shall be the responsibility of the respective consortium or administrative body, in accordance with the provisions of Article 27.2.b) of Law 49/2002, of 23 December 2002, on the tax regime for non-profit organisations and tax incentives for patronage (BOE of 24 December).

3.3.Outstanding balances from support programmes completed before 1 January 2022

Note: *Please note that the events "4th Edition of the Barcelona World Race" ,"V Centenary of the first expedition around the world of Ferdinand Magellan and Juan Sebastian Elcano", "Plan Decenio Milliarium Montserrat 1025-2025", "Año Santo Jacobeo 2021", "VIII Centenario de la Catedral de Burgos 2021", "Expo Dubai 2020", "Plan Berlanga", "Alicante 2021.Round the World Sailing Tour", "Spain Guest of Honour at the Frankfurt Book Fair in 2021", "Plan for the Promotion of Opera in the Street of the Teatro Real", "175th Anniversary of the construction of the Gran Teatre del Liceu", "The Time of Freedom".Comuneros V Centenario", "Gran Premio de España de Fórmula 1", "Bicentenarios de la independencia de las Repúblicas Iberoamericanas", "150 Aniversario de creación de la Academia de España en Roma", Celebración del Summit "MADBLUE", "30 Aniversario de la Escuela Superior de Música Reina Sofía", "Año Santo Guadalupense 2021", "Torneo Davis Cup Madrid", "MADRID HORSE WEEK 21/23", "Centenario del Rugby en España y de la Unió Esportiva Santboiana, "Solheim Cup 2023", "IX Centenario de la Reconquista de Sigüenza", "Barcelona Mobile World Capital", "Valencia, Capital Mundial del Diseño 2022 / Valencia World Design Capital 2022","Cincuenta aniversario de la Universidad Nacional de Educación a Distancia (UNED)", "Centenario de Revista de Occidente", "50 aniversario del fallecimiento de Clara Campoamor.90 years since the beginning of a full democracy", "V Centenary of the death of Elio Antonio de Nebrija", "Nuevas Metas II", "Andalucía Región Europea del Deporte 2021", "75 aniversario de la Ópera en Oviedo", "Hábitos Saludables para el control del riesgo Cardiovascular "Aprender a cuidarnos", "Mundiales Bádminton España", "Centenario de la Batalla de Covadonga-Cuadonga", "VII Centenario de la Catedral de Palencia 2021-2022", "FITUR especial:recovery tourism", "Inclusive Sport Programme II", "Valencia 2020-2021, Jubilee Year.Way of the Holy Chalice", "Neurodegenerative Diseases.International Year of Research and Innovation.Period 2021-2022", "50th anniversary of the Hospital Sant Joan de Deu", started in 2017, 2018, 2019, 2020 and 2021, although they will remain in force in 2022, so that together with the deductions for expenses incurred in 2022, there may be balances pending application of such schemes from previous years.*

The amounts corresponding to deductions for investments and expenses incurred in connection with events of exceptional public interest that cannot be deducted in the tax period may be applied in the tax returns for tax periods ending in the 15 years immediately following, and the calculation of the deadlines for applying the deductions may be deferred under the terms provided for in Article 39.1 of the LIS.

Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

For this reason, despite the end of its validity prior to the beginning of this year, the deduction for

outstanding balances under the following special schemes is still applicable:

- **"America's Cup 2007"** established in the thirty-fourth additional provision of Law 62/2003, the regulatory development of which is contained in Royal Decree 2146/2004, of 5 November (BOE of 6 November).
- **"Programme for the preparation of Spanish athletes for the 2008 Beijing Games"** established in article nineteen of Law 4/2004.
- **"Año Lebaniego 2006"** established in the fifty-fifth additional provision of Law 30/2005, of 29 December, on the General State Budget for 2006 (BOE of 30 December).
- **"EXPO Zaragoza 2008"** established in the fifty-sixth additional provision of the aforementioned Law 30/2005, of 29 December, on the General State Budget for 2006.
- **"Alicante 2008.Vuelta al Mundo a Vela"** established in the fifteenth additional provision of Law 42/2006, of 28 December, on the General State Budget for 2007 (BOE of 29 December).
- **"Barcelona World Race"** established in the sixteenth additional provision of Law 42/2006, of 28 December, on the General State Budget for 2007 (BOE of 29 December).
- **"Jubilee Year of Guadalupe"** established in the sixty-sixth additional provision of Law 42/2006, of 28 December, on the General State Budget for 2007 (BOE of 29 December) and the thirtieth additional provision of Law 51/2007, of 26 December, on the General State Budget for 2008 (BOE of 27 December).
- **"33rd America's Cup"** established in the thirty-first additional provision of Law 51/2007, of 26 December, on the General State Budget for 2008 (BOE of 27 December).
- **"Guadalquivir Río de Historia"** established in the thirty-second additional provision of Law 51/2007, of 26 December, on the General State Budget for 2008 (BOE of 27 December) and the fifty-eighth additional provision of Law 26/2009, of 23 December, on the General State Budget for 2010 (BOE of 24 December).
- **"Conmemoración del Bicentenario de la Constitución de 1812"** established in the fifty-ninth additional provision of Law 51/2007, of 26 December, on the General State Budget for 2008 (BOE of 27 December) and in the eleventh final provision of Law 26/2009, of 23 December, on the General State Budget for 2010 (BOE of 24 December).
- **"London 2012"** established in the fiftieth additional provision of Law 2/2008, of 23 December, on the General State Budget for 2009 (BOE of 24 December).
- "**Año Santo Xacobeo 2010"** established in the fifty-first additional provision of Law 2/2008, of 23 December, on the General State Budget for 2009 (BOE of 24 December).
- **"IX Centenary of Santo Domingo de la Calzada and the Calceatense Jubilee Year"** established in the fifty-second additional provision of Law 2/2008, of 23 December, on the General State Budget for 2009 (BOE of 24 December).
- **"Caravaca Jubilar 2010"** established in the fifty-third additional provision of Law 2/2008, of 23 December, on the General State Budget for 2009 (BOE of 24 December).
- **"International Year for Research on Alzheimer's and Related Neurodegenerative Diseases:Alzheimer International 2011"** established in the fifty-fourth additional provision of Law 2/2008, of 23 December, on the General State Budget for 2009 (BOE of 24 December).
- **"Hernandiano Year.Orihuela 2010"** established in the fifty-fifth additional provision of Law 2/2008, of 23 December, on the General State Budget for 2009 (BOE of 24 December).
- **"Centenary of the Costa Brava"** established in the fifty-sixth additional provision of Law 2/2008, of 23 December, on the General State Budget for 2009 (BOE of 24 December).
- **"Symposium Commemorating the 90th Anniversary of the 2009 Barcelona International Motor Show"** established in the first final provision of Law 4/2008, of 23 December (BOE of 25 December).
- **"Misteri de Elx"** established in the fifty-second additional provision of Law 26/2009, of 23 December, on the General State Budget for 2010 (BOE of 24 December).
- **"Jubilee Year of Guadalupe 2010"** established in the fifty-third additional provision of Law 26/2009, of 23 December, on the General State Budget for 2010 (BOE of 24 December).
- **"World Youth Days 2011"** established in the fifty-fourth additional provision of Law 26/2009, of 23 December, on the General State Budget for 2010 (BOE of 24 December).
- **"Conmemoración del Milenio de la fundación del Reino de Granada"**, established in the fifty-ninth additional provision of Law 26/2009, of 23 December, on the General State Budget for 2010 (BOE of 24 December).
- **"Solar Decathlon Europe 2010 and 2012"** established in the sixty-third additional provision of Law 26/2009, of 23 December, on the General State Budget for 2010 (BOE of 24 December).
- **"Vuelta al Mundo a Vela, Alicante 2011"** established in the sixty-fourth additional provision of Law 26/2009, of 23 December, on General State Budgets for 2010 (BOE of 24 December), with the modification introduced by the third additional provision of Law 31/2011, of 4 October (BOE of 5 October).
- **"Google Lunar X Prize"** established in the sixty-seventh additional provision of Law 26/2009, of 23 December, on the General State Budget for 2010 (BOE of 24 December).
- **V centenary of the birth in Trujillo of Francisco de Orellana, discoverer of the Amazon "2011:AÑO ORELLANA"** established in the fiftieth additional provision of Law 39/2010, of 22 December, on the General State Budget for 2011 (BOE of 23 December).
- **Basketball World Championship of National Teams in the Absolute Category "Mundobasket 2014"**, established

in the fifty-first additional provision of Law 39/2010, of 22 December, on the General State Budget for 2011 (BOE of 23 December).

- **"World Championship of Absolute Men's Handball 2013"**, established in the fifty-second additional provision of Law 39/2010, of 22 December, on the General State Budget for 2011 (BOE of 23 December).
- **"Tricentenary of the National Library of Spain"** established in the fifty-third additional provision of Law 39/2010, of 22 December, on the General State Budget for 2011 (BOE of 23 December).
- **"IV Centenary of the death of the painter Doménico Theotocópuli, known as El Greco"**, established in the fifty-fourth additional provision of Law 39/2010, of 22 December, on the General State Budget for 2011 (BOE of 23 December) and in the sixty-second additional provision of Law 22/2013, of 23 December, on the General State Budget for 2014 (BOE of 26 December).
- **"VIII Centenary of the Cathedral of Santiago de Compostela"** established in the fifty-sixth additional provision of Law 39/2010, of 22 December, on the General State Budget for 2011 (BOE of 23 December) and in the sixty-sixth additional provision of Law 2/2012, of 29 June, on the General State Budget for 2012 (BOE of 30 June).
- **"Vitoria-Gasteiz European Green Capital 2012"**, established in the fifty-first additional provision of Law 2/2012, of 29 June, on the General State Budget for 2012 (BOE of 30 June).
- "**Sailing World Championship (ISAF) Santander 2014"**, established in the fifty-second additional provision of Law 2/2012, of 29 June, on the General State Budget for 2012 (BOE of 30 June).
- **"El Árbol es Vida"**, established in the fifty-third additional provision of Law 2/2012, of 29 June, on the General State Budget for 2012 (BOE of 30 June).
- **IV Centenary of the relations between Spain and Japan through the programme of activities of the "Year of Spain in Japan"**, established in the fifty-fourth additional provision of Law 2/2012, of 29 June, on the General State Budget for 2012 (BOE of 30 June).
- **"Patrimonio Joven y 4º Foro Juvenil Iberoamericano del Patrimonio Mundial"**, established in the fifty-sixth additional provision of Law 2/2012, of 29 June, on the General State Budget for 2012 (BOE of 30 June).
- **"Granada Winter Universiade Programme 2015"**, established in the fifty-seventh additional provision of Law 2/2012, of 29 June, on the General State Budget for 2012 (BOE of 30 June), modified by the eighteenth final provision of Law 36/2014, of 26 December, on the General State Budget for 2015 (BOE of 30 December).
- **"World Road Cycling Championships Ponferrada 2014"**, established in the fifty-eighth additional provision of Law 2/2012, of 29 June, on the General State Budget for 2012 (BOE of 30 June), modified by the second final provision of Law 13/2014, of 14 July, on the transformation of the Fund for the Financing of Payments to Suppliers (BOE of 15 July).
- **"Creation of the UNESCO Category 2 Centre in Spain, dedicated to Rock Art and World Heritage"** established in the fifty-ninth additional provision of Law 2/2012, of 29 June, on the General State Budget for 2012 (BOE of 30 June).
- **"Barcelona World Jumping Challenge"**, established in the sixtieth additional provision of Law 2/2012, of 29 June, on the General State Budget for 2012 (BOE of 30 June).
- **"World Swimming Championships Barcelona 2013"**, established in the sixty-first additional provision of Law 2/2012, of 29 June, on the General State Budget for 2012 (BOE of 30 June).
- **"40th anniversary of the World Heritage Convention (Paris, 1972)"** established in the sixty-fourth additional provision of Law 2/2012, of 29 June, on the General State Budget for 2012 (BOE of 30 June).
- **Olympic Shooting World Championship "Las Gabias 2014**", established in the sixty-fifth additional provision of Law 2/2012, of 29 June, on the General State Budget for 2012 (BOE of 30 June).
- **"500 years of Papal Bull"**, established in the sixty-seventh additional provision of Law 2/2012, of 29 June, on the General State Budget for 2012 (BOE of 30 June).
- **"2012 Year of Cultures, Peace and Freedom"** established in the sixty-eighth additional provision of Law 2/2012, of 29 June, on the General State Budget for 2012 (BOE of 30 June).
- **"Year of Neuroscience"** established in the sixty-ninth additional provision of Law 2/2012, of 29 June, on the General State Budget for 2012 (BOE of 30 June).
- **"Commemorating the 8th Centenary of the Battle of Navas de Tolosa (1212) and the 5th of the conquest, annexation and incorporation of Navarre to the kingdom of Castile (1512)"** established in the seventy-sixth additional provision of Law 2/2012, of 29 June, on the General State Budget for 2012 (BOE of 30 June).
- **"Año Santo Jubilar Mariano 2012-2013 en Almonte (Huelva)"**, established in the seventy-eighth additional provision of Law 2/2012, of 29 June, on the General State Budget for 2012 (BOE of 30 June).
- **"2014 International Year of the Mediterranean Diet"**, established in the eightieth additional provision of Law 2/2012, of 29 June, on the General State Budget for 2012 (BOE of 30 June).
- **"Madrid 2020 Candidature"**, established in the seventeenth additional provision of Royal Decree-Law 20/2012, of 13 July, on measures to guarantee budgetary stability and promote competitiveness (BOE of 14 July).
- **"3rd edition of the Barcelona World Race"**, established in the fifty-seventh additional provision of Law 17/2012, of 27 December, on the General State Budget for 2013 (BOE of 28 December).
- **Programme for the preparation of Spanish athletes for the "Rio de Janeiro 2016" games**, established in the fifty-eighth additional provision of Law 17/2012, of 27 December, on the General State Budget for 2013 (BOE of 28 December).

- **Events to celebrate the "VIII Centenary of the Pilgrimage of Saint Francis of Assisi to Santiago de Compostela (1214-2014)"**, established in the fifty-ninth additional provision of Law 17/2012, of 27 December, on the General State Budget for 2013 (BOE of 28 December).
- **"V Centenario del Nacimiento de Santa Teresa a celebrar en el año 2015"**, established in the sixtieth additional provision of Law 17/2012, of 27 December, on the General State Budget for 2013 (BOE of 28 December).
- **"Junípero Serra Year 2013"**, established in the sixty-first additional provision of Law 17/2012, of 27 December, on the General State Budget for 2013 (BOE of 28 December).
- **Around the World Sailing Tour "Alicante 2014"**, established in the sixty-second additional provision of Law 17/2012, of 27 December, on the General State Budget for 2013 (BOE of 28 December).
- **"Año Santo Jubilar Mariano 2013-2014 en la Real Ilustre y Fervorosa Hermandad y Cofradía de Nazarenos de Nuestra Señora del Rosario, Nuestro Padre Jesús de la Sentencia y María Santísima de la Esperanza Macarena en la ciudad de Sevilla"**, established in the sixty-third additional provision of the Ley 17/2012, de 27 de diciembre, de Presupuestos Generales del Estado para el año 2013 (BOE de 28 de diciembre).
- **"Donostia/San Sebastián, European Capital of Culture 2016"** established in the fifty-second additional provision of Law 22/2013, of 23 December, on the General State Budget for 2014 (BOE of 26 December).
- **"Expo Milano 2015"** established in the fifty-third additional provision of Law 22/2013, of 23 December, on the General State Budget for 2014 (BOE of 26 December).
- **"Climbing World Championship 2014, Gijón"** established in the fifty-fourth additional provision of Law 22/2013, of 23 December, on the General State Budget for 2014 (BOE of 26 December).
- **"World Figure Skating Championships Reus 2014"**, established in the fifty-fifth additional provision of Law 22/2013, of 23 December, on the General State Budget for 2014 (BOE of 26 December).
- **"Madrid Horse Week"** established in the fifty-sixth additional provision of Law 22/2013, of 23 December, on the General State Budget for 2014 (BOE of 26 December).
- **"III Centenary of the Royal Spanish Academy"** established in the fifty-seventh additional provision of Law 22/2013, of 23 December, on the General State Budget for 2014 (BOE of 26 December).
- **"A Coruña 2015- 120 years later"** established in the fifty-eighth additional provision of Law 22/2013, of 23 December, on the General State Budget for 2014 (BOE of 26 December), modified by the ninth additional provision of Royal Decree-Law 8/2014, of 4 July, approving urgent measures for growth, competitiveness and efficiency (BOE of 5 July).
- **"IV Centenary of the second part of Don Quixote"** established in the fifty-ninth additional provision of Law 22/2013, of 23 December, on the General State Budget for 2014 (BOE of 26 December).
- **"World Challenge LFP/85th Anniversary of La Liga"** established in the sixtieth additional provision of Law 22/2013, of 23 December, on the General State Budget for 2014 (BOE of 26 December).
- **"Mediterranean Games 2018",** established in the sixty-first additional provision of Law 22/2013, of 23 December, on the General State Budget for 2014 (BOE of 26 December) and modified by the twenty-fifth final provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"Sixtieth Edition of the International Classical Theatre Festival of Mérida"**, established in the sixty-third additional provision of Law 22/2013, of 23 December, on the General State Budget for 2014 (BOE of 26 December).
- **"Year of Biotechnology in Spain"** established in the sixty-fourth additional provision of Law 22/2013, of 23 December, on the General State Budget for 2014 (BOE of 26 December).
- **"Master Plan for the Recovery of the Cultural Heritage of Lorca"**, established in the thirteenth additional provision of Law 18/2014, of 15 October, approving urgent measures for growth, competitiveness and efficiency.(BOE of 17 October).
- **"200 Aniversario del Teatro Real y el Vigésimo Aniversario de la reapertura del Teatro Real"**, established in the fifty-third additional provision of Law 36/2014, of 26 December, on General State Budgets for 2015 (BOE of 30 December) and modified by the twenty-ninth final provision of Law 3/2017, of 27 June, on General State Budgets for 2017 (BOE of 28 June).
- **"IV Centenary of the death of Miguel de Cervantes"**, established in the fifty-fourth additional provision of Law 36/2014, of 26 December, on the General State Budget for 2015 (BOE of 30 December).
- **"VIII Centenary of the University of Salamanca",** established in the fifty-fifth additional provision of Law 36/2014, of 26 December, on the General State Budget for 2015 (BOE of 30 December) and modified by the thirty-fourth final provision.Two of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"Programa Jerez, Capital mundial del Motociclismo"**, established in the fifty-sixth additional provision of Law 36/2014, of 26 December, on the General State Budget for 2015 (BOE of 30 December).
- **"Cantabria 2017, Liébana Jubilee Year**", established in the fifty-seventh additional provision of Law 36/2014, of 26 December, on the General State Budget for 2015 (BOE of 30 December) and modified by the thirty-fourth final provision.Three of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- "**Programa Universo Mujer**", established in the fifty-eighth additional provision of Law 36/2014, of 26 December, on the General State Budget for 2015 (BOE of 30 December) and modified by the twenty-ninth final provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"60th Anniversary of the Foundation of the School of Industrial Organisation"**, established in the fifty-ninth additional provision of Law 36/2014, of 26 December, on the General State Budget for 2015 (BOE of 30 December)

and modified by the twenty-ninth final provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).

- **"Encuentro Mundial en Las Estrellas (EME) 2017"**, established in the sixtieth additional provision of Law 36/2014, of 26 December, on the General State Budget for 2015 (BOE of 30 December).
- **"International Year of Light and Light-based Technologies"**, established in the sixty-second additional provision of Law 36/2014, of 26 December, on the General State Budget for 2015 (BOE of 30 December).
- **"ORC Barcelona World Championship 2015"**, established in the sixty-third additional provision of Law 36/2014, of 26 December, on the General State Budget for 2015 (BOE of 30 December).
- **"Barcelona Equestrian Challenge"**, established in the sixty-fourth additional provision of Law 36/2014, of 26 December, on the General State Budget for 2015 (BOE of 30 December).
- **"Women's Hockey World League Round 3 Events 2015"**, established in the sixty-fifth additional provision of Law 36/2014, of 26 December, on the General State Budget for 2015 (BOE of 30 December).
- **"Centenary of the Royal Andalusian Football Federation 2015"**, established in the sixty-eighth additional provision of Law 36/2014, of 26 December, on the General State Budget for 2015 (BOE of 30 December).
- **"Foro Iberoamericano de Ciudades"**, established in the fifty-first additional provision of Law 48/2015, of 29 October, on the General State Budget for 2016 (BOE of 30 October).
- **"II Centenary of the Museo Nacional del Prado"**, established in the forty-ninth additional provision of Law 48/2015, of 29 October, on the General State Budget for 2016 (BOE of 30 October).
- **"20 Aniversario de la Reapertura de la Gran Teatro del Liceo de Barcelona y el bicentenario de la creación de la Societat dAccionistes"**, established in the fiftieth additional provision of Law 48/2015, of 29 October, on the General State Budget for 2016 (BOE of 30 October) and modified by the forty-first final provision.One of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"Plan Decenio Málaga Cultura Innovadora 2025",** established in the fifty-second additional provision of Law 48/2015, of 29 October, on the General State Budget for 2016 (BOE of 30 October).
- **"XX Aniversario de la Declaración de Cuenca como Ciudad Patrimonio de la Humanidad"**, established in the fifty-third additional provision of Law 48/2015, of 29 October, on the General State Budget for 2016 (BOE of 30 October) and modified by the thirty-third final provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"FIS Freestyle and Snowboard World Championships Sierra Nevada 2017"**, established in the fifty-fourth additional provision of Law 48/2015, of 29 October, on the General State Budget for 2016 (BOE of 30 October).
- **"Twenty-fifth anniversary of the Thyssen-Bornemisza Museum",** established in the fifty-fifth additional provision of Law 48/2015, of 29 October, on the General State Budget for 2016 (BOE of 30 October).
- **"European Water Polo Championships Barcelona 2018**", established in the fifty-sixth additional provision of Law 48/2015, of 29 October, on the General State Budget for 2016 (BOE of 30 October).
- **"Centenary of the birth of Camilo José Cela",** established in the fifty-seventh additional provision of Law 48/2015, of 29 October, on the General State Budget for 2016 (BOE of 30 October) and modified by the thirty-third final provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"2017:Year of the retina in Spain"**, established in the fifty-eighth additional provision of Law 48/2015, of 29 October, on the General State Budget for 2016 (BOE of 30 October).
- **"Caravaca de la Cruz 2017.Jubilee Year",** established in the fifty-ninth additional provision of Law 48/2015, of 29 October, on the General State Budget for 2016 (BOE of 30 October).
- **"Plan 2020 de Apoyo al Deporte de Base",** established in the sixtieth additional provision of Law 48/2015, of 29 October, on the General State Budget for 2016 (BOE of 30 October).
- **"2150th anniversary of Numantia"**, established in the sixty-first additional provision of Law 48/2015, of 29 October, on the General State Budget for 2016 (BOE of 30 October).
- **"V Centenary of the death of Ferdinand the Catholic"**, established in the sixty-second additional provision of Law 48/2015, of 29 October, on the General State Budget for 2016 (BOE of 30 October).
- **"525 Anniversary of the Discovery of America in Palos de la Frontera (Huelva)",** established in the sixty-third additional provision of Law 48/2015, of 29 October, on the General State Budget for 2016 (BOE of 30 October).
- **"Obesity Prevention.Aligera tu vida"**, established in the sixty-fourth additional provision of Law 48/2015, of 29 October, on the General State Budget for 2016 (BOE of 30 October) and modified by the forty-first final provision.Two of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"75th Anniversary of William Martin;The English legacy",** established in the sixty-fifth additional provision of Law 48/2015, of 29 October, on the General State Budget for 2016 (BOE of 30 October).
- **Event of the departure from the city of Alicante of the round-the-world sailing race "Alicante 2017",** established in the sixty-sixth additional provision of Law 48/2015, of 29 October, on the General State Budget for 2016 (BOE of 30 October).
- **"Preparation programme for Spanish athletes for the Tokyo 2020 Games"**, established by the first final provision of Royal Decree-Law 3/2017, of 17 February, amending Organic Law 3/2013, of 20 June, on the protection of athletes' health and the fight against doping in sporting activity, and adapting it to the amendments introduced by the 2015 World Anti-Doping Code (BOE of 18 February).

- **"25th Anniversary of Casa América"**, established in the fifty-ninth additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"World Roller Games Barcelona 2019"**, established in the sixty-first additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"Madrid Horse Week 17/19"**, established in the sixty-second additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"La Liga World Challenge",** established in the sixty-third additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"25th anniversary of the declaration by Unesco of Mérida as a World Heritage Site"**, established in the sixty-fifth additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June) and modified by the forty-second final provision.Five of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"World Canoe Championships 2019"**, established in the sixty-sixth additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"250 Aniversario del Fuero de Población de 1767 y Fundación de las Nuevas Poblaciones de Sierra Morena y Andalucía"**, established in the sixty-seventh additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"IV Centenary of the birth of Bartolomé Esteban Murillo"**, established in the sixty-eighth additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"Numancia 2017",** established in the sixty-ninth additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"PHotoEspaña.20th anniversary",** established in the septuagésima additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"IV Centenary of the Plaza Mayor of Madrid"**, established in the seventy-first additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"XXX Aniversario de la Declaración de Toledo como Ciudad Patrimonio de la Humanidad",** established in the seventy-second additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"VII Centenary of the Archive of the Crown of Aragon"**, established in the seventy-third additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"Lorca, Aula de la Historia"**, established in the seventy-fourth additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"Plan de Fomento de la Lectura (2017-2020)",** established in the seventy-fifth additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"Plan 2020 de Apoyo a los Nuevos Creadores Cinematográficos y a la conservación y difusión de la historia del cine español"**, established in the seventy-sixth additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"40 Aniversario del Festival Internacional de Teatro Clásico de Almagro"**, established in the seventy-seventh additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June) and modified by the forty-second final provision.Six of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"I Centenario de la Ley de Parques Nacionales de 1916"**, established in the seventy-eighth additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **Tax benefits applicable to the "I Centenary of the Ordesa y Monte Perdido National Park"**, established in the seventy-ninth additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June) and modified by the forty-second final provision.Seven of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **Tax benefits applicable to the "I Centenary of the Picos de Europa National Park"**, established in the eightieth additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June) and modified by the forty-second final provision.Eight of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"75th Anniversary of the Diplomatic School"**, established in the eighty-first additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"Teruel 2017.800 Years of the Lovers",** established in the eighty-second additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"40th Anniversary of the Spanish Constitution"**, established in the eighty-third additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"50th Anniversary of Sitges-International Fantastic Film Festival of Catalonia"**, established in the eighty-fourth additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"Tax benefits applicable to the 50th anniversary of the Universidad Autónoma de Madrid",** established in the eighty-fifth additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).
- **"Hernandiano Year 2017",** established in the eighty-sixth additional provision of Law 3/2017, of 27 June, on the General State Budget for 2017 (BOE of 28 June).

- **"50th Edition of the Barcelona International Jazz Festival"** established in the seventy-second additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"Centenaries of the Royal Site of Covadonga"**, established in the seventy-third additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"Junior Men's Handball World Championship 2019"** established in the seventy-fourth additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"Women's Handball World Championship 2021"**established in the seventy-fifth additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).“
- **Andalucía Valderrama Masters"** established in the seventy-sixth additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July) and modified by the fifth final provision of Royal Decree-Law 17/2020, of 5 May, approving measures to support the cultural sector and tax measures to address the economic and social impact of Covid-2019 (BOE of 6 May).
- **"The Transition:40 years of Freedom of Expression"** established in the seventy-seventh additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"Ceuta and the Legion, 100 years of union"** established in the seventy-ninth additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"World Multisport Triathlon Championship Pontevedra 2019"** established in the eightieth additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"Badminton World Tour"** established in the eighty-first additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"New Goals"** established in the eighty-second additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"Barcelona Equestrian Challenge (3rd Edition)"** established in the third additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"Universo Mujer II"** established in the eighty-fourth additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"Logroño 2021, our V Centenary"** established in the eighty-fifth additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"Centenario Delibes"** established in the eighty-sixth additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July) and modified by the fifth final provision of Royal Decree-Law 17/2020, of 5 May, approving measures to support the cultural sector and tax measures to address the economic and social impact of Covid-2019 (BOE of 6 May).
- **"Inclusive Sport"** established in the eighty-ninth additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"Plan 2020 de Apoyo al Deporte Base II"**, established in the Ninth Additional Provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"Spain, Capital of Young Talent**" established in the ninety-first additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"Conmemoración del Centenario de la Coronación de Nuestra Señora del Rocío (1919-2019)"** established in the ninety-second additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"Traslado de la Imagen de Nuestra Señora del Rocío desde la Aldea al Pueblo de Almonte"** established in the third additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"Camino Lebaniego"** established in the fourth additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"European Year of Cultural Heritage (2018)"** established in the ninety-fifth additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **Neurodegenerative diseases 2020.International Year of Research and Innovation"** established in the ninety-seventh additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"Camino de la Cruz de Caravaca"** established in the ninety-eighth additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **XXV "Anniversary of the Declaration by UNESCO (United Nations Educational Organisation) of the Royal Monastery of Santa María de Guadalupe as a World Heritage Site"** established in the ninety-ninth additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July).
- **"AUTOMOBILE BARCELONA 2019"** established in the hundredth additional provision of Law 6/2018, of 3 July, on the General State Budget for 2018 (BOE of 4 July) and modified by the fifth final provision of Royal Decree-Law 17/2020, of 5 May, approving measures to support the cultural sector and tax measures to address the economic and social impact of Covid-2019 (BOE of 6 May).
- **"Vigésimo quinta sesión de la Conferencia de las Partes de la Convención Marco de Naciones Unidas sobre el Cambio Climático (COP25), décimo quinta sesión de la Conferencia de las Partes en Calidad de Reunión de las Partes del Protocolo de Kioto (COP-MOP15) y la segunda sesión de la Conferencia de las Partes como Reunión de las Partes del Acuerdo de París (CMA2) y quincuagésimo primera reunión de los Órganos**

Subsidiarios de la Convención, tanto del Órgano Subsidiario de Asesoramiento Científico y Tecnológico (SBSTA) como del Órgano Subsidiario de Implementación (SBI)" establecido en el artículo 1 del Real Decreto-ley 15/2019, de 8 de noviembre, por el que se adoptan medidas urgentes para la organización en España de la XXV Conferencia de Naciones Unidas sobre el Cambio Climático (BOE de 11 de noviembre).

- **"125th anniversary of the Madrid Press Association"** established by the sixty-ninth additional provision of Law 11/2020, of 30 December, on the General State Budget for the year 2021 (BOE of 31 December).
- **"250th anniversary of the National Museum of Natural Sciences (CSIC-MNCN)"** established by the eighty-sixth additional provision of Law 11/2020, of 30 December, on the General State Budget for the year 2021 (BOE of 31 December).

Deduction for investment in new elements of tangible fixed assets or real estate investments related to economic activities

Aspects to be taken into account for implementation

Regulations:Art. 68.2.b) Law IRPF

1.Taxpayers who can apply the deduction

This deduction may be applied by taxpayers of IRPF who carry out economic activities and who meet the requirements to be considered as a small entity, in the financial year in which the investment income is obtained.

See the concept of a small organisation, discussed in Chapter 7.

2.Object and basis of the deduction

The **net income from economic activities for the financial years 2021 or 2022 that is invested in 2022** in new items of tangible fixed assets or real estate investments used for economic activities carried out by the taxpayer will be eligible for the deduction.

For these purposes, it is understood that the net earnings from economic activities for the tax period are subject to investment when reversed an amount equivalent to the part of the positive general net tax base for the tax period that corresponds to such earnings, without it in any case the same amount can be understood invested in more than an asset.

The deduction base will be the amount invested, i.e., the part of the positive general net tax base for the tax period corresponding to the net earnings from economic activities for the tax period being invested in new elements of tangible fixed assets or real estate investments.

3.Deadline for making the investment

The investment in assets assigned to economic activities must be made **in the tax period in which the reinvested income is obtained or in the following tax period**.

The right to the application of the deduction will take place in the tax period in which they are carried out investment, although, shall be conditional upon the impact of the asset to the economic activity within a period of investment.

The investment shall be deemed to have been made on the date on which the assets and liabilities are made available, even in the case of assets and liabilities that are the subject of financial leasing contracts as referred to in section 1 of the third additional provision of Law

10/2014 of 26 June on the regulation, supervision and solvency of credit institutions.However, in the latter case, the deduction shall be conditional on the exercise of the purchase option.

> **Accuracy:** Law 26/1988 of 29 July 1988 on the discipline and intervention of credit institutions was repealed, with effect from 28 June 2014, by point (e) of the repealing provision of Law 10/2014 of 26 June 2014 on the organisation, supervision and solvency of credit institutions

The making available of the assets must be understood as the availability of the thing that is the object of the contract, that is to say, the delivery of the thing that constitutes the mode of acquisition of ownership by the acquirer.

The deduction shall be made from the tax liability for the tax period in which the investment is made .

4.Percentage of deduction

- **5 per 100 %**, as a general rule.
- **2.5 per 100**, in the following cases:

  a) If in the financial year in which the reinvested income was obtained, the reduction of 20% of the positive net declared income was applied, as provided for in Article 32.3 of the Law of IRPF for taxpayers who start to carry out an economic activity and determine the net income of the same in accordance with the direct estimation method.

  b) If the reinvested income gave rise to the right to the deduction for income obtained in Ceuta or Melilla in article 68.4 of the Law of IRPF in the year in which it was obtained or the right to the deduction for habitual and effective residence on the island of La Palma during the 2022 and 2023 tax periods, provided for in the fifty-third additional provision of the Law of IRPF.

> The percentage of 5% is applicable if in the year in which the reinvested income was obtained, the deduction for income obtained in Ceuta or Melilla or, where applicable, the deduction for income obtained on the island of La Palma was not applied, nor the reduction for starting a business under article 32.3 of the Law of IRPF, even if this deduction or reduction is applied in the following year (the year of the investment).

5.Limits

The amount of the deduction **may not exceed the sum of the state and autonomous community tax liability** for the tax period in which the net income from economic activities was obtained.

> When the deduction is applied in 2022 as a result of the investment of the net income obtained in 2021 and in the latter period joint taxation has been opted for, the limit on the tax liability mentioned above will be that which corresponds to the taxpayer making the investment.

6.Permanence in the taxpayer's assets of assets which are the subject of investment

The assets which are the subject of the investment must remain in operation in the taxpayer's assets, unless there is a justified loss, for a period of 5 years, or for their useful life if shorter.

> The transfer of the assets which are the object of the investment before the end of the required period of

maintenance will determine the loss of the deduction and, therefore, the amount of the deduction must be paid in the settlement of the tax period in which the non-compliance occurs, together with the corresponding late payment interest.

However, the deduction will not be lost if the assets are transferred before the end of the period indicated in the previous paragraph and the amount obtained or the net book value, whichever is lower, is invested in accordance with the terms established for entitlement to this deduction.

In relation to this requirement, the entity has a period of two years from the beginning of the tax period in which the transfer takes place until the end of the following tax period to make the investment.

7.Incompatibility

This deduction is incompatible, in relation to the same assets with the application of the freedom of depreciation, with the deduction for investments regulated in Article 94 of Law 20/1991, of 7 June 1991, amending the fiscal aspects of the Canary Islands Economic and Fiscal Regime, and with the Reserve for investments in the Canary Islands regulated in Article 27 of Law 19/1994, of 6 July 1994, amending the Canary Islands Economic and Fiscal Regime.

Example:Deduction for investment in new tangible fixed assets or real estate investments used for business activities

Mr. P.H.V. is the owner of an economic activity whose net income is determined by the normal direct estimation method.

During 2022, it meets the requirements to be considered a small entity and obtains net income from its activity amounting to 45,000 euros, with the general taxable base for the year corresponding to this income being 43,200 euros and the sum of its state and regional tax liability being 10,673 euros.

On 5 September 2022, with the income obtained in the year, he purchases new machinery for his company for an amount of 25,000 euros, which is delivered to him in November of that year.

Determine the amount of the investment deduction.

Solution:

Net income from economic activities for the financial year 2022:45,000

Amount invested in 2022 **(1)** = 25,000

Deduction base (amount invested with the limit of 43,200) **(2)** = 25,000

Amount of the deduction: (25,000 x 5%) **(3)** = 1,250

Maximum limit of the amount (sum of your state and autonomous community tax liability) = 10,673

Notes for the example:

(1) The amount of net income from economic activities obtained in 2022 which is invested in new tangible fixed assets

shall be entered in box ***[0833]*** of Annex A.5 of the return.**(Back)**

(2) This is the amount eligible for deduction up to the limit of the positive general net taxable income for 2022 corresponding to such income and shall be entered in box ***[0834]*** of Annex A.5 of the return.**(Back)**

(3) The amount of the deduction does not exceed the sum of the total state and regional tax liability for the tax year 2022 and therefore, in this case, it shall be entered in full in box ***[0835]*** of Annex A.5 of the return.**(Back)**

Attention: *in Annex A.5 of the tax return, the amount of net income from business activities obtained in 2021 which is invested in 2022 in new items of property shall be entered in box* ***[0830]*** *and in boxes* ***[0831]*** *and* ***[0832]****, respectively, the amount eligible for deduction and the amount of the deduction shall be entered in boxes [0831] and [0832] .Similarly, in the case of income obtained in 2022 that is invested in that same financial year in new items, the amount shall be entered in the box* ***[0833]*** *and in the boxes* ***[0834]*** *and* ***[0835]****, respectively, the amount with the right to deduction and the amount of the deduction.*

Special regime for business investment in the Canary Islands

1.Deductions for investments in the Canary Islands

Table:Deduction for investments in the Canary Islands

Investments that remain in the Canary Islands, made by individuals who carry out economic activities in the Canary Islands and determine their income in direct estimation, may benefit from the General System of deductions foreseen in the LIS with the percentages and specific limits indicated in the following table:

Note: *this deduction is incompatible with the deduction for investment in new tangible fixed assets or investment property used for economic activities.*

Investment modalities		Percentage of deduction	Set limit
For investments in research and development and technological innovation activities (art. 35 LIS):	In research and development (art. 35.1 LIS)	45/75.6/28 per 100 37 per 100 (additional)	60 per 100 or 90 per 100, in general for the Canary Islands 70 per 100 or 100 per 100 (for the islands of La Palma, La Gomera and El Hierro) (1)
	In technological innovation (art. 35.2 LIS)	45 per 100	
For investments in film productions, audiovisual series and live performances of performing arts and music (art. 36 LIS):	In Spanish productions of feature films, short films and audiovisual series (art. 36.1 LIS)	54/45 per 100	
	In foreign productions of	54/45 per 100	

Investment modalities		Percentage of deduction	Set limit
	feature films or audiovisual works -for execution costs incurred in Spanish territory- (art. 36.2 LIS)	(excluded from the joint limit)	
	In live performing arts and music shows -For production and exhibition expenses- (art. 36.3 LIS)	40 per 100	
For job creation for workers with disabilities (art. 38 LIS)		11,700/15,600 euros person/year	
For investments in West African territories [art. 27 bis.1.a) Law 19/1994].		15/10 by 100	25 by 100 or 50 by 100
For advertising and publicity expenses [art. 27 bis.1.b) Law 19/1994].		15/10 by 100	25 by 100 or 50 by 100
For investments in the acquisition of fixed assets		25 per 100	50 per 100 individual and 70 per 100 set 60 percent individual and 80 percent joint (for the islands of La Palma, La Gomera and El Hierro) (2)((

Notes:

(1) For the islands of La Palma, La Gomera and El Hierro the joint limits (60 per cent or 90 per cent) are raised to 70 per cent and 100 per cent respectively, where the Community rules on State aid so permit and in the case of investments covered by Law 2/2016 of 27 September and other laws on measures for the organisation of economic activity on these islands.(Go back)

(2) For the islands of La Palma, La Gomera and El Hierro, the joint limits of 50 per cent (individual) and 70 per cent (joint) are raised to 60 per cent and 80 per cent, respectively, where the Community rules on State aid so allow and in the case of investments covered by Law 2/2016 of 27 September and other laws on measures for the organisation of economic activity on these islands.(Go back)

A. Deductions under the Corporate Income Tax Law applicable in the Canary Islands

Regulations:Art. 94 and 94 bis Law 20/1991, of 7 June 1991, amending the fiscal aspects of the Canary Islands Economic and Fiscal Regime.

The following deductions provided for in the LIS are applicable in the Canary Islands with increases both in the corresponding deduction percentages and in the amounts set, as well as

with respect to the maximum joint limit applicable.

Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

Application in the Canary Islands of the deductions of Articles 35 and 36 LIS

Regulations:Art. 94 Law 20/1991 of 7 June 1991 on modification of the fiscal aspects of the Economic Tax Regime

The application to business investments made in the Canary Islands of the deductions of Articles 35 and 36 of the LIS with increased percentages is based on the provisions of Article 94 of Law 20/1991 of 7 June 1991.Article 94 of Law 20/1991 provides for the application of the general deduction system of Article 26 of Law 61/1978 of 27 December 1978, with increased deduction percentages, provided that the investment is made and remains in the Canary Islands.

However, in the event that the general deduction system of Article 26 of Law 61/1978 is abolished, the fourth transitional provision of Law 19/1994 of 6 July 1994 amending the Canary Islands Economic and Fiscal Regime, stipulates that its future application in the Canary Islands shall be maintained until an equivalent replacement system is established, in accordance with the regulations in force at the time of abolition.

As a consequence of the above, the increased deduction percentages of Article 94 of Law 20/1991 only apply to the new system of deductions established in Chapter IV of Title VI of the LIS, where it is equivalent to the deductions of Article 26 of Law 61/1978.That is, in the deductions of articles 35 and 36 of the LIS.

Attention: *It should be noted that, with effect from 1 January 2021, taxpayers, entrepreneurs or professionals who finance Spanish film productions and audiovisual series and those of certain live shows may apply the deductions of paragraphs 1 and 3 of Article 36 of the LIS and, likewise, these deductions are included among those that generate the right to apply the joint limit of 50% (a limit of 90% for the Canary Islands in general, and 100% for the islands of La Palma, La Gomera and El Hierro).*

a. Deduction rates

In accordance with Article 94(1)(a) of Law 20/1991 of 7 June 1991 amending the tax aspects of the Canary Islands Economic and Fiscal Regime (BOE of 8 June 1991), the rates applicable to investments made will be 80 % higher than those under the general system, with a minimum differential of 20 percentage points.

However, there is an exception since, in accordance with the provisions of the thirteenth additional provision of Law 19/1994, of 6 July, amending the Canary Islands Economic and Fiscal Regime, added, with effect from 1 January 2015, by Royal Decree-Law 15/2014, of 19 December, amending the Canary Islands Economic and Fiscal Regime (BOE of 20 December), it should be noted that the percentage of the deduction for activities of **technological innovation** that are carried out in the Canary Islands and meet the criteria established in section 2 of article 35 of the LIS, **will be 45 per cent**, without the provisions of article 94.1.a) of Law 20/1991, of 7 June, amending the fiscal aspects of the Canary Islands Economic and Fiscal Regime being applicable

to it.

Therefore, the applicable percentages and the deduction base for each of the deductions of articles 35 and 36 of the LIS are as follows:

Investment modalities	Percentage	Basis of deduction	
Deduction for R&D activities (article 35.1 of the Spanish Corporation Tax Act)	45 per 100	Spending on R&D during the period, up to the average for the 2 previous years	
	75.6 per 100	Spending on R&D during the period, in excess of the average for the 2 previous years	
	37% (additional)	Personnel costs of qualified R&D researchers	
	28 per 100	Investments related to R&D (except buildings and land).	
Deduction for activities related to technological innovation (article 35.2 of the Spanish Corporation Tax Act)	45 per 100	Expenditure on technological innovation in the period.	
Deduction for investments in Spanish film productions (art. 36.1 LIS)	54 per 100	Up to €1 million	Total cost of production together with costs of obtaining copies, advertising and promotion costs to be borne by the producer up to a limit of 40% of the cost of production. Take into account the maximum amount established in D.A.14ª Law 19/1994:18 million
	45 per 100	On the excess of €1 million	
Deduction for foreign film productions in Spain (art. 36.2 LIS)	54 per 100	Up to €1m	Expenses incurred in Spain directly in relation to the production, provided they are at least €1M. Take into account the provisions of D.A.14th Law 19/1994: • maximum amount of the deduction for deductions made in the Canary Islands:18 million • minimum amount in case of execution of post-production or animation services in a foreign production:€200,000
	45 per 100	On the excess of €1 million	
Deduction for the production of certain live shows (art. 36.3 LIS)	40 per 100	Direct costs Maximum amount of 900.000 € in case of production and exhibition of live performances of performing arts and musicals	

b. Requirements and conditions for the application of deductions

The requirements and conditions determining the application of these LIS deductions (Articles 35, 36 of the LIS) are discussed in this Chapter in the section on "General system of deductions for incentives and stimuli for business investment in the Corporate Income Tax Act".

c. Specific limits on deductions for investments in film productions, audiovisual series and live performances of performing arts and music made in the Canary Islands.

Without prejudice to the foregoing, with regard to Article 36 of the LIS it should be borne in mind that the fourteenth additional provision of Law 19/1994, of 6 July 1994, amending the Canary Islands Economic and Fiscal Regime, establishes the following specific limits for deductions for investments in film productions, audiovisual series and live shows of performing arts and music performed in the Canary Islands:

- Maximum amounts:

- The amount of the deduction for investments in Spanish feature and short film productions and fiction, animation or documentary audiovisual series of Article 36.1 of the LIS may not exceed 18 million euros in the case of productions made in the Canary Islands.
- The amount of the deduction for expenses incurred in Spanish territory for foreign productions of feature films or audiovisual works in Article 36.2 of the LIS may not exceed 18 million euros in the case of expenses incurred in the Canary Islands.
- Maximum amount in the case of production and exhibition of live performances of performing arts and music (Article 36.3 LIS) may not exceed 900,000 euros per production.

Remember: *from 1 January 2021, the absolute limit of the deductions under Article 36(1) and (2) of the LIS may not exceed the result of increasing the maximum amount of this deduction at State level by 80%.Therefore, the limit for this deduction in the Canary Islands is 18,000,000 euros.*

- Minimum amounts:

A minimum amount of 200,000 euros is established in the case of expenses incurred in the Canary Islands or animation in a foreign production (article 36.2 LIS).

Application in the Canary Islands of the deduction under Article 38 LIS

Regulations:Art. 94 bis Law 20/1991, of 7 June 1991, on the modification of the fiscal aspects of the Canary Islands Economic Tax Regime

With regard to the deduction for disabled workers in Article 38 of the LIS its application in the Canary Islands is a consequence of Article 94 bis of Law 20/1991, of 7 June, amending the fiscal aspects of the Canary Islands Economic and Fiscal Regime added, with effect from 7 November 2018, by Article Two of Law 8/2018, of 5 November, amending Law 19/1994, of 6 July, amending the Canary Islands Economic and Fiscal Regime (BOE of 6 July).

Article 94 bis of Law 20/1991 establishes that entities that hire a worker to carry out their activity in the Canary Islands shall be entitled to enjoy the tax benefits for job creation established by the tax regulations in accordance with the requirements established therein, increasing them by 30 per

cent.

a. Amount of the deduction

The deductible amounts provided for in article 38 of the LIS **are increased by 30 percent**.

Therefore:

Investment modalities	Deductible amounts
Article 38 deduction LIS	11.700 € For each person/year increase in the average number of staff with disabilities ≥ 33% and < 65%.
	15.600 € For each person/year of increase in the average number of staff with a disability ≥ 65% € 15.600 € For each person/year of increase in the average number of staff with a disability ≥ 65%.

b. Requirements and conditions for the application of the deduction

The requirements and conditions determining the application of this deduction in Article 38 of the LIS are discussed in this Chapter in the section on General system of deductions for incentives and stimuli for business investment in the Corporate Income Tax Act.

Deductions not applied in the financial year due to insufficient tax liability

Regulations:Transitional provision four Law 19/1994 of 6 July 1994 amending the Economic and Fiscal Regime of the Canary Islands

With effect from 1 January 2015, the fourth transitional provision of Law 19/1994 was amended by Royal Decree-Law 15/2014, of 19 December, amending the Canary Islands Economic and Fiscal Regime (BOE of 20 December), to establish that the amounts not deducted (including the balances of deductions pending application on 1 January 2015) may be applied, respecting the limits applicable to them, in the settlements of the tax periods that **conclude in the 15 immediate and successive years**.

Joint limit on deductions under Articles 35, 36 and 38 LIS in the Canary Islands

- ### General joint limit:60 per cent or 90 per cent

  In accordance with article 94.1(b) Law 20/1991, of 7 June 1991, the joint quota limit shall always be higher by 80 per 100 than that fixed in the general regime, with a minimum differential of 35 percentage points.

  Therefore, the joint limits of Article 39.1 LIS are raised to **60 per 100 or 90 per 100.**

Consequently, the deductions for investments of articles 35, 36 and 38 LIS, applied in the Canary Islands in the tax period, may not exceed together **60 per 100** of the tax liability resulting from reducing the sum of the total tax liability, state and regional (boxes ***[0545]*** and ***[0546]*** of the return), in the total amount of the deductions for investment in primary residence (in the case of taxpayers to whom the transitional regime of this deduction is applicable), for investment in new or recently created companies, provided for in article 68.1 of the Law of IRPF, and for actions for the protection and dissemination of Spanish Historical Heritage and World Heritage (∑ boxes boxes ***[0549]; [0550]*** and ***[0551],*** respectively).

However, **shall be raised to 90 per cent** when the amount of the deductions under Articles 35 and 36 exceeds 10 per cent of the abovementioned tax liability.

- **Joint boundary for the islands of La Palma, La Gomera and El Hierro:70 per cent or 100 per cent**

From the financial year 2019 for the islands of La Palma, La Gomera and El Hierro, the minimum ceiling of 80% is increased to 100% and the minimum differential is increased to 45 percentage points when the Community regulations on State aid so permit and when the investments are covered by Law 2/2016 of 27 September and other laws on measures for the organisation of the economic activity of these islands in accordance with the provisions of Article 1.Forty-one of Law 8/2018 of 5 November, which amends Law 19/1994 of 6 July, amending the Canary Islands Economic and Fiscal Regime (BOE of 6 July).Consequently, in these cases, for the **islands of La Palma, La Gomera and El Hierro** the joint limits (of 60 per cent or 90 per cent) are raised to **70 per cent and 100 per cent respectively**.

The application of the limits foreseen for the islands of La Palma, La Gomera and El Hierro in those cases in which the taxpayer also generates deductions in other territories of the Canary Islands must simultaneously comply **with the following rules:**

1. Deductions generated on the islands of La Palma, La Gomera and El Hierro must respect their own improved limit (70/100 per 100).Likewise, deductions generated in the rest of the Canary Islands must also respect their own improved limit (60/90 per cent).

2. If there are deductions on the three islands mentioned (La Palma, La Gomera and El Hierro) as well as in the rest of the Canary Islands, the maximum limit **for both types** of deductions will be the upper limit, i.e. the improved limit for the three islands (70/100 per 100).

3. In the event that deductions concur in the three islands mentioned above and in the rest of the Canary Islands, the latter **cannot** benefit from the increased limit of the three islands.

- **Application of the joint limit**

Finally, it should be noted that this joint limit on the quota **is independent** of that applicable to investments under the General Deductions Regime of the LIS and the Support Schemes for Events of Exceptional Public Interest listed in annexes A.3 and A.4 of the declaration.

B. Deduction for investments in West African territories and for advertising and publicity expenses

Regulations:Article 27a Law 19/1994 of 6 July 1994 amending the Economic and Fiscal Regime of the Canary Islands

It includes two deductions:

1.Deduction for investments in West African territories

It is applicable for taxpayers who carry out economic activities in the Canary Islands when they make investments aimed at setting up subsidiaries or permanent establishments in Morocco, Mauritania, Senegal, Gambia, Guinea Bissau and Cape Verde.

(a) Deduction rates

The **15 per 100** of the investments in the event that the net turnover in the immediately preceding tax period is equal to or less than 10 million euros and with an average workforce in that period of less than 50 people.

> If the previous immediate tax period has been less than the year, or activity has been carried out for an even shorter period, the net amount of the turnover shall be raised to the year.

(b) Conditions for the application of the deduction

- Subsidiaries or permanent establishments set up in Morocco, Mauritania, Senegal, Gambia, Guinea Bissau and Cape Verde must carry out economic activities in these territories within 1 year from the time of the investment.
- The entity making the investment alone or jointly with other entities with tax domicile in the Canary Islands must have a shareholding of at least 50 per cent in the capital or equity of the subsidiary.
- The investment must be maintained for at least 3 years.
- The deduction will be applied in the tax period in which the economic activity begins and will be conditional upon an increase in the average workforce in the Canary Islands of the taxpayer in that tax period with respect to the average workforce existing in the previous tax period and the maintenance of this increase for a period of 3 years.

2.Deduction for advertising and publicity expenses of multiannual projection

It is applicable to taxpayers who carry out economic activities in the Canary Islands for the amounts paid for advertising and publicity expenses with a multi-year projection.

(a) Deduction rates

- **15 per cent** of the amount paid for these advertising and publicity expenses if the net turnover in the immediately preceding tax period is less than or equal to EUR 10 million and if the average number of employees in that period is less than 50.
- **10 per cent** of the amount paid for these advertising and publicity expenses when the net turnover does not exceed EUR 50 million and the average number of employees is less than

250.

If the previous immediate tax period has been less than the year, or activity has been carried out for an even shorter period, the net amount of the turnover shall be raised to the year.

(b) Conditions for the application of the deduction

This must be expenditure on multiannual advertising and publicity for product launches, for opening up and prospecting markets abroad and for attending trade fairs, exhibitions and similar events, including those held in Spain on an international scale.

3.Joint limit on the deduction for investments in West African territories and for propaganda and advertising expenses:25 by 100 or 50 by 100

The deduction for investments in West African territories and for propaganda and advertising expenses in Article 27 bis of Law 19/1994 is subject to the limits established in Article 39.1 of the LIS of 25% or 50% of the tax liability.

Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

C. Deduction for investment in the acquisition of fixed assets

Regulations:Art. 94 Law 20/1991 of 7 June 1991 amending the fiscal aspects of the Canary Islands Economic and Fiscal Regime.

The deduction for investments in tangible fixed assets is that regulated in the twelfth additional provision of Law 43/1995, of 27 December, on Corporate Income Tax, with the increased percentages and other specialities established in Article 94 of Law 20/1991 for the Canary Islands.

The reason for maintaining its application is that this deduction, which was included in the general system of deductions in Article 26 of Law 61/1978 of 27 December 1978, is not currently included among the deductions for investments in Chapter IV of Title VI of the LIS, so that, in accordance with the fourth transitional provision of Law 19/1994 referred to above, as there is no equivalent deduction in the current LIS, this deduction continues to be applied in accordance with the regulations in force at the time of its elimination.In this case in accordance with the twelfth additional provision of Law 43/1995 of 27 December 1995 on Corporate Income Tax, which repealed and replaced Law 61/1978 of 27 December 1978 on Corporate Income Tax.

a. New fixed assets

Taxpayers may deduct from the gross tax liability **25 per 100** of the amount of investments in new tangible fixed assets, excluding land, used for the development of the economic activity which are placed at the disposal of the taxpayer within the said tax period.

In accordance with Article 94(1)(a) of Law 20/1991 of 7 June 1991 amending the tax aspects of the Canary Islands Economic and Fiscal Regime (BOE of 8 June 1991), the rates applicable to investments made will be 80 % higher than those under the general system, with a minimum differential of 20 percentage points.

Taxpayers will be able to use this deduction investments made under the lease, with the exception of buildings.

b. Used fixed assets

Taxpayers may also deduct from their gross tax liability **25 per 100** of the amount of the investment for the acquisition of the fixed asset used, which had not previously benefited from this deduction for investments in tangible fixed assets.

Used fixed assets giving entitlement to deduction must belong to one of the following categories (Royal Decree 241/1992):

- Machinery, installations and tools.
- Information processing equipment.
- Internal and external transport equipment, excluding vehicles for own use by persons directly or indirectly related to the undertaking

In order to have the right to this deduction, the asset acquisition of fixed assets used has mean a clear improvement Innovation for the company should prove this circumstance, in the event of verification or research of the tax situation of the taxpayer, through the justification of the element object of the deduction is going to produce or has occurred one of the following purposes:

- Reduction of the cost of production unit price of the good or service.
- The improvement of its quality of the good or service.

c. Basis of deduction

The deduction base will be the acquisition price or production cost.

d. Maintenance of the investment

In order to qualify for the investment deduction, the items must remain in operation in the same taxpayer's enterprise for five years, unless their useful life according to the depreciation method to be applied is shorter.

e. Justification

The taxpayer must keep at the disposal of the Tax Administration certification issued by the transferor in which indicate that the element object of the transfer has not enjoyed previously in the deduction for investments nor of the regime of the fund for welfare for investment.

f. Deductions not applied because of insufficient quota

As a consequence of the Canary Islands continuing to apply the deduction for investments in tangible fixed assets, it should be borne in mind that, as in the case of the other types of investment deductions, the amounts not deducted for this concept (including the balances of deductions pending application at 1 January 2015) may be applied, respecting the applicable limits, in the tax settlements for the tax periods ending in the 15 years immediately following and thereafter.

g. Limits

The taxpayer may deduct the amount of the deduction for investments in new fixed assets in the Canary Islands from both previous tax periods that are pending application and from the tax period itself, with a double limit:

a. **An individual limit of 50 per 100 per cent** of the above-mentioned quota.

   For this purpose, it should be noted that the limit for this deduction, according to paragraph 7 of the twelfth additional provision of Law 43/1995, was 15 per cent of the gross tax liability plus the minimum differential of 35 percentage points established in Article 94 of Law 20/1991.

   This individual limit of 50 per cent applies both to the deduction generated in the tax period itself and to deductions from previous tax periods.And, in the event that there is an outstanding amount of deduction from previous periods, this may be applied taking into account, in addition, the joint limit of 70 per cent referred to below.

b. **A joint limit of 70 per cent**, which is determined by application of the provisions of paragraph 4 of the eleventh transitional provision of Law 43/1995.

   The aforementioned paragraph 4 of the eleventh transitional provision of Law 43/1995 sets a joint limit of 35 per cent plus the minimum differential of 35 percentage points established in Article 94 of Law 20/1991.

The limit of the deduction for investments in the Canary Islands in new fixed assets is applied, in accordance with the Resolution of the TEAC of 9 April 2015, Claim number 00/05445/2014, appealed in an extraordinary appeal for the unification of criteria, **on the whole of the total tax liability** and not only on the part of the same that corresponds to income from economic activities carried out in the Canary Islands.

> ***Attention:*** *in the case of the islands of La Palma, La Gomera and El Hierro, the percentages of 50 per cent (individual) and 70 per cent (joint) rise to 60 per cent (individual) and 80 per cent (joint), respectively.*

2.Deduction for income derived from the sale of tangible goods produced in the Canary Islands

Regulations:Art. 26 and 11th additional provision Law 19/1994 of 6 July 1994 amending the Economic and Fiscal Regime of the Canary Islands.

Amount of the deduction

The **50 per 100** of the part of the gross tax liability reduced, where applicable, by the amount of the deduction for the Reserve for Investments in the Canary Islands, in the part that proportionally corresponds to the income derived from the sale of tangible goods produced in the Canary Islands by the beneficiaries of the deduction, without prejudice to the **limits established in Community legislation that may affect it**.

In this respect, the second additional provision of Royal Decree-Law 15/2014, of 19 November, establishes that with effect from 1 January 2015, the application of this rebate, as well as the application of the tax benefits that are considered regional operating aid (Book II and Article 94 of Law 20/1991, Law 4/2014, of 26 June, Article 27 and Title V of Law 19/1994, and the twelfth additional provision of Law 43/1995, of 27 December), and the aid for freight transport included in the scope of Royal Decree 362/2009, of 20 March and the Order of 31 July 2009 of the Minister for Public Works and Transport of the Canary Islands Government, will be subject to the limit of 30 percent of the annual turnover of the beneficiary obtained in the Canary Islands (**).**

For the purposes of calculating the income derived from the sale of tangible goods produced in the Canary Islands, it should be taken into account that they will form part of the same:

a. The amounts of aid resulting from the specific supply arrangements, established under Article 3(1)(a) of Regulation (EU) No 228/2013 of the European Parliament and of the Council.
b. The amounts of aid to producers deriving from the Community Support Programme for Agricultural Production in the Canary Islands, established under Article 3(1)(b) of Regulation (EU) No 228/2013 of the European Parliament and of the Council.

The Paying Agency of such funds shall certify to the competent tax administration the amount(s) of aid received by the producer from the support measures provided for in the previous paragraph.

Requirements

The following requirements must be met for the deduction to apply:

- The tangible goods produced in the Canary Islands derive from the exercise of agricultural, livestock, industrial and fishing activities, provided that, in the latter case, deep-sea fishing is landed in Canary Islands ports and handled or processed in the archipelago.
- That taxpayers are domiciled in the Canary Islands.If the taxpayers are domiciled in other territories, they must be engaged in the production of the aforementioned goods in the Canary Islands by means of a branch or permanent establishment.
- That determine their earnings in the direct assessment regime.
- That the net yields with the right to the rebate will be positive.

Attention: *It should be borne in mind that the rebate regulated in Article 26 of Law 19/1994 does not apply to income derived from the sale of tangible goods produced in the Canary Islands, typical of the activities of shipbuilding, synthetic fibres, the automobile industry, the iron and steel industry and the coal industry.*

3.Deduction for allocations to the Reserve for Investment in the Canary Islands

Regulations:Art. 27 and 11th additional provision Law 19/1994, of 6 July 1994, amending the Economic and Fiscal Regime of the Canary Islands.

a) Amount and limits of the deduction

Regulations:Art. 27.15 Law 19/1994, of 6 July, on the modification of the Economic and Tax System of the Canary Islands

Amount of the deduction

Personal income taxpayers who carry out economic activities in direct estimation will be entitled to a deduction in their gross tax liability for the net operating income that is allocated to the investment reserve, provided that this income comes from economic activities carried out through establishments located in the Canary Islands.

The amount of this deduction is variable and is determined by applying the average tax rate (sum of the average general and regional tax rates, boxes ***[0534]*** and ***[0535***] of the tax return) to the allocations of the net operating income for the year that are allocated to the Reserve for investments in the Canary Islands, provided for in Article 27 of Law 19/1994, of 6 July, amending the Economic and Fiscal Regime of the Canary Islands.

See also Royal Decree 1758/2007, of 28 December, which approves the Regulation implementing Law 19/1994, of 6 July, amending the Canary Islands Economic and Fiscal Regime, in matters relating to tax incentives in indirect taxation, the reserve for investments in the Canary Islands and the Canary Islands Special Zone (BOE of 16 January 2008).

Note: *the part of the profit obtained in the exercise of activities related to shipbuilding, synthetic fibres, the automobile industry, the iron and steel industry and the coal industry may not benefit from the system of the Reserve for Investments in the Canary Islands established in Article 27 of Law 19/1994 of 6 July 1994.*

Limits to the deduction

The amount of this deduction may not exceed **80 per 100** of the part of the gross tax liability that proportionally corresponds to the amount of the net operating income from establishments located in the Canary Islands.

In joint taxation, the maximum limit of the deduction **is applied individually to each of the spouses**, if both are entitled to the deduction, without this application resulting in a deduction of more than 80% of the full tax liability.

(b) Conditions for the application of the deduction

Regulations:Art. 27, paragraphs 3 to 14 and eighth transitional provision Law 19/1994, of 6 July 1994, amending the Economic and Fiscal Regime of the Canary Islands.

In order for this deduction to be applied, the following requirements must be met:

- **That the taxpayer determines the net income from his economic activity in accordance with the direct estimation method** and that this income comes from activities carried out through establishments located in the Canary Islands.
- **The Investment Reserve is accounted for separately**, and is not drawn down as long as the assets in which it has been realised are to remain with the company.

- **The amounts allocated to this reserve must be realised within a maximum period of three years**, counted from the date of accrual of the tax corresponding to the financial year in which the reserve has been allocated.

  However, the deadline is four years (instead of three years) to realise the amounts allocated to the reserve for investments in the Canary Islands **endowed with profits obtained in 2016**.

  > Law 2/2022, of 24 February, on financial measures for social and economic support and compliance with the enforcement of judgments (which tacitly replaces Royal Decree-Law 39/2020, of 29 December), introduces a new eighth transitional provision in Law 19/1994, of 6 July, amending the Canary Islands Economic and Fiscal Regime, section 1 of which extends by one year (from three to four years) the maximum period for realising the reserve funded with profits obtained in tax periods commencing in 2016.
>
> With regard to this extension, please also note that as a consequence of the health crisis situation caused by Covid-19, the deadlines for materialising the investment and endowing the reserve materialised in advance were suspended from 14 March to 30 May 2020.
>
> As a result, the period for the realisation of reserves appropriated in 2017 with profits earned in 2016 could end in 2022, if applicable.

- That the said **materialisation** is carried out in the realisation of any of the investments detailed in **article 27.4 of Law 19/1994** (BOE of 30 July).

  > The investments detailed in Article 27.4 of Law 19/1994 are examined in the specific section "Investments where the amounts earmarked for the RIC" of this Chapter.

- **That the assets in which the investment is made are located or received in the Canary Islands,** that they are used in the Canary Islands, that they are used and necessary for the development of the economic activities of the taxpayer, except in the case of those that contribute to the improvement and protection of the environment of the Canary Islands.Investments detailed in Article 27.4 of Law 19/1994.

  Article 27.5 of Law 19/1994 determines for this purpose what elements are to be understood to be situated and used in the archipelago.

- **That the assets** in which the investment reserve listed in letters A and C of Article 27.4 of Law 29/1994 has been materialised, as well as those acquired by virtue of the provisions of letter D of the aforementioned Article 27.4, **remain in operation in the company of the same taxpayer for at least five years**, without being transferred, leased or assigned to third parties for their use.Where its retention is less than that period, this requirement shall not be deemed to have been breached when the acquisition of another asset item replacing it with its net book value is carried out. prior to or within 6 months of your fall in the balance sheet that meets the requirements for the application of the deduction and remains in operation for as long as necessary to complete that period.In the case of land acquisition, the period shall be 10 years.

  Taxpayers engaged in the economic activity of leasing or transferring fixed assets to third parties for their use may benefit from the investment reserve, provided that there is no direct or indirect relationship with the lessees or transferees of such assets, as defined in Article 18.2 of the LIS, nor are they involved in financial leasing operations.

  In the case of the lease of real estate, in addition to the conditions set out in the previous

paragraph, the requirements established in the fourth paragraph of section 8 of Article 27 of the aforementioned Law 19/1994, of 6 July, must be fulfilled.

For the purposes of calculating the maintenance period, it should be borne in mind that for investments under Article 27.4.(A) and (C), materialisation shall be deemed to occur, even in the case of acquisition through financial leasing, at the time when the assets become operational.

Note: *Article One of Royal Decree-Law 15/2014, of 19 December, amending the Economic and Fiscal Regime of the Canary Islands (BOE of 20 December)* ***repealed section 10*** *of Article 27 of Law 19/1994, so it is no longer necessary for the taxpayer to submit the investment plan electronically within the tax return deadlines in which the deduction corresponding to the reserve for investments in the Canary Islands is made and through the form that appeared on the website of the State Tax Administration Agency.*

Non-compliance with requirements

Regulations:Art. 27.16 Law 19/1994, of 6 July 1994, on the modification of the Economic and Fiscal Regime of the Canary Islands.

The use of the reserve for investments prior to the end of the investment maintenance period or for investments other than those provided for in paragraph 4 of this article, as well as failure to comply with any other of the requirements established in this article, except for the requirement for separate accounting and the information on the RIC to be included in the notes to the annual accounts, will result in the taxpayer being required to include in the personal income tax base for the year in which these circumstances occurred the amounts that gave rise to the reduction or deduction of the reserve, without prejudice to any penalties that may be applicable.

In the event of non-compliance with the obligation to exercise the purchase option provided for in finance lease contracts, the integration in the tax base will take place in the year in which it was contractually foreseen that this option should have been exercised.

Default interest will be paid in accordance with the terms set out in Law 58/2003 and its implementing regulations.

(c) Investments where the amounts earmarked for the RIC are to be realised

Regulations:Art. 27.4 Law 19/1994, of 6 July, on the modification of the Economic and Fiscal Regime of the Canary Islands.

The amounts earmarked for the reserve for investments in the Canary Islands must be used for one of the following investments:

- **Article 27.4:Initial investments** consisting, inter alia, of the acquisition of new tangible or intangible fixed assets as a result of:

  - The creation of an establishment.

- Expansion of an establishment.

- The diversification of an establishment's activity for the development of new products.

- Substantial transformation in the production process of an establishment.

In no case may the reserve for investments in the Canary Islands materialize in the acquisition of properties for tourist purposes.

Investments in land, built or not, are also considered initial, provided that they meet the requirements of the aforementioned legal precept.

In the case of taxpayers who meet the conditions of Article 101 of the LIS to be considered small entities, in the tax period in which the profit against which the reserve is funded is obtained, the investment may consist of the acquisition of used fixed assets, provided that the assets acquired have not previously benefited from the reserve regime for investments in the Canary Islands. In the case of land, the conditions set out in letter A of Article 27.4 of Law 19/1994 must in any case be met.

Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

- **Article 27.4:Job creation** directly related to the investments under A), which takes place within a period of six months from the date of entry into operation of the investment and fulfils certain requirements for an increase in the number of employees.

- **Article 27.4:Job creation** carried out in the tax period that cannot be considered as initial investment because it does not meet any of the requirements set out in Article 27(B), up to a limit of 50% of the allocations to the Reserve made by the taxpayer in the tax period.

- **Article 27.4:Acquisition of assets** of tangible or intangible fixed assets that cannot be considered as initial investment because they do not meet any of the conditions established in letter A) above, as well as investment in assets that contribute to the improvement and protection of the environment in the Canary Islands, as well as those expenses for research and development that are determined by regulations.

  Under no circumstances may the reserve for investment in the Canary Islands be used for the refurbishment or renovation of properties intended for tourist accommodation.

- **Article 27.4:The subscription of the following securities:**

  1.Shares or shares in the capital issued by companies as a result of their constitution or expansion of capital that develop in the archipelago their activity, provided that the requirements established in the aforementioned legal precept are met.

  2.Shares or shares in the capital issued by entities of the Canary Islands Special Zone as a result of their formation or expansion of capital, provided that the legally established requirements and conditions are met.

  3.Any financial instrument issued by financial institutions provided that the funds collected for the purpose of materializing the Reserve are intended for the financing of private projects in the Canary Islands, the investments of which are suitable in accordance with the provisions of this

Article, Provided that the emissions are monitored by the Government of the Canary Islands, they have a binding report from the State Tax Administration Agency.

4.Securities Public debt securities of the Autonomous Community of the Canary Islands, local canary Islands corporations or their public enterprises or autonomous bodies, provided that it is intended to finance investments in infrastructure and equipment or to improve and protect the environment in the Canary Islands, with the limit of 50 per 100 of the appropriations carried out in each financial year.

5.Securities issued by public bodies for the construction or operation of infrastructures or equipment of public interest for the Public Administrations in the Canary Islands, when the financing obtained with this issue is used exclusively for such construction or operation, up to a limit of 50% of the allocations made in each financial year.

6.Securities issued by entities that proceed with the construction or operation of infrastructures or facilities of public interest for the Public Administrations in the Canary Islands, once the corresponding administrative concession or administrative title has been obtained, when the financing obtained with said issue is exclusively for such construction or operation, with the limit of 50% of the allocations made in each financial year and under the terms provided for in the regulations.The issue of the corresponding securities shall be subject to prior administrative authorisation by the Administration competent for the granting of the corresponding inhabitant administrative title.

Note:*please note that paragraphs 2, 4.A) and C), 5, 8 and 12 of Article 27 of Law 19/1994, of 6 July, were amended, for tax periods beginning on or after 7 November 2018, by Article 1.34 of Law 8/2018, of 5 November, which amends Law 19/1994, of 6 July, amending the Canary Islands Economic and Fiscal Regime (BOE of 11 November).*

(d) Incompatibilities

This deduction **is incompatible, for the same goods and expenses**, with the deductions to encourage the performance of certain activities of Article 68.2 of the Law IRPF, and with the deduction for investments regulated in Article 94 of Law 20/1991, of 7 June, on modification of the fiscal aspects of the Canary Islands Economic and Fiscal Regime.

In the case of **used assets and land, these may not have previously benefited from the regime of the reserve for investments in the Canary Islands**, for allocations made with profits from tax periods commencing on or after 1 January 2007, nor from the deductions to encourage the performance of certain activities regulated in the LIS, nor from the deduction for investments regulated in article 94 of Law 20/1991.Investment in used assets which had only partially benefited from the reserve regime for investments in the Canary Islands in the corresponding proportional part shall be considered eligible.

e) Advance investment of future endowments

Regulations:Art. 27.11 and transitory provision eight.2 Ley 19/1994, de 6 de julio, de modificación del Régimen Económico y Fiscal de Canarias (Law 19/1994, of 6 July,

amending the Canary Islands Economic and Fiscal Regime).

In accordance with the provisions of Article 27.11 of Law 19/1994, of 6 July, on the Canary Islands Economic and Fiscal Regime, taxpayers may carry out early investments, which will be considered as materialisation of the reserve for investments that is endowed against profits obtained in the tax period **in which the investment is made or in the three subsequent tax periods**, provided that the remaining requirements of the same are met.

However, the term will be four years (instead of three years) for anticipated investments materialised in 2017.

> >Law 2/2022, of 24 February, on financial measures for social and economic support and compliance with the enforcement of judgments (which tacitly replaces Royal Decree-Law 39/2020, of 29 December), introduces a new eighth transitional provision in Law 19/1994, of 6 July, amending the Economic and Fiscal Regime of the Canary Islands, paragraph 2 of which extends by one year (from three to four years) the deadline for advance investments made in 2017.
>
> With regard to this extension, please also note that as a consequence of the health crisis situation caused by Covid-19, the deadlines for materialising the investment and endowing the reserve materialised in advance were suspended from 14 March to 30 May 2020.

These endowments are to be made out of profits earned **until 31 December 2023**.

The aforementioned materialisation and its financing system shall be communicated together with the declaration of IRPF of the tax period in which the anticipated investments are made.

f) Information to be provided in the Personal Income Tax Return

The maximum period for materialising the reserve for investments in the Canary Islands (RIC) is three years, by virtue of the provisions of Article 27.4 of Law 19/1994 of 6 July 1994, amending the Economic and Fiscal Regime of the Canary Islands.

This three-year period must be counted from the date of accrual of the tax corresponding to the financial year in which the allocation (posting) of the reserve takes place and this allocation in the case of individuals may be:

- at the end of the accounting year on 31 december of each year.
- in the exercise following the profit-making exercise.

This means that individuals will have an effective period of three or four years to realise the reserve for investments in the Canary Islands, depending on when they have made the accounting entry of the reserve (at the end of the year or in the following year).This duality (which does not occur in the case of Companies) is the reason for the design of the model of IRPF.However, as a result of the eighth transitional provision of Law 19/1994, in the case of the reserve for investments with profits obtained in tax periods commencing in 2016, the period is extended by one year (therefore, the effective period will be four or five years depending on when the accounting entry for the allocation of the reserve was made).

The information on allocations and realisations in 2022 of the Canary Islands investment reserve for the years 2016 to 2022 and anticipated investments of future allocations shall be provided in accordance with the breakdown contained in the corresponding heading of Annex A.2 of the

declaration as follows:

Allocations and materialisations made in 2022

- Boxes ***[1643], [1681]***, ***[0733], [0735], [0738], [0742] and [0746].***

  Indicate the amount of the allocations corresponding to income obtained in the Canary Islands in the financial years 2016 to 2022 that have been allocated to the RIC.

- Boxes ***[1683], [1682]***, ***[0734] [0789], [0792], [0794] and [0802].***

  The year of allocation shall be indicated (2017 to 2022) which, as mentioned above, may be at the end of the financial year in which the net operating income was obtained or in the following financial year.

- Boxes ***[1692], [1684]***, ***[0777], [0736], [0739], [0743], [0747] and [0750].***

  The amount of the materializations carried out from the previously declared allocation in the investments provided for in Article 27.4(A), (B) bis and (D) 1 of Law 19/1994 shall be indicated.

- Boxes ***[1696], [1685], [0778], [0737], [0740], [0744], [0748] and [0751].***

  The amount of the materializations carried out from the previously declared allocation in the investments provided for in Article 27.4(C) and (D) of Law 19/1994 shall be indicated.

- Boxes ***[0829], [0790], [0741], [0745], [0749].***

  The amount of each of the previously declared endowments remaining to be realised at 31 December 2022 shall be disclosed.

Covid-19: *regarding the information to be provided with respect to allocations and materialisations of the RIC the following should be taken into account:*

Financial years 2016 and 2017:

Royal Decree-Law 39/2020, of 29 December, on financial measures for social and economic support and compliance with the execution of sentences, introduced a new eighth transitional provision in Law 19/1994, of 6 July, on the modification of the Economic and Fiscal Regime of the Canary Islands, to extend by one year the maximum period for realising the reserve for investments in the Canary Islands endowed with profits obtained in 2016, due to the serious effects that the pandemic had produced on the realisation of investments and economic results in the year 2020.

Furthermore, as a consequence of the health crisis situation caused by Covid-19, the ninth additional provision of Royal Decree-Law 11/2020, of 31 March, established that the limitation and expiry periods for any actions and rights provided for in tax legislation were suspended from 14 March (the date of entry into force of Royal Decree 463/2020 of 14 March, declaring a state of alarm for the management of the health crisis situation caused by Covid-19) until 30 May 2020.

For this reason, if the reserve created with 2016 profits is booked in 2017, this extends the deadline by 78 days, which means that the amount of the provision can be realised in 2022.However, no surplus may remain unrealised for the following financial year.

Similarly, if the reserve set up with profits from 2017 is allocated for accounting purposes in 2018, even if the period has not been extended from 3 to 4 years as in the previous case, the extension of 78 more days applies, so that the amount of the allocation can also be realised in 2022, but no excess can remain unrealised for the following year.

Financial years 2018 and 2019:

*For the purposes of filling in boxes **[0790] and [0741]** please note that, in accordance with the above, the ninth additional provision of Royal Decree-Law 11/2020, of 31 March, adopting urgent complementary measures in the social and economic field to deal with Covid-19 determines that the deadline for materialisation was suspended from 14 March to 30 May 2020.*

*Consequently, with respect to the financial year **2018**, if the reserve created with 2018 profits is booked in 2019, the deadline for realising the investment, which ended on 31 December 2022, is extended by 78 days.For the financial year **2019**, , if the reserve created with 2019 profits is booked in 2019, the deadline for realising the investment, which ended on 31 December 2022, is extended by 78 days.*

Advance investments of future allocations to the reserve for investments in the Canary Islands, made in 2022

The information shall be carried out in accordance with the following breakdown:

- Box ***[0750].***

  The amount of investments made in 2022 in anticipation of the realisation of future endowments in those foreseen in Article 27(4) shall be indicated.A, B, B bis and D 1º, Law 19/1994.

- Box ***[0751].***

  The amount of investments made in 2022 in anticipation of the realisation of future endowments in those foreseen in Article 27(4) shall be indicated.C and D 2nd to 6th, Law 19/1994.

Covid-19: *please note, with regard to anticipated investments of future allocations to the RIC made in previous years, that the ninth additional provision of Royal Decree-Law 11/2020, of 31 March, established that the periods of limitation and expiry of any actions and rights provided for in the tax regulations are suspended from 14 March (date of entry into force of Royal Decree 463/2020, of 14 March, declaring a state of alarm for the management of the health crisis situation caused by Covid-19), until 30 May 2020.*

For this reason, the deadlines for making the provisioning corresponding to the anticipated investments made in the financial years 2017 and 2018 end in the financial year 2022, by extending the deadline by an additional 78 days.And the investments brought forward from the financial year 2019, which were due to expire in the financial year 2022, are carried forward to the financial year 2023 as a result of this extension.

Deductions for incentives for business investment in economic activities in objective estimation

Regulations:(Arts.68.2 and 69.2 Law IRPF

In the case of taxpayers who carry out economic activities and determine their net income using the objective assessment method, the incentives and incentives for business investment established or to be established in the Corporate Income Tax regulations will only be applicable to them when this is established in the regulations, taking into account the characteristics and formal obligations of the aforementioned method.

During 2022, there have been no regulations concerning the application of any such incentives.

Deductions for donations and other contributions

Regulations:(Arts.68.3, 69.1 Ley IRPF;69.2 Regulation IRPF

Donations made to entities included in the scope of Act 49/2002

Regulations:Art. 68.3.a) Ley IRPF and Ley 49/2002, de 23 de diciembre, de régimen fiscal de las entidades sin fines lucrativos y de los incentivos fiscales al mecenazgo (Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage).

In general, gifts and donations Entities benefiting from patronage

1.Beneficiary entities of patronage

Regulations:see arts.2 and 16 and additional provisions five, six, seven, eight, nine, nine, ten, eighteenth and nineteenth Ley 49/2002, de 23 de diciembre, de régimen fiscal de las entidades sin fines lucrativos y de los incentivos fiscales al mecenazgo (Law 49/2002 of 23 December 2002 on the tax regime for non-profit organisations and tax incentives for patronage).

Grants, donations and contributions made by the taxpayer to any of the following entities are entitled to the deduction:

a. Foundations and associations declared to be of public utility, included in the scope of application of Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage (BOE of 24 December).

b. Non-governmental development organizations referred to in Law 23/1998, of 7 July, on International Development Cooperation provided they have the legal form of Foundation or Association.

c. The Spanish sports federations, the territorial sports federations at regional level integrated in them, the Spanish Olympic Committee and the Spanish Paralympic Committee.

d. The federations and associations of the non-profit organisations referred to in the preceding paragraphs.

e. Entities not resident in Spanish territory that operate in Spain with a permanent establishment and are similar to any of those listed in the previous paragraphs.

   Entities resident in a non-cooperative jurisdiction are excluded, unless they are resident in a Member State of the European Union and their incorporation and operation are shown to be for valid economic reasons.

f. Entities resident in a Member State of the European Union or other Member States of the European Economic Area with which there are regulations on mutual assistance in the exchange of tax information under the terms set out in the applicable LGT, without a permanent establishment in Spanish territory, which are similar to any of those set out in the previous letters.

   For LGT see Ley 58/2003, de 17 de diciembre, General Tributaria.

   Entities resident in a non-cooperative jurisdiction will be excluded, unless it can be shown that they are incorporated and operating for valid economic reasons.

g. The State, the Autonomous Communities and the local entities, as well as the autonomous bodies of the State and the autonomous entities of a similar character of the Autonomous Communities and the local entities.

h. Public universities and major colleges attached to them.

i. The Cervantes Institute.

j. The Institut Ramón Llull and the other institutions for similar purposes of the Autonomous Communities with their own official language.

k. Public Research bodies under the General Administration of the State.

l. The Spanish Red Cross and the Spanish National Organisation for the Blind.

m. The Pious Work of the Holy Places.

n. The consortia Casa de América, Casa de Asia, “Institut Europeu de la Casa de la Mediterrània” and the National Museum of Art of Catalonia.

o. The foundations of religious entities registered in the Register of Religious entities that meet the requirements of non-profit entities established by Law 49/2002.

p. The entities of the Catholic Church referred to in Articles IV and V of the Agreement on Economic Affairs signed between the Spanish State and the Holy See and entities of other churches, confessions or religious communities, which have agreements of cooperation with the Spanish State.

q. The Institute of Spain and the Royal Academies integrated in it, as well as the institutions of the Autonomous Communities that have similar aims to those of the Royal Spanish Academy.

r. The Museo Nacional del Prado.

s. The Museo Nacional Centro de Arte Reina Sofía.

2.Deductibles and deduction basis

Regulations:see arts.17 and 18 Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage

The modalities of grants that entitle the deduction and the basis of the deduction are as follows:

- **Monetary donations**.The basis of the deduction is the amount of the donation.
- **Donations or gifts of goods or rights.** The basis for the deduction shall be the book value that the aforementioned assets or rights had at the time of their transfer or, failing this, the value determined in accordance with the Wealth Tax rules.
- **Membership fees to associations, other than political parties, which do not correspond to the right to receive a present or future benefit.** The basis for the deduction is the amount of the contributions.
- **Constitution of the right in rem of usufruct over goods, rights or securities, made without consideration.** In such cases, the basis of deduction shall consist of:

  a. **Usufruct over real estate.** 2 per cent of the cadastral value of the property for each year of the duration of the usufruct, determined proportionally to the number of days corresponding to each tax period.

  b. **Usufruct on securities.** The annual amount of dividends or interest received by the usufructuary in each of the tax periods of the duration of the usufruct.

  c. **Usufruct over other assets or rights.** The annual amount resulting from applying the legal interest rate in each financial year to the value of the usufruct at the time of its constitution in accordance with the rules of the Transfer Tax and Stamp Duty.

- **Donations or donations of goods that form part of the Spanish Historical Heritage or of cultural goods of guaranteed quality**.In both cases, the basis of the deduction shall be the valuation made for this purpose by the Rating, Valuation and Export Board.

The value determined in accordance with the above rules **has as its maximum limit** the normal

market value of the property or right transferred at the time of its transfer.

> ***Attention:****Article 23.1 of Law 49/2002 states that capital gains and positive income arising from the donations, gifts and contributions referred to in Article 17 of the same Law shall be exempt from personal income tax on the income of the donor or contributor.*

3.Deduction rates

Regulations:see art. 19 Ley 49/2002, de 23 de diciembre, de régimen fiscal de las entidades sin fines lucrativos y de los incentivos fiscales al mecenazgo (Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage).

> ***Attention:****the amount of this deduction shall be entered in box **[0723]** of Annex A.1.of the declaration.*

a. In general

Taxpayers will be entitled to deduct from the total tax due the result of applying to the base of the deduction corresponding to all donations, gifts and contributions with a right to deduct, determined in accordance with the provisions of the previous section, the following scale applicable during the 2022 tax period:

Deduction base Amount up to	Percentage of deduction
150 euros	80
Rest deduction base	35
Type increased by reiteration of donations to the same entity	40

b. Increased rate for repeated donations to the same entity

If in the two immediately preceding tax periods donations, gifts or contributions with the right to deduct have been made in favour of the same entity for an amount equal to or greater, in each of them, than the donation of the previous year, the deduction percentage applicable to the deduction base in favour of the same entity that exceeds 150 euros shall be **40 per 100**.

Donations, donations and contributions for priority patronage activities

1.Applicable percentages

Regulations:See art. 22 Ley 49/2002, de 23 de diciembre, de régimen fiscal de las entidades

sin fines lucrativos y de los incentivos fiscales al mecenazgo (Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage).

Attention: *the amount of this deduction shall be entered in box* ***[0722]*** *of Annex A.1 to the declaration.*

In the case of amounts donated or satisfied to the above-related entities and allocated by them for the implementation and development of priority sponsorship activities and programs, the above percentages shall be increased by five percentage points, i.e.:

Deduction base Amount up to	Percentage of deduction
150 euros	85
Rest deduction base	40
Type increased by reiteration of donations to the same entity	45

New 2022*: Please note that for 2022, the fifty-eighth additional provision of Law 22/2021, of 28 December, on the General State Budget for 2022 (BOE of 29 December) has established that the percentages and limits of the deductions established in Article 19 of the aforementioned Law 49/2002, of 23 December, will be raised by five percentage points in relation to priority patronage activities.*

2.Priority patronage activities in 2022

Regulations:Disposición adicional quincuagésima octava Ley 22/2021, de 28 de diciembre, de Presupuestos Generales del Estado para el año 2022 (BOE de 29 de diciembre)

The priority sponsorship activities in 2022 are as follows:

1. Those carried out by the Cervantes Institute for the promotion and dissemination of the Spanish language and culture through telematic networks, new technologies and other media.

2. Activities carried out by the Spanish Agency for International Development Cooperation in the fight against poverty and the achievement of sustainable human development in developing countries.

3. Activities carried out by the Spanish Agency for International Development Cooperation for the promotion and development of cultural and scientific relations with other countries, and for the promotion of Spanish culture abroad.

4. Those for the promotion of education abroad, as set out in Royal Decree 1027/1993 of 25 June 1993, which regulates educational action abroad.

5. The activities carried out by the Museo Nacional del Prado in pursuit of its aims as established in Law 46/2003, of 25 November, regulating the Museo Nacional del Prado and in Royal Decree 433/2004, of 12 March, approving the Statute of the Museo Nacional del Prado.

6. The activities carried out by the Museo Nacional Centro de Arte Reina Sofía in fulfilment of the aims established by Law 34/2011, of 4 October, regulating the Museo Nacional Centro de Arte Reina Sofía and by Royal Decree 188/2013, of 15 March, approving the Statute of the Museo Nacional Centro de Arte Reina Sofía.

7. Those carried out by the National Library of Spain in compliance with the cultural and scientific research purposes and functions established by Law 1/2015, of 24 March, regulating the National Library of Spain and by Royal Decree 640/2016, of 9 December, approving the Statute of the National Library of Spain.

8. Those carried out by the Fundación Deporte Joven in collaboration with the Consejo Superior de Deportes in the framework of the project "España Compite:in Business and Sport" with the aim of contributing to the promotion and projection of Spanish SMEs at home and abroad, the promotion of sport and the promotion of the entrepreneur as an engine of growth associated with the values of sport.

   Donations and contributions to the activities indicated in the previous paragraph which, in accordance with section Two of this additional provision, may benefit from the increase in five percentage points of the percentages and limits of the deductions established in articles 19, 20 and 21 of the aforementioned Law 49/2002 will have a limit of 50,000 euros per year for each contributor.

9. The conservation, restoration or rehabilitation of the Spanish Historical Heritage assets listed in Annex XIII of this law.

10. The activities of encouragement, promotion and dissemination of the performing and musical arts carried out by or with the support of the Public Administrations.

11. Those carried out by the Instituto de la Cinematografía y las Artes Audiovisuales for the encouragement, promotion, dissemination and exhibition of cinematographic and audiovisual activity, as well as all those measures aimed at the recovery, restoration, conservation and dissemination of the cinematographic and audiovisual heritage, all in a context of defence and promotion of cultural identity and diversity.

12. Those programmes that aim to contribute to the fight against child poverty in our country and are developed within the framework of the Alianza País Pobreza Infantil Cero promoted by the High Commissioner for the fight against Child Poverty.

13. Research, development and innovation in the infrastructures that form part of the National Map of Singular Scientific and Technical Infrastructures (ICTS) in force and which, for this purpose, are listed in Annex XIV of Law 22/2021, of 28 December, on the General State Budget for 2022 (BOE of 29 December).

14. Research, development and innovation aimed at solving the challenges of society identified in the Spanish Science and Technology and Innovation Strategy in force and financed or carried out by the entities that, for these purposes, are recognised by the Ministry of Finance and Public Function, at the proposal of the Ministry of Science and Innovation.

15. Research, development and innovation aimed at solving societal challenges carried out by the Public Research Bodies Consejo Superior de Investigaciones Científicas, Instituto de Salud Carlos III, Centro de Investigaciones Energéticas, Medioambientales y Tecnológicas, and Instituto de Astrofísica de Canarias.

16. The promotion of the dissemination, popularisation and communication of scientific culture and innovation carried out by the Spanish Foundation for Science and Technology.

17. Those carried out by the State Research Agency for the promotion and financing of actions arising from the R&D policies of the General Administration of the State.

18. R&D&I in Biomedicine and Health Sciences of the Strategic Action in Health carried out by CÍBER and CIBERNED.

19. Training and promotion programmes for volunteers that have been subsidised by Public Administrations.

20. Those carried out by the Foundation ONCE within the framework of the "Opportunity for Talent" Scholarship Programme, as well as the cultural activities developed by this entity within the framework of the Contemporary Art Biennial, the "Cambio de Sentido" Cultural Space and the travelling exhibition "The World Flows".

21. Those carried out by the ONCE Guide Dog Foundation within the framework of the 2021-2022 Project "Advances for the mobility of blind people assisted by guide dogs".

22. Programmes designed to eradicate gender violence that have been awarded grants by government bodies or developed jointly with them.

23. Those carried out by the Soledad Cazorla Scholarship Fund for orphans of gender violence (Fundación Mujeres).

24. Programmes aimed at the eradication of gender discrimination and the achievement of conditions that make real and effective equality between the sexes possible, as well as the promotion of women's participation in all areas of political, economic, cultural and social life, which have been subsidised by the Public Administrations or are carried out in collaboration with them.

25. Those carried out by public universities in compliance with the educational, scientific, technological, cultural and knowledge transfer purposes and functions established by Organic Law 6/2001, of 21 December, on Universities.

26. Programmes and activities related to the celebration of the following events of exceptional public interest, provided that they have been approved by the respective Consortium:

    - "4th Edition of the Barcelona World Race".
    - “V Centenary of the expedition of the first round to the world of Fernando de Magallanes and Juan Sebastián Elcano”
    - "Milliarium Montserrat Decade Plan 1025-2025".
    - "Jacobean Holy Year 2021".
    - "VIII Centenary of the Cathedral of Burgos 2021".
    - "Expo Dubai 2020

- "Plan Berlanga
- "Alicante 2021.Round the World Sailing Trip".
- "Spain Guest of Honour at the Frankfurt Book Fair in 2022".
- "Plan de Fomento de la ópera en la Calle del Teatro Real".
- "175th Anniversary of the construction of the Gran Teatre del Liceu".
- "The Time of Freedom.Communards V Centenary".
- "Spanish Formula 1 Grand Prix".
- "Bicentenaries of the Independence of the Ibero-American Republics".
- "150th Anniversary of the creation of the Spanish Academy in Rome".
- MADBLUE" Summit Celebration
- "30th Anniversary of the Escuela Superior de Música Reina Sofía".
- "Guadalupe Holy Year 2021
- "Andalucía Valderrama Masters 2022/2024".
- "Davis Cup Madrid Tournament
- "MADRID HORSE WEEK 21/23".
- "Centenary of Rugby in Spain and of the Unió Esportiva Santboiana".
- "Solheim Cup 2023
- "IX Centenary of the Reconquest of Sigüenza".
- "Barcelona Mobile World Capital
- "Valencia, Capital Mundial del Diseño 2022 / Valencia World Design Capital 2022".
- "Fiftieth anniversary of the National University of Distance Education (UNED)".
- "Centenary of Revista de Occidente".
- "50th anniversary of the death of Clara Campoamor.90 years since the beginning of a full democracy".
- "V Centenary of the death of Elio Antonio de Nebrija".
- "New Goals II
- "Andalusia European Region of Sport 2021".
- "75th anniversary of the Opera in Oviedo".
- Healthy Habits for the control of Cardiovascular risk "Learning to take care of ourselves".
- "Badminton World Championships Spain".
- "Centenary of the Battle of Covadonga-Cuadonga".
- "VII Centenary of the Cathedral of Palencia 2021-2022".
- "FITUR special:tourism recovery".
- "Inclusive Sport Programme II
- "Valencia 2020-2021, Jubilee Year.The Way of the Holy Chalice".
- "Neurodegenerative diseases.International Year of Research and Innovation.Period 2021-2022".
- "50th anniversary of the Hospital Sant Joan de Deu".
- "Bicentenary of the National Police".
- "Centenary of the Aragonese Football Federation".
- "Plan 2030 to Support Grassroots Sport".
- "Women's Universe III
- "Preparation programme for Spanish athletes for the Paris 2024 Games".
- "100 years since the death of Joaquín Sorolla".
- "20th Anniversary of Primavera Sound".
- "Centenary of the birth of Victoria de los Ángeles".
- "Commemoration of the 50th anniversary of the death of the Spanish artist Pablo Picasso".
- "All Against Cancer
- "Santiago Ramón y Cajal Research Year 2022".

- Lebaniego Jubilee Year 2023-2024
- "Volunteer World 2030/ 35th Anniversary of the Spanish Volunteer Platform".
- "7th UNWTO World Conference on Wine Tourism 2023".
- "Caravaca de la Cruz 2024.Jubilee Year".
- "Bicentenary of the Ateneo de Madrid".
- "Barcelona Equestrian Challenge (4th Edition)".
- "200TH ANNIVERSARY OF THE PASSEIG DE GRÁCIA".
- "Reconstruction of the historical indoor diving pool of the Club Natació Barcelona (CNB)".
- "FOOD 2022".
- "HOSTELCO 2022
- "Barcelona Music Lab. The future of music".

Note: See Article 27.3.2 of Law 49/2002, of 23 December, on the tax system for non-profit organisations and tax incentives for patronage and the Resolution of 25 January 2018, of the Directorate General for Taxation, approving the Manual for the application of the tax benefits provided for in the first paragraph of Article 27.3 of Law 49/2002, of 23 December, on the tax system of non-profit organisations and tax incentives for patronage, corresponding to the expenses of propaganda and publicity of multi-year projection, which serve to promote events of exceptional public interest (BOE of 2 February) which contains the applicable rules.

Also take into account the Resolution of 9 June 2022, of the Directorate General for Taxation, which interprets the criteria of the Manual for the application of the tax benefits provided for in the first section of article 27.3 of Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage, corresponding to propaganda and advertising expenses with a multi-year projection, which serve to promote events of exceptional public interest, approved by the Resolution of 25 January 2018.

Example:Deduction for donations made to entities included in the scope of Law 49/2002

Don S.M.A. has made the following donations:

- To the NGO "TT" included in the scope of Law 49/2002 to which they had not previously made a donation, the amount of 1,000 euros in 2022.
- To the foundation "XX" included in the scope of Law 49/2002 to which the following donations for priority patronage activities have been made since 2019:

Financial year	2019	2020	2021	2022
Donation	500 euros	700 euros	1,000 euros	1,000 euros

Determine the amount of the deduction for donations that you are entitled to in 2022.

Solution:

Deduction base (1.000 + 1.000) = 2.000

Amount of deduction for donations = 867.50

Breakdown of amounts:

a. Donations to the NGO "TT".

(1.000 euros) (1)
EUR 150 at 80 % = 120

850 at 35 % = 297,50

b. Donations to the "XX" foundation

(1,000 euros) (2)
1,000 at 45% = 450

Total (120 + 297,50 + 450) = 867,50

Notes for the example:

(1) 1,000 euros donated for the first time to NGO "TT" that have not been earmarked for priority patronage activities and programmes are subject to the percentages provided for in Article 19 of Law 49/2002 for amounts donated, which have been increased by five percentage points (to 80% on the first 150 euros and 35% on the remaining amount).(Return)

(2) To the 1,000 euros donated to the "XX" foundation for priority patronage activities and programmes, the percentage of 45% is applied, resulting from raising by five percentage points the percentage provided for in Article 19 of Law 49/2002 for cases in which the taxpayer, in the two immediately preceding tax periods, had made donations to the same entity for an amount equal to or greater, in each of them, than that of the previous year (40% + 5% = 45%).

It should be borne in mind that in order to apply the increased rate of 45%, donations must have been made in the two previous tax periods to the same entity for an amount equal to or greater, in each of them, than the donation made in the previous year.Therefore, in this case, in the year 2022, the amounts donated in 2020 and 2021 have been taken into account, but also those made in the year 2019, since if in the year 2019 Mr. S.M.A. had not made any donation to foundation XX, he would not be able to apply the increased percentage of 45% to the deduction base in 2022.(Back)"

Donations made to entities not included in the scope of Law 49/2002

Regulations:Art. 68.3.b) Law IRPF

A deduction of **10 per 100 per cent** is available for amounts donated to legally recognised foundations that report to the corresponding protectorate body, as well as to associations declared to be of public utility, not included in the scope of application of Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage (BOE of 24 December).

*Attention: the amount of this deduction shall be entered in box **[0724]** of Annex A.1 to the declaration.*

Contributions to Political Parties, Federations, Coalitions or Voters' Groups

Regulations:Art. 68.3.c) Law IRPF

Membership fees and contributions to political parties, federations, coalitions or groups of voters are eligible for a deduction of **20 per 100 per cent**.

The maximum base for this deduction shall be **600 euros per year** and shall be made up of the membership fees and contributions provided for in letter a) of section Two of Article 2 of Organic Law 8/2007, of 4 July, on the financing of political parties.

> ***Attention:*** *the amount of this deduction shall be entered in box **[0725]** of Annex A.1 to the declaration.*

Common requirements for deductions for donations and contributions

As a common requirement of a general nature, in order to be entitled to make deductions for any of the concepts listed above, the must be accredited **effectiveness of the donation made** .

In particular,

a. In the deduction for donations to entities included in the scope of Law 49/2002

Regulations:see art. 24 Ley 49/2002, de 23 de diciembre, de régimen fiscal de las entidades sin fines lucrativos y de los incentivos fiscales al mecenazgo (Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage).

Deductions for donations**,** deductible donations and contributions, made under the deduction system established by Law 49/2002 must be accredited by means of **certification** issued by the beneficiary entity, in which, in addition to the tax identification number of the donor and the entity, the following is stated:

1. Express mention that the donor entity is included among those regulated by the above-mentioned law.

2. Date and amount of the donation, where the donation is in cash.

3. Public document or other authentic document that accredits the delivery of the donated good, when it is not money donations.

4. Destination that the donating entity will give to the donated object in the fulfilment of its specific purpose.

5. Express mention of the irrevocable nature of the donation, without prejudice to the provisions of the mandatory civil rules governing the revocation of donations.In this regard, it should be noted that in accordance with the provisions of Article 4 of Organic Law 8/2007, of 4 July, on the financing of political parties (BOE of 5 July), donations made in accordance with the provisions of this law are irrevocable.

b. Contributions to Political Parties, Federations, Coalitions or Electoral Groups

Regulations:see art. 13 Ley Orgánica 8/2007, de 4 de julio, sobre financiación de los partidos políticos (Organic Law 8/2007, of 4 July, on the financing of political parties)

The application of the deduction for contributions made to political parties is conditional on the taxpayer having the document certifying the contribution, donation or fee paid to the receiving political party.

c. In the deduction for donations to entities not included in the scope of Law 49/2002

Regulations:see art. 69.2 of the IRPF Regulation.

Finally, **the beneficiary entities** of donations giving entitlement to the 10% deduction must send an informative declaration on the donations received during each calendar year, in which, in addition to their identification details, they must include the following information on the donors:

a. Name and surname.

b. Tax identification number.

c. Amount of the donation.

d. Indication of whether the donation entitles to the application of any of the deductions approved by the autonomous communities.

Important: *in the event that, once the donation has been made, it is subsequently revoked, the amounts corresponding to the tax benefits enjoyed shall be paid in the tax return for the tax period in which the revocation occurs, without prejudice to any interest for late payment that may be due.*

Applicable limit

Regulations:Art. 69.1 Law IRPF

The basis of the deduction for donations, donations and other contributions may not exceed, in general, the **10 per 100 of the financial year's settled base** .

Notwithstanding the foregoing, the basis for the deduction for donations, donations and contributions intended for the realization and development of priority sponsorship activities and programs referred to above in paragraph 1.2 above may be as at **15 per 100 of the financial year's settled base** .

The taxable income for the year is made up of the sum of boxes ***[0500]*** and ***[0510]*** of the tax return.

In the case of having tax losses from previous years, the amount of the general taxable base subject to tax, boxes

[0505] of the return *will be used to calculate this limit.*

Deduction for incomes obtained in Ceuta or Melilla

Regulations:(Arts.68.4 Law IRPF and 58 Regulation IRPF

Modalities

The application of the deduction for income obtained in Ceuta or Melilla has different modalities depending on whether or not the taxpayer resides in Ceuta or Melilla and, in the case of taxpayers resident in these cities, depending on whether the period of residence is less than, equal to or more than 3 years.Consequently, the deduction has the following modalities:

a. Taxpayers residing in Ceuta or Melilla for less than three years

In this case, the deduction consists of **60 per 100** of the part of the **sum of the total state and regional** contributions that proportionally corresponds to the income computed for the determination of the taxable income obtained in Ceuta or Melilla.

b. Taxpayers residing in Ceuta or Melilla for a period not less than three years

Taxpayers who have been resident in Ceuta or Melilla for a period of at least three years, in tax periods commencing after the end of that period, **may also apply the same deduction for income obtained outside those cities**.

For this, the following requirement must be met **:** q**ue, at least one third of the taxpayer's net assets**, determined in accordance with Wealth Tax regulations, **is located in Ceuta or Melilla.**

The **maximum amount** of income, obtained outside these cities, that can benefit from the deduction is **net amount of income and capital gains and losses obtained in these cities**.

c. Non-residents in Ceuta or Melilla

Taxpayers not resident in Ceuta or Melilla will be able to deduct **60 per 100** from the part of the **sum of the total state and regional** contributions that proportionally corresponds to the income computed for the determination of the net taxable income **positive** that had been obtained in Ceuta or Melilla.

> ***Note:****in no case can the deduction be applied, in this modality (non-resident taxpayers in Ceuta and Melilla), on the following income:*
>
> - *Those from Collective Investment Institutions, except when all their assets are invested in Ceuta or Melilla.*
> - *Income from work.*

- *Capital gains deriving from movable property located in Ceuta or Melilla.*
- *Income from deposits or accounts in all types of financial institutions located in Ceuta or Melilla.*

Income considered to have been obtained in Ceuta or Melilla

The following income is considered to be obtained in Ceuta or Melilla for this purpose

- **Labor yields** , where they result from work of any kind carried out in those territories, and in particular unemployment benefits and those covered by article 17.2(a) of the Act IRPF (pensions and passive assets, benefits received by mutual benefit recipients, pension plans, insurance contracts concluded with social welfare mutualities that result in income from work in accordance with the provisions of that article, insured forecast plans and benefits received by beneficiaries of business social security plans and dependency insurance).

  Attention: *the deduction for income obtained in Ceuta and Melilla cannot be applied in the case of income from work if the person is not habitually and effectively resident, this being understood, for the purposes of the deduction, as a factual situation given by the fact of living or residing in Ceuta or Melilla in a real and effective manner.*

  Therefore, if during the year 2022 a change of residence occurs to another Autonomous Community, the taxpayer who, at least during part of the tax period, has resided in Ceuta or Melilla, is entitled to the deduction in proportion to the time of residence in those cities.Interpretative criterion established by the Supreme Court in Ruling no. 1219/2020, of 29 September, handed down in contentious-administrative appeal no. 1735/2019 (ROJ:STS 3175/2020).

  This does not apply in cases of "temporary movement" as there is no change of residence, "residence" being an essential factual precondition for the right to deduct.

- **The yields that come from the ownership of real property** Located in Ceuta or Melilla or of real rights that fall on them.

- **The yields that come from the exercise of economic activities** Actually done in Ceuta or Melilla.To this end, they have the consideration of economic activities effectively carried out in Ceuta or Melilla those that close in these territories a business cycle that determines economic results or involves the provision of a professional service in those territories.

  It is considered that these circumstances are not met in the case of isolated operations of extraction, manufacture, purchase, transport, entry and exit of goods or effects and, in general, when the operations do not in themselves determine income.

  In the case of fishing and maritime activities, the rules set out in Article 33.4 and 5 of the LISshall apply.See in this respect Law 27/2014 of 27 November on Corporate Income Tax (BOE of 28 November).

- **Wealth gains** That they come from real property located in Ceuta or Melilla or from movable

property located in those territories.

- **The yields of the capital furniture** from bonds or loans, when the capital is invested in those territories and there the corresponding income is generated.
- **The yields of the capital furniture** Proceeds from the leasing of movable property, business or mines, when the object of the lease is located in Ceuta or Melilla and is effectively used in those territories.
- **Income from companies** operating effectively and materially in Ceuta or Melilla that corresponds to income to which the tax credit established in Article 33 of the LISapplies, in the following cases:

  1. Where they have their domicile and exclusive social object in those territories.
  2. Income from deposits or accounts**s** in all kinds of financial institutions located in Ceuta or Melilla.
  3. When they operate effectively and materially in Ceuta or Melilla for a period of no less than three years and obtain income outside these cities, provided that they are entitled to the application of the rebate provided for in Article 33(6) of the LIS.For this purpose, reserves arising from income to which the allowance established in article 33 of the LIShas been applied must be identified.

     In order to identify the reserves arising from this income, entities that obtain income that qualifies for the rebate provided for in Article 33.6 of the LIS must include in the notes to the annual accounts the information stipulated in Article 58.2 of the Regulations of the IRPF.

  Accuracy: Article 33 of the LIS establishes for taxpayers of the aforementioned tax a 50% rebate on the part of the gross tax liability corresponding to income obtained in Ceuta or Melilla by entities that effectively and materially operate in those territories.

  Section 6 of the aforementioned Article 33 of the LIS determines that entities that effectively and materially operate in Ceuta or Melilla for a period of no less than 3 years may apply the tax credit provided for in said Article 33 for income obtained outside these cities in the tax periods ending after the aforementioned period has elapsed when at least half of their assets are located in those cities.However, income from the letting of immovable property situated outside those territories shall be exempt from the provisions of this paragraph.The maximum amount of income with the right to the rebate is that of the income obtained in Ceuta and Melilla.

- **Income from deposits or accounts** in all kinds of financial institutions located in Ceuta or Melilla.

Deduction limit

The amount of the deduction for income obtained in Ceuta or Melilla may in no case exceed **60 per 100** of the part of the **sum of the total state and autonomous community tax payments**.

***Attention**:the total amount of the deduction for income obtained in Ceuta or Melilla shall be*

*entered in box **[0727]** of Annex A.2 of the return.*

Example:Deduction for incomes obtained in Ceuta or Melilla

Mr M.V.C., single and childless, moved his residence from Cádiz to Ceuta on 20 August 2020, residing in this city from that date.During the financial year 2022 it has obtained the following income:

- Reduced net work performance:31,000
- Reduced net return on capital stock:500
- Reduced net real estate return:3,200
- Reduced capital gains taxable in 2022:20,000

Net income from work comes from its employment relationship with a company located in Ceuta.The proceeds of the capital of furniture correspond to the interests of the accounts of financial institutions located in Ceuta.On the other hand, the income from real estate capital corresponds to a flat of his property located in Cadiz and which was rented from 1 January 2022 to 30 September of that year.On 1 October 2022, he sold that flat, obtaining as a result of the transfer reduced capital gains of 20,000 euros.

Determine the amount of the deduction for the income obtained in Ceuta in 2022 financial year.

Solution:

***Previous note**: having resided in Ceuta for a period of less than three years, the deduction for income obtained in Ceuta may only be applied to the full state and regional tax payments that correspond proportionally to the income obtained in Ceuta (net earned income and net income from movable capital).*

General taxable base and general net taxable base (31,000 + 3,200) = 34,200

Savings tax base and taxable savings base (20,000 + 500) = 20,500

Personal and family minimum = 5,550

1.General taxable amount corresponding to the general taxable base

a. **Application of the tax scales to the general taxable base (34,200.00)**

   General scale

   Up to 20.200,00:2,112.75

   Remainder 14.000,00 to 15%:2,100

Quota 1 (2,112.75 + 2,100) = 4,212.75

Regional scale

Up to 20.200,00:2,112.75

Remainder 14.000,00 to 15%:2,100

Quota 2 (2,112.75 + 2,100) = 4,212.75

b. **Application of the tax scales to the general taxable base corresponding to the personal and family allowance**

General scale 5,550 at 9.50%:527.25

Quota 3 = 527.25

Regional scale 5,550 at 9.50%:527.25

Quota 4 = 527.25

c. **Determination of the general, state and autonomous community tax liability**

State general full quota (quota 1 - quota 3):4.212,75 - 527,25 = 3.685,50

Autonomous general full quota (quota 2 - quota 4):4.212,75 - 527,25 = 3.685,50

2.Tax corresponding to the taxable savings base (20,500.00)

- **State tax**

Up to 6.000,00:570

Remainder 14.500,00 at 10,50%:1,522.50

State levy (570 + 1.522,50) = 2.092,50

- **Regional tax**

Up to 6.000:570

Remainder 14.500,00 at 10,50%:1,522.50

Autonomous community levy (570 + 1.522,50) = 2.092,50

- **Determination of full quotas**

State share (3.685,50 + 2.092,50) = 5.778

Autonomous part (3.685,50 + 2.092,50) = 5.778

3.Deductions for income obtained in Ceuta or Melilla

The following steps must be followed for its calculation:

- Calculation of the deduction corresponding to income obtained in Ceuta:

  [*60% x General taxable income / General taxable income x General taxable income obtained in Ceuta].*

  60% [(3.685,50 + 3.685,50) ÷ 34.200 x 31.000] = 4.008,78

- Calculation of the deduction corresponding to income obtained in Ceuta included in the net savings tax base:

  [*60% x Total savings tax liability/ Net savings tax base x Net savings tax base obtained in Ceuta].*

  60% [(2.092,50 + 2.092,50) ÷ 20.500 x 500] = 61,24

- Total amount of deduction for income obtained in Ceuta (4,008.78 + 61.24) = 4,070.02 euros

- This amount must be distributed 50/50 between the national and regional parts, in accordance with the provisions of Articles 67 and 77 of the Law of IRPF.

  State party:2,035.01

  Autonomous part:2,035.01

4.Liquid quota

- State share (5.778 - 2.035,01) = 3.742,99

- Autonomous part ((5.778 - 2.035,01) = 4.107,68

Deduction for habitual and effective residence on the island of La Palma during the tax periods 2022 and 2023.

Regulations:Fifty-seventh additional provision Law IRPF

Article 67 of Law 31/2022, of 23 December, on General State Budgets for 2023 (BOE of 24 December) adds a new fifty-seventh additional provision to the Law of IRPF to establish that in the 2022 and 2023 tax periods, the deduction provided for in article 68.4.1 of the Law of IRPFwill be applicable to taxpayers with habitual and effective residence on the island of La Palma, under its terms and conditions, it being understood, for these purposes, that the references made to Ceuta and Melilla in said article 68.4.1 and in article 58 of the Regulation are to the island of La Palma.

Subjective scope and modalities

This deduction is applicable to taxpayers with habitual and effective residence on the island of La

Palma, with a distinction being made according to whether the period of residence is less than, equal to or more than 3 years, in the following modalities:

a. **Taxpayers resident on the island of La Palma for a period of less than three years**

   In this case, the deduction consists of 60 per cent of the part of the sum of the total state and regional taxes that proportionally corresponds to the income computed for the determination of the taxable income obtained on the island of La Palma.

b. **Taxpayers resident on the island of La Palma for a period of at least three years**

   Taxpayers who have resided on the island of La Palma for a period of at least three years, in tax periods commencing after the end of this period, may also apply the same deduction for income obtained outside these cities.

   For this, the following requirement must be met:at least one third of the taxpayer's net assets, determined in accordance with the wealth tax regulations, must be located in La Palma.

   The maximum amount of income, obtained outside these cities, that can benefit from the deduction will be the net amount of income and capital gains and losses obtained in these cities.

> ***Attention:*** *Unlike the deduction for income obtained in Ceuta and Melilla, this deduction does not apply to taxpayers who are not resident on the island of La Palma, even if they obtain income there.*

Income obtained on the island of La Palma

For these purposes, the following income is considered to have been obtained on the island of La Palma:

- **Labor yields** , where they result from work of any kind carried out in those territories, and in particular unemployment benefits and those covered by article 17.2(a) of the Act IRPF (pensions and passive assets, benefits received by mutual benefit recipients, pension plans, insurance contracts concluded with social welfare mutualities that result in income from work in accordance with the provisions of that article, insured forecast plans and benefits received by beneficiaries of business social security plans and dependency insurance).

- **Income deriving from the ownership of real estate** located on the island of La Palma or from rights in rem over the same.

- **Income from economic activities** effectively carried out on the island of La Palma . For these purposes, economic activities effectively carried out on the island of La Palma are considered to be those that close in these territories a commercial cycle that determines economic results or involves the provision of a professional service in these territories.

It is considered that these circumstances are not met in the case of isolated operations of extraction, manufacture, purchase, transport, entry and exit of goods or effects and, in general, when the operations do not in themselves determine income.

In the case of fishing and maritime activities, the rules set out in Article 33.4 and 5 of the LISshall apply.See in this respect Law 27/2014 of 27 November on Corporate Income Tax (BOE of 28 November).

- **Capital gains** deriving from real estate located on the island of La Palma or from movable property located in these territories.
- **The yields of the capital furniture** from bonds or loans, when the capital is invested in those territories and there the corresponding income is generated.
- **Income from movable capital** from the lease of movable property, businesses or mines, when the object of the lease is located on the island of La Palma and is actually used in these territories.
- **Income from deposits or accounts** in all kinds of financial institutions located on the island of La Palma.

Deduction limit

The amount of the deduction for income obtained on the island of La Palma may in no case exceed **60 per 100** of the part of the **sum of the total state and autonomous community tax payments**.

Note:*the total amount of the deduction for income obtained on the island of La Palma shall be entered in box **[1847]** of Annex A.5 of the declaration.*

Deduction for actions for the protection and dissemination of Spanish Historical Heritage and World Heritage

Regulations:(Arts.68.5 and 69.1 Law IRPF

Amount and concepts deductible

15 per 100 of the investments or expenses made in the financial year by the following concepts:

- **Acquisition of Spanish Historical Heritage goods**, made outside Spanish territory for their introduction into Spanish territory, provided that the goods are declared to be of cultural interest or included in the General Inventory of Movable Goods within one year of their introduction.The basis for this deduction in this modality is constituted by the valuation carried out by the Board for the qualification, valuation and export of Spanish historical heritage assets.

- **Conservation, repair, restoration, dissemination and exposure of property of your property that is declared of cultural interest** In accordance with the regulations of the Historical Heritage of the State and the Autonomous Communities.
- **Rehabilitation of buildings, the maintenance and repair of their roofs and façades, as well as the improvement of infrastructures** of their property, located in the environment that is the object of protection of Spanish cities or architectural, archaeological, natural or landscape ensembles and properties declared World Heritage by UNESCO located in Spain.

The list of cities, sites and properties declared World Heritage by Unesco is contained in the Annex to Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage (BOE of 24 December).

Additional requirements

- **Acquisition of Spanish Historical Heritage assets** .They must remain in the Spanish territory and within the holder's assets for at least four years.
- **Investments or expenses in goods of Cultural Interest** .The application of the deduction is conditional on the fulfillment of the requirements established in the Spanish Historical Heritage Regulations of the State and of the Autonomous Communities, in particular with respect to the duties of visiting and public exposure of these assets.

Applicable limits

The basis of the deduction for actions for the protection of the Spanish Historical Heritage and World Heritage **it may not exceed 10 per 100 of the liquidating basis for the financial year.**

The net base of the financial year consists of the sum of the boxes ***[0505]*** and ***[0510]*** of the statement.

NB: *the amount of the deduction for investments and expenditure for the protection and dissemination of the Spanish historical heritage and of the cities, complexes and properties located in Spain declared by UNESCO as World Heritage will be entered in box* ***[0726]*** *of Annex A.2) of the tax return.*

Deduction for renting main home:Transitional regime

The Tax Agency's Electronic Headquarters incorporates a "Virtual Income Tax Assistant", where you can consult whether you are entitled to the deduction, the effects on the deduction due to changes in the ownership of the rental contract or by whom the payments are made.

Regulations:Fifteenth Transitional Provision Law IRPF;(Arts.67.1, 68.7 and 77.1 Personal Income Tax Law, as drafted in force on 31 December 2014.

Law 26/2014, of 27 November, amending Law 35/2006, of 28 November, on Personal Income Tax, the revised text of the Law on Non-Residents' Income Tax, approved by Royal Legislative

Decree 5/2004, of 5 March, and other tax regulations (BOE of 28 March) abolished the deduction for renting a primary residence as of 1 January 2015.

However, a transitional regime was introduced for taxpayers who had been taking a deduction for rent prior to that date, allowing them to continue to benefit from the deduction under the same terms and conditions as at 31 December 2014.

To whom does the transitional regime apply?

Taxpayers who meet the following conditions may apply the deduction for regular rent of the home:

a. Who have entered into a lease contract prior to 1 January 2015 and continue with the same lease contract (either through successive extensions or by entering into another contract that is considered as a continuation of the initial lease contract).

> The taxpayer is entitled to the deduction for rental of habitual residence for the tax periods in which, as a result of an extension, a rental contract entered into prior to 1 January 2015 remains in force.
>
> However, the signing of a new lease on the same dwelling as usual at the end of the initial contract or to modify the conditions agreed, among others, the rental price, is considered, for the exclusive purposes of the application of the transitional regime, as follows the previous one, it will not prevent the right to continue to practice the deduction.
>
> Likewise, the exclusive effects of the application of the transitional regime will be considered, as a continuation of the previous one the subscription of a new lease in the cases of change of lessor by transmission of the dwelling, such as replacement of the former lessor by his heir due to the death of the former, purchase or payment.

b. That for these contracts they had paid, prior to 1 January 2015, amounts for the rental of their principal residence.

c. Who had been entitled to the deduction for renting their main residence in a tax period accrued prior to 1 January 2015, even if they had not exercised this right.

> Therefore, the transitional regime will apply if the contract was entered into prior to 2015 even if in 2014 and/or previous years the deduction for renting a primary residence was not applied despite the requirements for its application having been met.

How the deduction is applied in the transitional regime

The fifteenth transitional provision of the Law of IRPF maintains, for taxpayers entitled to the transitional regime, the application of the regulation contained in articles 67.1, 68.7 and 77.1 of the Law of IRPF, in its wording in force on 31 December 2014.

Amount and requirements for the application of the deduction

Without prejudice to the deduction for renting a primary residence which each Autonomous Community may have made for the 2022 tax year, taxpayers may deduct **10.05% of amounts paid during the tax period** for renting their primary residence, **provided their tax base is lower than 24,107.20 euros a year.**

> The taxable income of the taxpayer is made up of the sum of the amounts entered in boxes ***[0435]*** (general taxable income) and ***[0460]*** (savings taxable income) of the tax return.

Basis of deduction

In addition to the amount of the rent, the expenses and taxes that the lessor must pay as owner of the dwelling and which, according to the conditions of the rental contract, are passed on to the lessee, such as Community of Owners' fees and Property Tax, shall be included in the same.

Neither the amount of the Urban Waste Management Service Tax, in which the tenant is a taxpayer, nor the amount of the supply costs of the rented dwelling (water, electricity, gas, etc.) will form part of the deduction base.which correspond to the consumption of supplies for the taxpayer's own dwelling, nor the expenses for small repairs required by wear and tear due to the ordinary use of the dwelling and which the tenant has to assume in accordance with the stipulations of Article 21.4 of Law 29/1994, of 24 November, on Urban Leases (BOE of 25 November).

However, the amount of the home insurance premium that covers the building, and which is required by the landlord, will form part of the basis of the deduction.

Maximum basis for deduction

The maximum base for this deduction is:

a. **9,040 euros per year**, when the taxable base is equal to or less than 17,707.20 euros per year.

b. **9.040 - [1,4125 x (BI - 17.707,20)]**, when the taxable base is between 17.707,20 and 24.107,20 euros per year.

   Bi being the taxable base of the taxpayer.That is, the sum of the amounts shown in boxes ***[0435]*** (general tax base) and ***[0460]*** (savings tax base) of the tax return.

Note: *taxpayers entitled to the application of the transitional regime whose taxable income, in the aforementioned terms, is equal to or greater than 24,107.20 euros per year, in individual or joint taxation, will not be able to apply this deduction.*

Example

Mr. M.A.V. has been renting his usual residence since 2012 and has been deducting for this concept in the IRPF.In the financial year 2022, it has paid the lessor an amount of 6,900 euros per annum for this item.

The general taxable base of the taxpayer in 2022, which is taxed individually, amounted to 21,500 euros and the taxable base for savings amounted to 600 euros.

Determine the amount of the deduction for the rent of the main residence in the 2022 fiscal year.

Solution:
Amounts paid for the rental of the main residence = 6.900

Maximum basis for deduction:

As its tax base exceeds EUR 17,707.20, the maximum deduction base shall be determined by subtracting from EUR 9.040 the result of multiplying the difference between the tax base and EUR 17,707.20 per year by 1,4125.

In other words:9.040 - [1,4125 x (22.100 - 17.707,20)] = 2.835,17

Amount of the deduction:(2.835,17 x 10,05%) = 284,93

The amount of the deduction thus determined shall be entered in boxes ***[0562]*** and ***[0563]*** of the return, entering 50 per cent of the total deduction in each box.

That is, 284,93 x 50% = 142,46.

Deductions for energy efficiency improvement works in dwellings

The Tax Agency's E-Office incorporates a "Virtual Income Tax Assistant", where you can consult which works entitle you to the deduction, the deadline for carrying them out, the base and percentage of the deduction and the tax period in which to apply them.

Regulations: Disposición adicional quincuagésima Ley IRPF

Article 1 of Law 10/2022 of 14 June on urgent measures to boost building renovation activity in the context of the Recovery, Transformation and Resilience Plan.(which stems from the processing of Royal Decree-Law 19/2021, of 5 October, on urgent measures to boost building refurbishment activity in the context of the Recovery, Transformation and Resilience Plan), amended the Law of IRPF to introduce three new temporary deductions in the state tax liability that are applicable to amounts invested in refurbishment works that contribute to achieving certain improvements in the energy efficiency of the habitual or rented dwelling and in residential buildings, accredited through the energy efficiency certificate.

Attention: *the amount of these deductions will be subtracted from the state tax liability after the deductions provided for in sections 1 (Deduction for investment in new or recently created companies), 2 (Deductions for economic activities), 3 (Deductions for donations and other contributions), 4 (Deduction for income obtained in Ceuta or Melilla and, by application of the provisions of the fifty-third additional provision of the Personal Income Tax Act, the deduction for habitual and effective residence on the island of La Palma), and 5 (Deduction for actions for the protection and dissemination of Spanish Historical Heritage and the cities, sites and assets declared World Heritage) of article 68 of the Law of IRPF.*

These deductions are:

1.Deduction for improvement works for the reduction of the heating and cooling demand

Regulations: Disposición adicional quincuagésima.1, 4 y 5 Ley IRPF

Temporal, subjective and objective scope of the deduction

Time scope of the deduction and tax period in which the deduction applies

The deduction is applicable to amounts paid from **on 6 October 2021** to **on 31 December 2023** for work carried out during that period which meets the conditions and requirements set out in the following paragraphs.

Extension of the temporal scope of this deduction until 31 December 2023: *Article 21 of Royal Decree-Law 18/2022 of 18 October, approving measures to reinforce the protection of energy consumers and to contribute to the reduction of natural gas consumption in application of the "Plan + seguridad para tu energía (+SE)" as well as measures regarding the remuneration of public sector staff and the protection of temporary agricultural workers affected by the drought (BOE of 19 October) has modified, with effect from 1 January 2023, the temporary scope of this deduction until 31 December 2023.*

However, the deduction **shall be made** in the tax period in which the energy performance certificate issued **is issued after the works have been carried out**.

When the certificate **is issued in a subsequent tax period** to that in which amounts were paid for such works, the deduction will be made in that subsequent tax period taking into consideration the amounts paid from 6 October 2021 (date of entry into force of Royal Decree-Law 19/2021, of 5 October, on urgent measures to boost building refurbishment activity in the context of the Recovery, Transformation and Resilience Plan), until 31 December of the tax period in which the certificate is issued.

In any case, this certificate must be issued **before 1 January 2024** (following the amendment provided for in Article 21 of Royal Decree-Law 18/2022 of 18 October).

Remember: *both this deduction and the deduction for improvement works that reduce the consumption of non-renewable primary energy shall be taken in the tax period in which the energy efficiency certificate issued after the works have been carried out is issued, regardless of the year in which the amounts were paid or the work was carried out.Therefore, in cases where the energy performance certificate after the works have been carried out was issued in 2022, the amounts paid since 6 October 2021 should be included, if applicable, in the box* ***[1660]****.*

In contrast to these, the deduction for energy refurbishment work on predominantly residential buildings will be applied in the tax periods 2021, 2022, 2023 (and has also been

extended to 2024 in Royal Decree-Law 18/2022, of 18 October) in relation to the amounts paid in each of them, provided that the energy efficiency certificate has been issued before the end of the tax period in which the deduction is to be applied, and that the energy efficiency certificate has been issued.

Objective scope of the deduction

A. Type of dwellings giving entitlement to the deduction

The following dwellings are eligible for a deduction for work carried out to reduce the heating and cooling demand of the following dwellings:

- The taxpayer's principal residence
- Any other dwelling owned by the taxpayer and leased for use as a dwelling at the time or in the expectation of being leased, provided that, in the latter case, the dwelling is leased before 31 December 2024 (following the amendment provided for in article 21 of Royal Decree-Law 18/2022, of 18 October).

  It is considered to be a lease of real estate for use as a dwelling when, in accordance with the provisions of Article 2 of Law 29/1994, of 24 November, on Urban Leases (LAU), the lease is for "a habitable building whose primary purpose is to satisfy the permanent housing needs of the lessee".

Attention: *This deduction may also be applied in respect of work carried out on single-family dwellings.*

Work on the following is excluded:

- Parts of dwellings used for economic activity.
- Parking spaces, storage rooms, gardens, parks, swimming pools and sports facilities and other similar elements.
- Dwellings at the disposal of their owners (second homes) and which are not rented or expected to be rented (although in the latter case, if the dwelling is not rented before 31 December 2024 - following the modification introduced by Article 21 of Royal Decree-Law 18/2022 -, they are also excluded from the possibility of applying the deduction).

Note:*this deduction is not applicable to newly built or newly constructed dwellings since, in these cases, as there is no energy performance certificate before and after the works, as required by the regulation, the corresponding reduction with respect to the previous situation cannot be accredited.*

B. Improvement works giving entitlement to the deduction

- The works that can benefit from the deduction are those carried out **from 6 October 2021 to 31 December 2023** (after the modification provided for in article 21 of Royal Decree-Law 18/2022, of 18 October) for the reduction of heating and cooling demand.

  The energy demand for heating and cooling is the energy required to maintain the internal comfort conditions of the building.

  For these purposes, it shall be understood that the heating and cooling demand of the dwelling has been reduced when **is reduced by at least 7 per 100** the sum of the heating and cooling demand indicators of the energy efficiency certificate issued by the competent technician after the works have been carried out, with respect to the one issued before the works began.

  > ***Attention:*** *please note that **no** deduction is available for amounts paid for costs relating to the installation or replacement of equipment using fossil fuels.*

- In order to prove that the requirements for this deduction have been met, the energy performance certificates issued before and after the works **will be necessary.**.

  The energy performance certificates issued **before the start of the works** will be valid to prove compliance with the requirements as long as a period of two years has not elapsed between the date of issue and the start of the works.

  The energy efficiency certificates issued **after the works have been carried out** determine the **tax period in which the deduction is made** and must be issued **before 1 January 2024** (following the modification provided for in article 21 of Royal Decree-Law 18/2022, of 18 October).

  > ***Attention:*** *the certificates are the only means established by the Law of IRPF to prove the reduction or improvement.Therefore, if the corresponding certificate is not available prior to the commencement of the works or issued by the competent technician after the works have been carried out, compliance with the requirements is not accredited and, consequently, the deduction cannot be applied.*

- In any case, the energy performance 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 performance of buildings.

> ***Note:*** *taxpayers entitled to this deduction must complete the information requested on the property in the section corresponding to this deduction in **Annex A.2** of the tax return, the NIF or NIE of the person or entity that has carried out the works, the dates of the energy efficiency certificates before and after the works and the energy demand for heating and cooling that appears in each one of them, data that can be extracted from the sum of the global indicators of heating and cooling demand contained in section 3 of Annex II of each one of the certificates, and the amounts paid.*

Subjective scope of the deduction

This deduction **can only be applied by taxpayers who hold the title of owners** of the dwelling that is the object of such works.

Each co-owner of the home will be able to make the deduction for the amounts paid for the works in the part that proportionally corresponds to their percentage of ownership of the main residence, regardless of whether the invoice corresponding to the works has been issued in the name of only one of the co-owners of the home.

Therefore, **excludes** the bare owners, usufructuaries and lessees.

Amount of the deduction and incompatibilities with other deductions for energy efficiency improvement work

Amount of reduction

A. Basis of deduction

The basis for this deduction will be constituted by the amounts paid, *box **[1660]*** by means of **credit or debit card, bank transfer, nominative cheque or deposit in account in credit institutions**, to the persons or entities that carry out such works, as well as to the persons or entities that issue the aforementioned certificates.

However, **will deduct any amounts which, where applicable, have been subsidised** through a public aid programme or which would be subsidised by virtue of a definitive decision on the granting of such aid.

If the deduction is made in the corresponding declaration of IRPF and, subsequently, a grant is awarded whose amount corresponds to amounts that have formed part of the deduction base, the tax situation must be regularised so that the amounts corresponding to this grant are not included in the deduction base (taking the maximum annual deduction base as a limit).For this purpose, in accordance with Article 59 of the Regulations of the IRPF, the amount of the deduction unduly made shall be added to the net state tax liability of the personal income tax return corresponding to the year in which the subsidy was granted.

Attention: *in no case shall any sums paid by means of legal tender be eligible for deduction .*

For these purposes, **shall be considered as amounts paid** for the works carried out those necessary for their execution, including professional fees, costs of drafting technical projects, works management, cost of execution of works or installations, investment in equipment and materials and other expenses necessary for their development, as well as the issuing of the corresponding energy efficiency certificates.

Attention: *in any case, **no** these amounts shall include the costs related to the installation or replacement of equipment using fossil fuels.*

In the case of dwellings of a community of property, the amounts paid out of the community of property by a married couple under a statutory community of property regime shall be attributed to each spouse at **50 per 100 %**.

In the case of shared ownership, each co-owner of the home will be able to deduct the amounts paid for the works in the part that corresponds proportionally to their percentage of ownership of the main residence, regardless of whether the invoice for the works has been issued in the name of only one of the co-owners of the home.

B. Maximum deduction base

The maximum annual base for this deduction is **5,000 euros.**

This limit is identical for individual and joint taxation.

C. Rate of deduction

The percentage of deduction applicable to the deduction base, as described above, is **20 per 100**.

Incompatibility

In no case shall the same work carried out on a dwelling give entitlement to this deduction and to the deduction "For improvement works that reduce the consumption of non-renewable primary energy" examined in paragraph 2).

Nor will it be applicable in those cases in which the accredited improvement and the amounts paid correspond to actions carried out on the building as a whole and the deduction "For energy rehabilitation works in buildings" (examined in section 3) is applicable.

Example:Deduction for improvement works for the reduction of the heating and cooling demand

On 27 June 2022, the married couple J.P. and R.L., married in community of property, replaced all the windows (frame and glazing) in their main residence with double glazing to improve the thermal insulation efficiency of the home for a total amount of 8,900 euros, which was paid on 30 June 2022 by bank transfer.

For the replacement of the windows, he applied for and received aid from his Autonomous Community of residence amounting to 1,500 euros.

In addition, in December, another rented property owned by the company had its gas boiler replaced by a biomass boiler, which represents an energy saving of 13%.The total cost of the new boiler amounts to 3,500 euros and will be paid for by 31 December 2022.

In order to prove compliance with the requirements for this deduction, an energy efficiency certificate was requested for both dwellings before and after the works.

In your usual residence, a certificate was issued on 15 May 2022 (before the works) and another one on 22 July 2022, resulting in a reduction of 20 per cent in the sum of the heating and cooling demand indicators of the energy performance certificate issued by the competent technician.The amount of the certificates was 100 euros.

In the case of the rented property, the energy efficiency certificate was less than two years old and after the change of the boiler in December 2022, a new certificate was issued on 10 January 2023 for the amount of 80 euros, which accredits the aforementioned saving of 13%.

Determine the amount of the deduction for 2022 for individual and joint taxation.

Solution:

Preliminary note:cs in the rented property the energy efficiency certificate issued after the works were carried out was issued on 10 January 2023, it will be in the tax return corresponding to that year (2023) in which the corresponding deduction for the change of boiler will be made, taking into account the amounts paid in December 2022.

Téngase en cuenta a estos efectos que si bien inicialmente esta deducción se extendia hasta el 31 de diciembre de 2022, el artículo 21 del Real Decreto-ley 18/2022, de 18 de octubre, por el que se aprueban medidas de refuerzo de la protección de los consumidores de energía y de contribución a la reducción del consumo de gas natural en aplicación del "Plan + seguridad para tu energía (+SE)" así como medidas en materia de retribuciones del personal al servicio del sector público y de protección de las personas trabajadoras agrarias eventuales afectadas por la sequía (BOE de 19 de octubre) ha modificado, con efectos 1 de enero de 2023, las deducciones por obras de mejora de la eficiencia energética de viviendas que regula la Disposición adicional quincuagésima de la Ley del IRPF, **ampliando en esta deducción su ámbito temporal hasta el 31 de diciembre de 2023 x**

Therefore, in 2022 the deduction will only apply to the deduction for the work carried out on the main residence for which, after its completion, the certificate was issued on 22 July 2022.

Taxpayer Mr J.P.

- **Deduction base:3,750**

  8,900 euros (works) + 100 euros (certificates) - 1,500 euros (aid obtained) ÷ 2 = 3,750 euros

  > **It should be borne in mind that the subsidies derived from the Plan Renove for the replacement of windows in the different Autonomous Communities are generally obtained by the beneficiaries in the form of a discount that is applied to the invoice for the purchase and installation of the goods by the entities collaborating in the programme, which process the subsidy on behalf of the beneficiary, applying it to the invoice as an advance payment to the beneficiary.**

- **Maximum basis for deduction:5,000 euros**
- **Amount of the deduction:(3.750 x 20%) = 750**

Taxpayer Ms. R.L.

- **Deduction base:**

  8,900 euros (works) + 100 euros (certificates) - 1,500 euros (aid obtained) ÷ 2 = 3,750 euros

- **Maximum basis for deduction:5,000 euros**
- **Amount of the deduction:(3.750 x 20%) = 750**

Joint statement by Mr J.P. and Mrs. R.L.

- **Deduction base:**

  8,900 euros (works) + 100 euros (certificates) - 1,500 euros (aid obtained) = 7,500 euros

- **Maximum basis for deduction:5,000 euros**
- **Amount of the deduction:(5.000 x 20%) = 1.000**

2.Deduction for improvement works that reduce non-renewable primary energy consumption

Regulations: Disposición adicional quincuagésima.2, 4 y 5 Ley IRPF

Temporal, subjective and objective scope of the deduction

Time scope of the deduction and the tax period in which the deduction applies

The deduction is applicable to amounts paid from **on 6 October 2021** to **on 31 December 2023** for work carried out during that period which meets the conditions and requirements set out below.

Extension of the temporal scope of this deduction until 31 December 2023: *Article 21 of Royal Decree-Law 18/2022 of 18 October, approving measures to reinforce the protection of energy consumers and to contribute to the reduction of natural gas consumption in application of the "Plan + seguridad para tu energía (+SE)" as well as measures regarding the remuneration of public sector staff and the protection of temporary agricultural workers affected by the drought (BOE of 19 October) has modified, with effect from 1 January 2023, this deduction by extending its temporary scope until 31 December 2023.*

However, the deduction **shall be made** in the tax period in which the energy performance certificate issued **is issued after the works have been carried out**.

When the certificate **is issued in a subsequent tax period** to that in which amounts were paid for such works, the deduction will be made in that subsequent tax period taking into consideration the amounts paid from 6 October 2021 (date of entry into force of Royal Decree-Law 19/2021, of 5 October, on urgent measures to boost building refurbishment activity in the context of the Recovery, Transformation and Resilience Plan), until 31 December of the tax period in which the certificate is issued.

In any case, this certificate must be issued **before 1 January 2024** (following the amendment provided for in Article 21 of Royal Decree-Law 18/2022 of 18 October).

Remember: *both this deduction and the deduction for improvement works for the reduction*

*of heating and cooling demand shall be taken in the tax period in which the energy performance certificate issued after the works have been carried out is issued, irrespective of the year in which the amounts were paid or the work was carried out.Therefore, in cases where the energy performance certificate after the works have been carried out was issued in 2022, the amounts paid since 6 October 2021 should be included in the box **[1668]**.*

In contrast to these, the deduction for energy refurbishment work on predominantly residential buildings will be applied in the tax periods 2021, 2022, 2023 (and has also been extended to 2024 in Royal Decree-Law 18/2022, of 18 October) in relation to the amounts paid in each of them, provided that the energy efficiency certificate has been issued before the end of the tax period in which the deduction is to be applied, and that the energy efficiency certificate has been issued.

Objective scope of the deduction

A. Type of dwellings giving entitlement to the deduction

Works carried out to improve the consumption of non-renewable primary energy in the following dwellings are eligible for the deduction:

- The taxpayer's principal residence
- Any other dwelling owned by the taxpayer and leased for use as a dwelling at the time or in the expectation of being leased, provided that, in the latter case, the dwelling is leased before 31 December 2024 (following the amendment provided for in article 21 of Royal Decree-Law 18/2022, of 18 October).

  It is considered to be a lease of real estate for use as a dwelling when, in accordance with the provisions of Article 2 of Law 29/1994, of 24 November, on Urban Leases (LAU), the lease is for "a habitable building whose primary purpose is to satisfy the permanent housing needs of the lessee".

Work on the following is excluded:

- Parts of dwellings used for economic activity.
- Parking spaces, storage rooms, gardens, parks, swimming pools and sports facilities and other similar elements.
- The dwellings at the disposal of their owners (second homes) and which are not rented or in the expectation of being rented (although in the latter case, if the dwelling is not rented before 31 December 2024 - following the modification provided for in Article 21 of Royal Decree-Law 18/2022 - they are also excluded from the possibility of applying the deduction).

Note:*this deduction is not applicable to newly built or newly constructed dwellings since, in these cases, in the absence of an energy efficiency certificate before and after the works, as required by the regulation, the corresponding reduction or improvement compared to the previous situation cannot be accredited.*

B. Improvement works giving entitlement to the deduction

- The works that can benefit from the deduction are only **those carried out from on 6 October 2021 to on 31 December 2023** (after the modification provided for in article 21 of Royal Decree-Law 18/2022, of 18 October) for the improvement in the consumption of non-renewable primary energy.

  For these purposes, an improvement in the consumption of non-renewable primary energy in the dwelling in which such work has been carried out shall only be deemed to have been achieved when:

  - The non-renewable primary energy consumption indicator **is reduced by at least 30 per cent**, or
  - An improvement in the energy rating of the dwelling is achieved **to obtain an energy class "A" or "B",** on the same rating scale (that of energy consumption), accredited by means of an energy efficiency certificate issued by the competent technician after the completion of these measures, with respect to the one issued before the start of these measures.

  > ***Attention:*** *however, does not benefit from the deduction the amounts paid corresponding to costs relating to the installation or replacement of equipment using fossil fuels.*

- In order to accredit compliance with the requirements for this deduction, it will be necessary to send the **energy efficiency certificate issued before and after the works**.

  The energy performance certificates issued **before the start of the works** will be valid to prove compliance with the requirements as long as a period of two years has not elapsed between the date of issue and the start of the works.

  The energy efficiency certificates issued **after the works have been carried out** determine the **tax period in which the deduction is made** and must be issued **before 1 January 2024** (following the modification provided for in article 21 of Royal Decree-Law 18/2022, of 18 October).

  > ***Attention****: the certificates are the only means established by the Personal Income Tax Act to prove the reduction or improvement.Therefore, if the corresponding certificate is not available prior to the commencement of the works or issued by the competent technician after the works have been carried out, compliance with the requirements is not accredited and, consequently, the deduction is not applicable.*

- In any case, the energy performance 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 performance of buildings.

> ***Note:*** *taxpayers entitled to this deduction must complete the information requested on the*

property, the NIF or NIE of the person or entity that has carried out the works, the dates of the energy efficiency certificates before and after the works, the consumption of non-renewable primary energy that appears in each of them,, data that can be extracted from the global indicator contained in section 2) of Annex II, the letter of the energy rating obtained and the amounts paid, in the section corresponding to this deduction in the section of the ***Annex A.2****of the tax return.*

Subjective scope of the deduction

This deduction **can only be applied by taxpayers who hold the title of owners** of the dwelling that is the object of such works.

> Each co-owner of the home will be able to make the deduction for the amounts paid for the works in the part that proportionally corresponds to their percentage of ownership of the main residence, regardless of whether the invoice corresponding to the works has been issued in the name of only one of the co-owners of the home.

Therefore, **excludes** the bare owners, usufructuaries and lessees.

Amount of the deduction and incompatibilities with other deductions for energy efficiency improvement work

Amount of reduction

A. Basis of deduction

The basis for this deduction will be constituted by the amounts paid, *box* ***[1668]*** of the tax return, by means of **credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions**, to the persons or entities that carry out such works, as well as to the persons or entities that issue the aforementioned certificates.

However, **will deduct any amounts which, where applicable, have been subsidised** through a public aid programme or which would be subsidised by virtue of a definitive decision on the granting of such aid.

> If the deduction is made in the corresponding declaration of IRPF and, subsequently, a grant is awarded whose amount corresponds to amounts that have formed part of the deduction base, the tax situation must be regularised so that the amounts corresponding to this grant are not included in the deduction base (taking the maximum annual deduction base as a limit).For this purpose, in accordance with Article 59 of the Regulations of the IRPF, the amount of the deduction unduly made shall be added to the net state tax liability of the personal income tax return corresponding to the year in which the subsidy was granted.

Attention:*in no case shall any sums paid by means of legal tender be eligible for deduction .*

For these purposes, **shall be considered as amounts paid** for the works carried out those necessary for their execution, including professional fees, costs of drafting technical projects, works management, cost of execution of works or installations, investment in equipment and materials and other expenses necessary for their development, as well as the issuing of the

corresponding energy efficiency certificates.

> ***Note:*** *in any case,* ***no*** *these amounts shall include the costs related to the installation or replacement of equipment using fossil fuels.*

In the case of dwellings of a community of property, the amounts paid out of the community of property by a married couple under a statutory community of property regime shall be attributed to each spouse at **50 per 100 %**.

In the case of shared ownership, each co-owner of the home will be able to deduct the amounts paid for the works in the part that corresponds proportionally to their percentage of ownership of the main residence, regardless of whether the invoice for the works has been issued in the name of only one of the co-owners of the home.

B. Maximum deduction base

The maximum annual base for this deduction is **7,500 euros.**

This limit is identical for individual and joint taxation.

C. Rate of deduction

The percentage of deduction applicable to the deduction base, as described above, is **40 per 100**.

Incompatibility

In no case shall the same work carried out on a dwelling give right to this deduction and to the deduction "For improvement works that reduce the demand for heating and cooling" which we examined in section 1).

Nor will it be applicable in those cases in which the accredited improvement and the amounts paid correspond to actions carried out on the building as a whole and the deduction "For energy rehabilitation works in buildings" (which we examine in section 3) is applicable.

Example:Deduction for improvement works that reduce non-renewable primary energy consumption

In March 2022, the married couple T.P. and P.Z., married in community of property, carried out works in their usual residence (located in a residential building) which consisted of the installation of insulation panels (wall linings) in the walls and thermal insulation in the false ceilings.A new aerothermal heating and air conditioning system was also installed in the house.

The total amount (including the issuing of energy performance certificates) was 28,000 euros.The amount was paid in two instalments.One at the beginning of the work for an amount of 20,000 euros and another at the end for the remainder (8,000 euros).Payments were made by personal cheques.

In addition, a grant of 8,000 euros was applied for and obtained from the programme to promote the improvement of energy efficiency and sustainability in housing.

In order to prove compliance with the requirements for this deduction, an energy efficiency

certificate was requested before and after the works.The latter was issued on 20 December 2022 and resulted in the rating of the dwelling as energy class "B" on the energy consumption scale.

Determine the amount of the deduction for 2022, both for individual and joint taxation.

Solution:

Taxpayer Mr. T.P:

- Deduction base:20,000 ÷ 2 = 10,000.(2 spouses)

  Note: the amount of the public subsidy obtained (8,000 euros) is deducted from the total amount paid (28,000 euros).Therefore, 28.000 - 8.000 = 20.000

- Maximum basis for deduction:7,500 euros
- Amount of the deduction:(7.500 x 40%) = 3.000

Taxpayer Ms. P.Z:

- Deduction base:20,000 ÷ 2 = 10,000.(2 spouses)

  Note: From the total amount paid ('28,000), the amount of the public subsidy obtained ('8,000) is deducted.Therefore, 28.000 - 8.000 = 20.000

- Maximum basis for deduction:7,500 euros
- Amount of the deduction:(7.500 x 40%) = 3.000

Joint statement by Mr. T.P. and Mrs. P.Z.

- Deduction base:20,000 = 20,000
- Maximum basis for deduction:7,500 euros
- Amount of the deduction:(7.500 x 40%) = 3.000

3.Deduction for energy refurbishment works in predominantly residential buildings

Regulations: Disposición adicional quincuagésima.3, 4 y 5 Ley IRPF

Temporary, subjective and objective scope of the deduction

Time scope of the deduction and tax period in which the deduction applies

The deduction is applicable for amounts paid from **on 6 October 2021** to **on 31 December 2024** for work carried out during that period that meets the conditions and requirements set out below.

Extension of the temporal scope of this deduction until 31 December 2024: *Article 21 of Royal Decree-Law 18/2022 of 18 October, approving measures to reinforce the protection of energy consumers and to contribute to the reduction of natural gas consumption in application of the "Plan + seguridad para tu energía (+SE)" as well as measures regarding the remuneration of public sector staff and the protection of temporary agricultural workers affected by the drought (BOE of 19 October) has modified, with effect from 1 January 2023, this deduction by extending its temporary scope until 31 December 2024.*

The deduction will be applied in the tax periods **2021, 2022, 2023 and 2024** (following the extension provided for in Article 21 of Royal Decree-Law 18/2022 of 18 October) in relation to the amounts paid in each of them, **provided that the energy efficiency certificate**has been issued before the end of the tax period in which the deduction is to be applied.

When the certificate **is issued in a subsequent tax period** to that in which amounts were paid for such works, the deduction will be made in that subsequent tax period taking into consideration the amounts paid from 6 October 2021 (date of entry into force of Royal Decree-Law 19/2021, of 5 October, on urgent measures to boost building rehabilitation activity in the context of the Recovery, Transformation and Resilience Plan), until 31 December of the aforementioned tax period in which the certificate is issued.

In any case, this certificate must be issued **before 1 January 2025** (following the amendment provided for in Article 21 of Royal Decree-Law 18/2022 of 18 October).

Remember: *this deduction for energy refurbishment work on predominantly residential buildings will be applied in the 2021, 2022, 2023 and 2024 tax periods (following Royal Decree-Law 18/2022) in relation to the amounts paid in each of these periods, provided that the energy performance certificatehas been issued before the end of the tax period in which the deduction is to be applied.*

In contrast to this, the deductions for improvement works for the reduction of heating and cooling demand or non-renewable primary energy consumption discussed in the previous sections will be taken in the tax period in which the energy efficiency certificate issued after the works were carried out is issued, regardless of the year in which the amounts were paid or the work was carried out.

Note: *in the case of work carried out by a community of owners, the tax credit will be taken by the taxpayer in the tax period in which the community of owners pays the amount of the improvement work carried out (whether or not there is external financing), provided that the energy efficiency certificate has been issued before the end of that period.*

Objective scope of the deduction

A. Type of dwellings giving entitlement to the deduction

Energy rehabilitation works carried out in **buildings of predominantly residential use** where the dwelling or dwellings owned by the taxpayer are located are eligible for the deduction.

This can be any type of dwelling (whether it is the taxpayer's main residence or a second or rented home) owned by the taxpayer, except for dwellings used for business activities.

The **parking spaces and storage rooms** that have been acquired with these will be assimilated to dwellings.

Works carried out on common elements of the building in gardens, parks, swimming pools and sports facilities and other similar elements are eligible for the deduction.

This deduction is not available at for work carried out on the part of the dwelling that is used for economic activity.

Note: *This deduction is not applicable to newly constructed dwellings or new buildings, since in these cases there is no energy efficiency certificate before and after the works, as required by the regulation, and the corresponding reduction or improvement compared to the previous situation cannot be accredited.*

B. Improvement works giving entitlement to the deduction

- The works that can benefit from the deduction are those of **energy rehabilitation of the building.**

  For these purposes, those works that contribute to the improvement of the energy efficiency of the building in which the dwelling is located will be considered as energy rehabilitation works of the building, and must be accredited with the energy efficiency certificate issued by the competent technician after the works have been carried out:

  - - a reduction in non-renewable primary energy consumption, as referred to in the energy certification, of at least 30 per cent, or,
  - - the improvement of the energy rating of the building to energy class 'A' or 'B', on the same rating scale (that of energy consumption), compared to the one issued before the start of these measures.

Attention: *In order to qualify for this deduction, the work referred to must be carried out on the building as a whole (single-family dwelling) or on a complete block (multi-family building).*

- In order to accredit compliance with the requirements for this deduction, it will be necessary to send the **energy efficiency certificate issued before and after the works**.

  The energy performance certificates issued **before the start of the works** will be valid to accredit compliance with the requirements as long as a period of two years has not elapsed between the date of issue and the start of the works.

  The energy efficiency certificates issued **after the works have been carried out** determine

the **tax period in which the deduction is made** and must be issued **before 1 January 2025** (following the modification provided for in article 21 of Royal Decree-Law 18/2022, of 18 October).

> ***Attention**: the certificates are the only means established by the Law of IRPF to prove the reduction or improvement.Therefore, if the corresponding certificate is not available prior to the commencement of the works or issued by the competent technician after the works have been carried out, compliance with the requirements is not accredited and, consequently, the deduction cannot be applied.*

- In any case, the energy performance 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 performance of buildings.

> ***Note:** taxpayers entitled to this deduction must fill in the corresponding section of **Annex A.2** of the tax return with the information requested on the property, the NIF or NIE of the person or entity that has carried out the works, the dates of the energy efficiency certificates before and after the works, the consumption of non-renewable primary energy that appears in each of them, data that can be extracted from the global indicator contained in section 2) of Annex II, the letter of the energy rating **of the building** and the amounts paid.*

Subjective scope of the deduction

This deduction may only be applied by taxpayers who are the owners of the dwellings located in the building.

Therefore, **excludes** the bare owners, usufructuaries and lessees.

Amount of the deduction and incompatibilities with other deductions for energy efficiency improvement work

Amount of reduction

A. Basis of deduction

- For the 2022 tax year, the basis for this deduction will be constituted by the amounts paid, *box **[1677]*** of the tax return, by means of **credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions**, to the persons or entities that carry out such works, as well as to the persons or entities that issue the aforementioned certificates.

  However, **will deduct any amounts which, where applicable, have been subsidised** through a public aid programme or which would be subsidised by virtue of a definitive decision on the granting of such aid.

  If the deduction is made in the corresponding declaration of IRPF and, subsequently, a grant is awarded whose

amount corresponds to amounts that have formed part of the deduction base, the tax situation must be regularised so that the amounts corresponding to this grant are not included in the deduction base (taking the maximum annual deduction base as a limit).For this purpose, in accordance with Article 59 of the Regulations of the IRPF, the amount of the deduction unduly made shall be added to the net state tax liability of the IRPF return corresponding to the year in which the subsidy was granted.

Attention:*in no case shall any deduction be made in respect of sums paid by means of a supply of legal tender.*

For these purposes, the amounts paid for the works carried out shall be considered to be those necessary for their execution, including professional fees, the costs of drawing up technical projects, works management, the cost of executing works or installations, investment in equipment and materials and other expenses necessary for their development, as well as the issue of the corresponding energy efficiency certificates.

Attention: *in any case,* ***no*** *these amounts shall include the costs related to the installation or replacement of equipment using fossil fuels.*

In the case of dwellings of a community of property, the amounts paid out of the community of property by a married couple under a statutory community of property regime shall be attributed to each spouse at **50 per 100 %**.

In the case of shared ownership, each co-owner of the dwelling may make the deduction for the amounts paid for the works in the part that proportionally corresponds to their percentage of ownership of the main dwelling, regardless of whether the invoice for the works has been issued in the name of only one of the co-owners of the dwelling.

- **Works carried out by a Community of property owners**

In this case, the aforementioned means of payment (credit or debit cards, bank transfer, nominative cheque or deposit in accounts in credit institutions) must be used by the owners' association when paying for the works to the persons or entities carrying out the works.

This deduction for improvement works is applied to the amounts paid, without the regulations establishing special rules for cases in which external financing is used.

The amount that may form the basis of the deduction for each taxpayer will be determined by the result of applying the coefficient of participation that he/she has in the community of owners to the amounts paid by the community of owners.

If the invoice identifies the owners' association as the final recipient, the taxpayer may justify the investment and expenditure made by means of the receipts issued by the association requiring payment of the amounts corresponding to it proportionally, the documents accrediting payment of the same, the documents justifying the work carried out and other means of proof admitted in law.

B. Maximum deduction base

The maximum annual base per declaration for this deduction is **5,000 euros per year**.

C. Excess over the maximum deduction base, carry-over to the next four years and maximum cumulative deduction base

The amounts paid but not deducted (bases pending deduction) **for exceeding the maximum annual deduction base** may be deducted, with the same limit, **in the following four financial years,** without in any case **the accumulated deduction base** exceeding **15,000 euros** (maximum multi-year limit).

> ***Note:*** *the amounts paid in 2021 pending application at the beginning of the period 2022 shall be entered in box **[1854]**, those to be applied in the year in box **[1855]** and those to be applied in future years in boxes **[1856]**, in Annex C.4 of the declaration.In the case of the amounts paid in 2022 with the right to deduction, the amount is entered in the box **[1677]** of Annex A.2 and the amount to be applied in future years in the box **[1857]** of Annex C.4 of the return.*

D. Rate of deduction

The percentage of deduction applicable to the deduction base, as described above, is **60 per 100**.

Incompatibility

This deduction will be incompatible with the deductions "For improvement works that reduce the demand for heating and cooling" and "For improvement works that reduce the consumption of non-renewable primary energy" in those cases in which the accredited improvement and the amounts paid correspond to actions carried out in the building as a whole.

Example:Deduction for energy refurbishment works in predominantly residential buildings

The community of owners of 23 XXXX Street has carried out a series of works to improve the energy efficiency of the building in order to save 50 per cent of the energy consumed and to improve the energy rating of the building to obtain a "B" energy class. These works consist of improvements to the insulation of the facades, improvements to the thermal envelope, roofs and the breaking of thermal bridges, as well as the integration of renewable energy systems or installations in the building.

The works, which will be paid for by all owners (including commercial premises, dwellings and garage) according to their participation quota, will start in December 2022 and will be completed in April 2023.A loan has been taken out to carry out the above-mentioned works, which will be paid by the owners through monthly bills.Once this financing has been obtained, the homeowners' association will make three payments for the improvement works.A first payment on 1 December of 2022 by cheque in the name of the contractor, stated in the invoice issued by the contractor as "Certification on account of the energy efficiency improvement works contract", and two other payments to be paid to the contractor on 1 March and 1 May of 2023, respectively.

The couple formed by Mr J.G and Mrs T.K, married in community of property, are owners of a property located in the said community (their habitual residence) and due to the coefficient of participation in the said community, they are entitled to the amounts paid (including the issue of the energy efficiency certificates), 8,000 euros in the first payment and 2,000 euros in the other two payments, which will be paid by the Community of Owners to the contractor on 1 March and 1 May of 2023.

Energy performance certificates were issued before and after the works.This last one will be issued on 20 May 2023 and will mean the qualification of the dwelling as energy class "B".

Determine the amount of the deduction that can be taken in 2022, 2023 and 2024 whether they opt for individual or joint tax returns, and the excess that can be deducted in subsequent years.

Solution:

Year 2022

They shall not be entitled to make the deduction.

The reason is that, despite having paid in 2022 amounts for the execution of the works, in this tax period **the certificate** has not been issued but this is issued in a later tax period (2023), therefore the deduction will be made in this later tax period (2023) taking into consideration in this case the amounts paid on 1 December of 2022 (8,000 euros) and those paid on 1 March and 1 May of 2023 (2,000 euros in each of them).

Year 2023

Mr J.G:

- Deduction base:(8,000 euros + 4,000 euros) ÷ 2 = 6,000 euros
- Maximum base:5,000
- Deduction amount = 5.000 x 60% = 3.000
- Remaining deduction base, deductible in the following four years:6,000 – 5,000 = 1,000 Euro
- Cumulative basis:15,000 - 5,000 = 10,000

Ms. T.K.

- Deduction base:(8,000 euros + 4,000 euros) ÷ 2 = 6,000 euros
- Maximum base = 5,000 euros
- Deduction amount = 5.000 x 60% = 3.000
- Remaining deduction base, deductible in the following four years:6,000 – 5,000 = 1,000 Euro
- Cumulative basis:15,000 - 5,000 = 10,000

Joint J.G and T.K.

- Deduction base:12,000 euros
- Maximum base = 5,000 euros
- Deduction amount = 5.000 x 60% = 3.000
- Remaining deduction base, deductible in the following four years:12,000 – 5,000 = 7,000 Euro
- Cumulative basis:15,000 - 5,000 = 10,000

Year 2024

A. If Mr J.G. and Ms T.K. file an individual tax return for that year 2024

1. **When on 2023 filed individual declaration**
   - Outstanding amounts 2022:1,000
   - Maximum deduction base (the lesser of):
     - Maximum annual basis per declaration:5,000
     - Cumulative basis:10000
     - Amounts to be deducted:1,000
   - Amount of deduction = 1,000 x 60% = 600
   - Remainder outstanding = 0
2. **When at 2023 filed a joint return**
   - Outstanding amounts 2022:7.000 euros ÷ 2 = 3.500
   - Maximum deduction base (the lesser of):
     - Maximum annual basis per declaration:5,000
     - Cumulative basis.10000
     - Amounts to be deducted:3,500
   - Deduction amount = 3,500 x 60% = 2,100
   - Remainder outstanding = 0

B. If Mr. J.G. and Ms. T.K. file a joint return at 2024.

1. **When on 2023 filed individual declaration**

- Outstanding amounts 2022:1,000 x 2 = 2,000
- Maximum deduction base (the lesser of):

  - Maximum annual basis per declaration:5,000

  - Accumulated base [15.000 - 5.000 individual J.G - 5.000 individual T.K] = 5.000

  - Amounts to be deducted:2,000
- Deduction amount = 2,000 x 60% =1,200
- Remainder outstanding = 0

2. **When at 2023 filed a joint return**

- Outstanding amounts 2022:7,000 euros
- Maximum deduction base (the lesser of):

  - Maximum annual basis per declaration:5,000

  - Cumulative base 10,000

  - Amounts to be deducted:7,000
- Deduction amount = 5.000 x 60% = 3.000
- Remaining balance = (7,000 - 5,000) = 2,000
- Cumulative basis:10,000 - 5,000 = 5,000

Note: Amounts paid that have not been deducted because they exceed the maximum annual deduction base ('2,000) can be deducted in the year 2024.

Summary table:Deductions for energy efficiency improvement works in dwellings

Attention: *the table takes into account that article 21 of Royal Decree-Law 18/2022, of 18 October (BOE of 19 October), has modified, with effect from 1 January 2023, the fiftieth additional provision of the Law of IRPF which regulates deductions for works to improve the energy efficiency of dwellings, extending its temporary scope.*

Differences	Deduction for improvement works that reduce heating and cooling demand (1)	Deduction for improvement works that reduce non-renewable primary energy consumption (2)	Deduction for energy rehabilitation works in buildings (3)
Type of housing (owned)	• Regular • Rented as a dwelling or in expectation of being rented before 31.12.2024. • Excluded: second homes.tourist dwellings, part of which concerns economic activity, parking spaces, storage rooms, gardens, swimming pools, sports facilities and similar elements.	• Regular • Rented as a dwelling or in expectation of being rented before 31.12.2024. Excluded:second homes, tourist dwellings, part affected by economic activity, parking spaces, storage rooms, gardens, swimming pools, sports facilities and similar elements.	All types of dwellings owned, except for dwellings used for economic activities.Parking spaces and storage rooms acquired jointly are assimilated to dwellings.
Deadline for carrying out the works and paying for them	From 06-10-2021 to 31.12.2023	From 06.10.2021 to 31.12.2023	From 06.10.2021 to 31.12.2024
Tax period in which the deduction may be taken	In the tax period **in which the energy performance certificate is issued**.If amounts are paid prior to their issue, they shall all be included in the period in which the deduction is made.The after works certificate must be issued before 01.01.2024.	In the tax period **in which the energy performance certificate is issued**.If amounts are paid prior to their issue, they shall all be included in the period in which the deduction is made.The after works certificate must be issued before 01.01.2024.	**The deduction shall be taken in the tax periods 2021, 2022, 2023 and 2024, in relation to the amounts paid in each of them, provided that the energy performance certificatehas been issued before** the end of the tax period in which the deduction is to be taken.The certificate issued after the works must be issued before 01.01.2025.
Energy	Reduction of **by at least**	Reduction **of at least 30%**	Reduction of **by at least 30% of**

Differences	Deduction for improvement works that reduce heating and cooling demand (1)	Deduction for improvement works that reduce non-renewable primary energy consumption (2)	Deduction for energy rehabilitation works in buildings (3)
efficiency certificate	**7%** the sum of heating and cooling demand indicators (energy performance certificate of the house after the works compared to the previous one).	the non-renewable primary energy consumption indicator or an "A" or "B" energy rating (energy performance certificate of the house after the works compared to the previous one).	indicator of non-renewable primary energy consumption or obtaining an **energy rating "A" or "B"** (energy performance certificate of the building after the works compared to the previous one).
Percentage of deduction	20%	40%	60%
Basis of deduction	The sums paid for the execution of works which are paid by any means whatsoever, with the exclusion of legal tender.Costs relating to the installation or replacement of equipment using fossil fuels are not included in these amounts.	The sums paid for the execution of works which are paid by any means whatsoever, with the exclusion of legal tender.Costs relating to the installation or replacement of equipment using fossil fuels are not included in these amounts.	The sums paid for the execution of works which are paid by any means whatsoever, with the exclusion of legal tender.Costs relating to the installation or replacement of equipment using fossil fuels are not included in these amounts. For works carried out by the Communities of owners.The base will be the result of applying the coefficient of participation that the taxpayer has in the community to the amounts paid by the community.
Maximum annual basis per declaration	€ 5,000	€ 7,500	€ 5,000
Multiannual ceiling (cumulative basis)	No	No	€ 15,000

Deduction applicable to family units formed of tax residents in EU or EEA member states

Regulations:Additional provision forty-eighth Law IRPF

Delimitation and conditions for its application

Since 1 January 2018, and in order to bring our legislation into line with European Union law, this deduction has been established for taxpayers who are members of a family unit in which one of its members resides in another Member State of the European Union or of the European Economic Area, which prevents them from filing a joint tax return.This equates the payment of the resident taxpayer in Spanish territory to the one he had endured in the event that all members of the family unit had been fiscal residents in Spain.

Conditions for the application of the deduction

The deduction may be applied by taxpayers who meet the following conditions:

- That you are part of one of the following types of family unit referred to in article 82.1 of the Law of IRPF:

  1.The spouses who are not legally separated and, if there are any:

  - Minor children, with the exception of those who, with the consent of their parents, live independently of their parents.
  - Children of legal age who are legally incapacitated and subject to extended or renewed parental authority.

  2.In cases of legal separation, or where there is no marriage link, the marriage of the father or mother and all children living with one another and who meet the requirements of rule 1 of this article.

- That the family unit is formed of personal income tax taxpayers and residents of another Member State of the European Union or the European Economic Area

- In the Member State of the European Union or of the European Economic Area in which any of the members of the family unit reside, there are regulations on mutual assistance in the exchange of tax information under the terms set out in LGT, which are applicable.

  For LGT see Ley 58/2003, de 17 de diciembre, General Tributaria.

> ***Attention:****Please note that, with effect from 11 July 2021, article sixteen of Law 11/2021 of 9 July on measures to prevent and combat tax fraud, transposing Council Directive (EU) 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market, amending various tax rules and on the regulation of gambling (BOE of 10 July) has amended the first additional provision of Law 36/2006 of 29 November on measures for the prevention of tax fraud, replacing, in accordance with the new international parameters, the concepts of tax havens, countries or territories with which there is no effective exchange of information, or countries with no or low taxation, with that of non-cooperative jurisdictions.*

Likewise, the aforementioned Law 11/2021 adds a new tenth additional provision to Law 36/2006, which establishes in section 2 that "The references made to sections 2, 3 and 4 of the first additional provision of this Law, in their wording prior to the entry into force of Law 11/2021, on measures to prevent and combat tax fraud and to transpose Council Directive (EU) 2016/1164, of 12 July, laying down rules against tax avoidance practices that directly affect the functioning of the internal market, amending various tax rules and on the regulation of gambling, shall be understood to be deleted".

For its part, section 3 of the new tenth additional provision of Law 36/2006 states that "Lhe regulatory references made to States with which there is an effective exchange of tax information or in tax matters shall be understood to be made to States with which there are regulations on mutual assistance in the exchange of tax information under the terms provided in Law 58/2003, of 17 December, General Taxation, which is applicable".

Cases excluded from the application of the deduction

This deduction shall not apply when any of the members of the family unit:

- Would have opted to pay tax under the special scheme applicable to workers posted to Spanish territory in accordance with the provisions of Article 93 of the Law of IRPF.
- He would have opted to pay tax under the system foreseen for taxpayers resident in other EU Member States in article 46 of the revised text of the Non-Resident Income Tax Act.
- Do not have a tax identification number.

Calculation of the deduction

Taxpayers may deduct the result of the following operations from the full amount corresponding to their individual tax return for the IRPF:

1º. The following amounts are added together:

- The full state and autonomous community contributions minus the deductions provided for in articles 67 and 77 of the Law of IRPF, of the members of the family unit taxpayers for IRPF
- Non-Resident Income Tax payments corresponding to income obtained in Spanish territory in the same tax period by the rest of the members of the family unit.

This operation is represented graphically below 1.

Scheme of operation 1st

State pre-liquid quota =	Autonomous Community pre-liquid quota =
Σ Preliminary net national quota + Preliminary net regional quota + IRNR quota = Amount obtained (C^1)	

Scheme of operation 1st

State pre-liquid quota =	Autonomous Community pre-liquid quota =
(+) State tax	(+) Autonomous Community full tax liability
(-) Deductions under Article 67 of the Personal Income Tax Act: • 50% Deduction for investment in principal residence • 100% Deduction for investment in new or recently created companies • 50% Deduction for actions for the protection and dissemination of Spanish Historical Heritage and World Heritage cities, sites and properties. • 50% Deduction for donations and other contributions • 50% Deduction for incentives and stimuli for business investments • 50% Deduction for allocations to the Reserve for Investments in the Canary Islands (Law 19/1994) • 50% Deduction for income derived from the sale of tangible goods produced in the Canary Islands (Law 19/1994) • 50% Deduction on income obtained in Ceuta or Melilla • 50% Deduction for habitual and effective residence on the island of La Palma • 50% Deduction for renting the main residence.Transitional regime • 100% Deductions for energy efficiency improvement works in dwellings	(-) Deductions under Article 77 of the Personal Income Tax Act: • 50% Deduction for investment in principal residence • 50% Deduction for actions for the protection and dissemination of Spanish Historical Heritage and World Heritage cities, sites and properties. • 50% Deduction for donations and other contributions • 50% Deduction for incentives and stimuli for business investments • 50% Deduction for allocations to the Reserve for Investments in the Canary Islands (Law 19/1994) • 50% Deduction for income derived from the sale of tangible goods produced in the Canary Islands (Law 19/1994) • 50% Deduction on income obtained in Ceuta or Melilla • 50% Deduction for habitual and effective residence on the island of La Palma • 50% Deduction for renting the main residence.Transitional regime • 100% Regional deductions
Σ Preliminary net national quota + Preliminary net regional quota + IRNR quota = Amount obtained (C^1)	

2º. The total net tax liability that would have resulted had it been possible to choose to pay tax jointly with the rest of the members of the family unit (**C^2**) is determined.

For this calculation, only that part of the positive income of the non-resident members of the family unit which exceeds the negative income obtained by the latter shall be taken into account for each source of income.

> ***Note:*** *it shall be understood, for these exclusive purposes, that all the members of the family unit are taxpayers for the IRPF.*

3º. It is subtracted from the amount obtained in number 1.(C^1) the quota referred to in number 2. (C^2).When this difference is negative, the amount to be computed shall be zero.Therefore:

- C^1 - C^2 is less than or equal to 0:**No deduction**
- C^1 - C^2 is greater than 0:**Deduction may be made**

4º. The amount foreseen in number 3 will be deducted from the total state and regional tax liability, after the deductions foreseen in articles 67 and 77 of the Law of IRPF, will be deducted from the amount foreseen in number 3. as follows:

- The total State tax liability shall be reduced by the proportion that the Non-Resident Income Tax liability represents with respect to the total amount provided for in number 1 above, and
- the remainder will reduce the state and regional tax liability in equal parts.

When there are several taxpayers of IRPF in the family unit, this reduction shall be made in proportion to the respective full contributions, after the deductions provided for in Articles 67 and 77 of this Law, of each of them.

Example:Deduction applicable to family units formed of tax residents in EU or EEA member states

Family unit comprising the spouses Mr. A, resident in Spain, and Mrs. B, resident in Germany for 2022, with a recognised degree of disability of 40%, and their child, Mr. C, under 18 years of age, who lives with Mr. A.R.M. in Spain.

Determine whether or not the deduction applicable to family units consisting of tax residents in European Union or European Economic Area member states applies and, if so, the amount to deduct from the gross state amount and the gross regional amount of the income tax return for the year 2022 by Mr “A” and his son, Mr “C”, taking into account the following details:

- In the 2022 income tax return for Mr “A”, his gross state amount is equal to 15,250 euros and his gross regional amount is equal to 16,000 euros, being entitled to general deductions of 1,550 euros from the amount
- In the 2022 income tax return of Mr “C”, the sum of his gross state and regional amounts is 300 euros, having not right to any deduction.
- The non-resident member of the family unit, Mrs “B”, entered for non-resident income tax corresponding to income obtained in Spanish territory in the 2022 financial year the amount of 380 euros.
- The total liquid quota that would have resulted from being able to choose to jointly tax all members of the family unit would be EUR 29.280.

Solution:

Previous note: *The numerical data used in this example are simulated and have the sole purpose of explaining how this deduction is calculated and how its amount is distributed when there are several taxpayers of the IRPF, integrated in the family unit, who are entitled to it.Therefore, it should be noted that the amounts of full and net contributions do not coincide with those that could result in a real case.*

1º. Calculation of the deduction applicable to family units consisting of tax residents at EU/EEA

- **Sum of the following quotas:**

  - *Taxpayer "A":* Sum of state and autonomous community full tax payments minus deductions:(31.250 - 1.550) = 29.700,00

  - *Taxpayer "C"* Sum of total national and regional contributions minus deductions (300 - 0) = 300.00

  - *Non-resident Mrs "B":*

  Non-Resident Income Tax:380.00

  Total amount (C1):(29.700 + 300 + 380) = 30.380,00

- **Amount of the net tax liability if all were resident and taxed jointly (C2):** 29.280,00

- **Difference (C1 -C2):**(30.380 - 29.280) = 1.100,00

> ***Note:*** *as the difference is positive (1,100), the deduction should be applied for this amount.If this difference had been negative, the amount to be computed would be zero.*

2º. Calculation of the total amount of the deduction applicable to each resident, taxpayer of IRNR:

Sum of state and autonomous community full tax payments minus the deductions of taxpayers A and B:(29.700 + 300) = 30.000,00

- Amount corresponding to taxpayer "A":(29.700 x 1.100 ÷ 30.000) = 1.089,00

- Amount corresponding to taxpayer "C":(300 x 1.100 ÷ 30.000) = 11,00

> ***Note:*** *the calculation of the amount of the deduction to be applied to each resident shall be made in proportion to the respective full tax liability less deductions.*

3º. Amount of the deduction to be deducted in the state gross tax liability and in the regional gross tax liability

a. **The percentage represented by the contributions of IRPF is calculated with respect to the amount C1 and this percentage is applied to the amount of the deduction corresponding to each resident**.

   Percentage share IRNR with respect to C1:(380 ÷ 30.380) x 100 = 1,25%

   Mr A's share:1.089 x (1,25 ÷ 100) **(*)**(= 13,61

   Mr C's share:11 x (1.25 ÷ 100) **(*)**(= 0.14

   (*) These amounts will be deducted from the total national tax liability.

b. **The remainder is divided between two**

Mr A's share:(1,089 - 13.61) ÷ 2 **(**)**(= 537.70

Mr C's share:(11 - 0,14) ÷ 2 **(**)**(= 5,43

(**) These amounts will be deducted from the total national tax liability and the total regional tax liability.

c. **Amount of the deduction that will reduce the state and autonomous community total tax payments**

Mr "A":

Amount that reduces the state tax liability (13.61 + 537.70) = 551.31

Amount that reduces the regional tax liability =537.69

Mr "C":

Amount that reduces the state total tax liability (0.14 + 5.43) = 5.57

Amount that reduces the regional tax liability = 5,43

Chapter 17.Regional deductions from the amount applicable for 2022

Introduction

The current system of financing of the Autonomous Communities is articulated in Law 22/2009, of 18 December, which regulates the system of financing of the Autonomous Communities of common regime and Cities with Statute of Autonomy and modifies certain tax rules (BOE of 19 December).

The scope of the regulatory powers of the Autonomous Communities in the IRPF is established in Article 46 of the aforementioned Law 22/2009, according to which the Autonomous Communities may assume, among other regulatory powers, that relating to the approval of deductions applicable to the regional gross tax liability for:

- **Personal and family circumstances.**
- **Non-business investments.**
- **Rent application.**

> In any case, the approval of regional deductions for personal and family circumstances, for non-business investments and for the application of income, cannot directly or indirectly lead to a reduction in the effective taxation of any or some categories of income.

- **Non-exempt subsidies and public aid received from the Autonomous Community**, with the exception of those that affect the development of economic activities or income that is included in the savings base.

In addition to the approval of the autonomous deductions, the normative competences of the Autonomous Communities also cover the determination of the following matters related to them:

a. The justification required to be able to practise them.

b. The limits of deduction.

c. Whether or not they are subject to the requirement to verify their financial situation.

d. The special rules applicable in the case of joint taxation, a tax period lower than the calendar year and the determination of the family situation.

However, if the Autonomous Community does not regulate any of these matters, the rules provided for in these matters shall apply to the state rules of the IRPF.

Making use of the regulatory powers they have assumed, the Autonomous Communities of the common system have approved regional deductions for the 2022 financial year that may be applied in their declarations of IRPF exclusively by taxpayers who during said financial year have had the habitual residence in their respective territories.

Note: *in the case of taxpayers forming part of a family unit who reside in different Autonomous Communities and file a joint return, they will be considered to be resident in the Autonomous Community in which the member of the family unit with the highest taxable income is resident.Consequently, the deductions established by the said Autonomous Community may be applied in the joint tax return of the family unit, even if any of the members of the family unit have not resided in the same Autonomous Community.*

Autonomous Community of Andalusia

Taxpayers who in 2022 have had their habitual residence in the territory of the Autonomous Community of Andalusia may apply the following Autonomous Community deductions:

For investment in the primary residence, which is considered protected and is for young people

Regulations:(Arts.9 and 2;first additional provision Ley 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía (Law 5/2021, de 20 de octubre, on Assigned Taxes of the Autonomous Community of Andalusia)

Amount of the deduction

5 per cent of the amounts paid in the tax period for the **acquisition or rehabilitation** of the property that constitutes or will constitute the taxpayer's **habitual residence** .

Regarding the concept of habitual residence, see Article 2 of Law 5/2021 of 20 October on Assigned Taxes of the Autonomous Community of Andalusia.It should also be borne in mind that the concept of principal residence, in accordance with the first additional provision of the aforementioned Law 5/2021, is that established by articles 54.1 and 2 and 55.2 c) of the Regulations of the IRPF, in force on 31 December 2012, which is commented on in the section "General conditions and requirements" under the heading "Deduction for investment in principal residence.Transitional arrangements" in Chapter 16.

See "Deduction for investment in principal residence:Transitional regime" in Chapter 16 of this Manual, the concept of acquisition of a principal residence in the section "Acquisition, construction, renovation and extension of the principal residence".

It should be borne in mind that the construction and extension of the dwelling are NOT assimilated to the acquisition of the dwelling, and therefore the amounts paid for these items do not entitle the taxpayer to the deduction.

- **Specific requirements for the application of the deduction**
  - In order to qualify for the deduction, one of the following conditions must be met on the date on which the tax becomes chargeable:

    a. **The dwelling must be classified as protected** in accordance with the regulations of the Autonomous Community of Andalusia.

    b. The acquirer is under 35 years of age.In the case of joint taxation, the age requirement must be met by at least one of the spouses or, where applicable, by the parent in the case of a single parent family.

    For the concept of single-parent family see Article 4 of Law 5/2021 of 20 October on Devolved Taxation of the Autonomous Community of Andalusia.
  - **That the sum of the general and savings tax bases**, boxes ***[0435]*** and ***[0460]*** of the tax return, does not exceed the following amounts:

- **25,000 euros** in individual taxation.

- **30,000 euros** in joint taxation.

Maximum basis for deduction

- The basis for this deduction will be constituted by the amounts paid for the acquisition or refurbishment of the home, including the expenses incurred that have been borne by the purchaser and, in the case of external financing, the amortisation, interest, the cost of the hedging instruments for the variable interest rate risk of the mortgage loans regulated in article nineteen of Law 36/2003, of 11 November, on economic reform measures, and other expenses derived from the same.In the case of application of the instruments of coverage, interest paid by the taxpayer will be lowered by the amounts obtained by the application of the aforementioned instrument.

- The maximum base for this deduction will be 9,040 euros, in accordance with the requirements and circumstances set out in the state personal income tax regulations for the deduction for investment in primary residence in force on 31 December 2012.

Other conditions for the application of the deduction

- **In the event of marriage annulment, divorce or legal separation**, the taxpayer may continue to make this deduction for the amounts paid in the tax period for the purchase of the home that was their main residence during the marriage, provided that it continues to be their main residence for the common children and the parent in whose company they remain.

- **When a main residence is acquired having benefited from the deduction for the acquisition of other previous main residences**, no deduction may be made for the acquisition or refurbishment of the new one as long as the amounts invested in it do not exceed those invested in the previous ones, insofar as they have been subject to deduction.

  When the disposal of a primary residence has generated an exempt capital gain due to reinvestment, the deduction base for the acquisition or refurbishment of the new home will be reduced by the amount of the capital gain to which the reinvestment exemption applies.In this case, you will not be able to apply the deduction for the acquisition of the new when the amount invested in it does not surpass both the price of the previous year, to the extent that it has been subject to deduction as capital gains exempt due to reinvestment.

- Likewise, **will be considered as rehabilitation of habitual residence** that which meets the requirements and circumstances established by the state regulations of IRPF in force on 31 December 2012, specifically, the works carried out on the same that meet any of the following requirements:

  a. These are subsidised actions in the field of housing rehabilitation under the terms provided for in Royal Decree 106/2018, of 9 March, which regulates the State Housing Plan 2018-2021, or the Plan that replaces it.

b. Their main purpose is the reconstruction of the dwelling by means of the consolidation and treatment of the structures, façades or roofs and other similar operations, provided that the overall cost of the rehabilitation operations exceeds 25% of the purchase price if the purchase had been made during the two years immediately prior to the start of the rehabilitation work or, in other cases, the market value of the dwelling at the time of the start of the rehabilitation work.For these purposes, it will be deducted from the acquisition price or market value of the residence the proportional part corresponding to the land.

For amounts invested in leasing the primary residence

Regulations:(Arts.10 and 2, first additional provision Ley 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía (Law 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía)

Amount and maximum limit of the deduction

- The **15 per cent of the amounts paid** in the tax period for the rental of the taxpayer's main residence.
- The maximum amount of deduction will be:
  - **600 euros per year, in general, and**.
  - **900 per year, if the taxpayer is considered to be a person with a disability.**

    It should be borne in mind that, for these purposes, a person with a disability is considered to be the person referred to in Article 3 of Law 5/2021, of 20 October, on Taxes Assigned by the Autonomous Community of Andalusia.

    Furthermore, in accordance with the first transitory provision of Law 5/2021, of 20 October, in the case of persons whose incapacity had been judicially declared prior to 1 January 2022, a degree of disability equal to or greater than 65% will be considered accredited, even if it does not reach this degree.

Requirements and other conditions for the application of the deduction

- This deduction is only applicable to the following taxpayers:

  1. Taxpayers who, at the date of accrual of the tax, **have not reached the age of 35** .
  2. Taxpayers who, at the date of accrual of the tax, **are over 65 years of age**.
  3. Taxpayers who, at the date of accrual of the tax, **are considered victims of domestic violence, victims of terrorism or affected persons**.

  In the case of joint taxation, at least one of these requirements must be met by at least one of the spouses or, where applicable, by the parent in the case of a single parent family.

  For the concept of single-parent family see Article 4 of Law 5/2021 of 20 October on Devolved Taxation of the Autonomous Community of Andalusia.

  It should also be borne in mind that those referred to in articles 6 and 7 of the aforementioned Law 5/2021, of 20

October, respectively, are considered to be victims of domestic violence, victims of terrorism and persons affected by such action.

- That the **sum of the general and savings tax bases,** boxes ***[0435]*** **and** ***[0460]*** of the declaration**, does not exceed** the following amounts:

  - 25,000 euros in individual taxation.

  - 30,000 euros in joint taxation.

- That the taxpayer **identifies the lessor** of the property by stating his or her NIF in the corresponding self-assessment.

> ***Note:****Taxpayers entitled to the deduction shall complete the section entitled "Additional information on regional rental deduction" in Annex B.8) of the tax return in which, in addition to the data necessary to quantify the deduction, the tax ID number/foreign national's identification number of the landlord must be recorded and, where appropriate, that of the second landlord or, if applicable, if you have entered a tax ID number from another country, an X will be marked in the corresponding box.*

- The deduction shall be made by the **holder(s)** of the lease.

  In the case of marriage, whatever the matrimonial property regime, only the amounts paid by the spouse who signs the lease contract and, consequently**,** , will be deductible. The amounts paid by the spouse who does not appear in the contract are not entitled to this deduction because he/she is not a lessee. See in this respect Supreme Court Judgment no. 220/2009, of 3 April (Civil Chamber), handed down in appeal no. 1200/2004 (ROJ:STS 2464/2009)

- **When there is more than one taxpayer entitled to apply the deduction**, each of them will apply it on the basis of the amounts they have paid, with their own maximum limit of 600 euros or 900 euros per year, in the event that the taxpayer is considered to be a person with a disability, with no pro-rata application as this is not provided for in the regulations.

- **In the case of joint taxation**, the deduction will be applied to the amounts paid by both taxpayers provided that at least one of them meets the requirements, with a maximum limit of 600 euros per return, this limit being raised to 900 euros per year when one of the spouses is considered to be a person with a disability.

- The taxpayer can apply the regional deduction for renting and the deduction for investment in main residence in the same tax year, provided that both dwellings comply with the provisions of Article 2 of Law 5/2021 to be considered main residence.

> **Examples:**
>
> 1.Taxpayer living in rented accommodation since September **2017** in one home and purchasing another in May 2022, moving into the same home on that date.If you meet the requirements of Article 2 of Law 5/2021 of 20 October, i.e. if the home has been or will be your residence for a continuous period of at least three years, you can deduct for both in the tax period.
>
> 2.Taxpayer living in rented accommodation since September **2021** in one house and buying

another in May 2022, moving in on that date.The requirement of Article 2 of Law 5/2021 that it constitutes a residence for a continuous period of at least three years could only be fulfilled in the case of the purchased property and therefore only the second property can be deducted.

Attention: *The requirement for the mandatory deposit of the deposit referred to in Article 36 of Law 29/1994, of 24 November, on Urban Leases (BOE of 25 November), in favour of the Autonomous Community of Andalusia, in accordance with the applicable autonomous community regulations, disappears with respect to the deduction applicable in 2021*.

For the birth, adoption or fostering of children.

Regulations:Art. 11 Ley 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía (Law 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía).

Amounts of the deduction

- **200 euros, in general, for each child born or adopted, or for each child in simple, permanent or pre-adoptive, administrative or judicial foster care** ,**,** in the tax period in which the birth, adoption or foster care takes place.

  Child born or adopted: The parent's cohabitation with the born or adopted child on the date of accrual of the tax is not a requirement for the application of the deduction for the birth or adoption of children, so that the deduction could be applied even if the child did not live with the taxpayer on that date (e.g. due to the separation or divorce of the parents).

  The deduction for birth or adoption of children is applicable for the simple and simple fact of birth or adoption of children in the year, so the subsequent death of the child in the tax period does not prevent the application of the deduction.

  Child in foster care: However, in the case of foster care, cohabitation with at least the taxpayer shall be required under the terms indicated in the section Requirements and other conditions for the application of the deduction.

- **400 euros for each** child born, adopted or for each child in simple, permanent or pre-adoptive, administrative or judicial foster care **if the taxpayer resides in a municipality with depopulation problems.**

  For this purpose, please refer to Article 8 of Law 5/2021, of 20 October, on Assigned Taxes of the Autonomous Community of Andalusia, according to which municipalities with depopulation problems are considered to be those with a population of less than 3,000 inhabitants.

  In relation to the municipalities with depopulation problems for 2022, see https://juntadeandalucia.es/boja/2021/251/20, the Resolution of 23 December 2021, of the Directorate General for Taxation, Financing, Financial Relations with Local Corporations and Gambling, which publishes the Andalusian municipalities with depopulation problems in 2022, for the purposes of applying the deduction for the birth, adoption of children or foster care of minors in the Personal Income Tax and the reduced rates to promote a social housing policy of the Transfer Tax and Stamp Duty (BOJA 31-12-2021).

Attention: *Please note that Law 26/2015, of 28 July, which modifies the system of*

protection for children and adolescents (BOE of 29 July) modified, with effect from 18 August 2015, article 173 bis of the Civil Code which regulates the modalities of foster care and, in accordance with this modification, emergency foster care and temporary foster care contemplate the cases of the previous simple foster care.

Likewise, the aforementioned law added a new article 176 bis regulating the delegation of guardianship for pre-adoptive cohabitation.

On the other hand, the second additional provision of the aforementioned Law 26/2015 establishes that "all references made in the laws and other provisions to pre-adoptive foster care shall be understood to be made to the delegation of guardianship for pre-adoptive cohabitation provided for in Article 176 bis of the Civil Code.Those carried out in simple foster care shall be understood to be made to the temporary family foster care provided for in Article 173 bis of the Civil Code;and when they were to the collaborating bodies for international adoption, they shall be understood to be to the bodies accredited for international adoption".

Therefore, the deduction will be applicable to the current emergency, temporary and permanent foster care and to the delegation of guardianship for pre-adoptive cohabitation.

- **Increase of the deduction:** In the case of multiple births, adoptions or fostering, the corresponding amount of the deduction shall be increased by 200 euros for each child or, as the case may be, for each minor.

  This increase of 200 euros for each child in the case of childbirth, adoption or multiple fostering will be applied, even if one of them has died during the year.

Requirements and other conditions for the application of the deduction

- That the **sum of the general and savings tax bases** of the taxpayer, boxes ***[0435]*** and ***[0460]*** of the return, **does not exceed the following amounts**:

  - 25,000 euros in individual taxation.

  - 30,000 euros in joint taxation.

- Where two taxpayers are entitled to the deduction, **the amount of the deduction shall be distributed equally**.

  However, if one of the parents or adopters cannot apply the deduction for exceeding the tax bases established for this purpose, the other may apply the total amount of the deduction.

- In the case of **foster care,** the deduction can only be applied by the taxpayer who **has not received aid** from the Administration of the Autonomous Community of Andalusia linked to the foster care.

  Likewise, it will be necessary **that the child lives with the taxpayer for at least 90 days** during the tax period in which the fostering takes place.

This deduction shall not be applicable in the case of pre-adoptive foster care when the child has been adopted during the tax period, without prejudice to the application, where applicable, of the deduction for adoption.

Incompatibility

This deduction is incompatible, in respect of the same children, with the application of the regional deductions "For adoption of children internationally" and "For large families".

For adoption of children internationally

Regulations:Art. 12 Ley 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía (Law 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía).

Amount of the deduction

600 euros for each adopted child in the tax period in which the adoption is registered in the Civil Registry, provided that it is an international adoption.

Requirements and other conditions for the application of the deduction

- That it is an international adoption .

  For these purposes, adoption shall be understood to be of an international character when this is the result of the rules and conventions applicable to this matter.

- That the **sum of the general and savings tax bases** of the taxpayer, boxes ***[0435***] and ***[0460]*** of the tax return, does not exceed the following amounts:

  - 80,000 euros in individual taxation.

  - 100,000 euros in joint taxation**.**

- Where two taxpayers are entitled to this deduction, the amount of the deduction shall be divided equally.

  However, if one of the adopters cannot apply the deduction because it exceeds the taxable bases established for this purpose, the other can apply the full amount of the deduction.

Incompatibility

This deduction is not compatible with the application of the regional deduction "For birth or adoption of children or foster care of minors".

For the father or mother of a single-parent family and, where appropriate, with ascendants over the age of 75

Regulations:(Arts.13 and 4;and the second transitional provision Law 5/2021 of 20 October

21, on Taxes Assigned by the Autonomous Community of Andalusia

Amount of the deduction

100 euros for taxpayers who are single-parent parents on the date of the tax due (usually on december 31).

A single-parent family, for the purposes of the deduction, is considered to be that formed by **the father or the mother and all the children who live with one or the other** and who meet one of the following requirements:

- Minor children, with the exception of those who, with parental consent, live independently of their parents.
- Children of full age who before 1 January 2022 have been judicially declared incapacitated, subject to extended or rehabilitated parental authority.
- Children of legal age with disabilities who, by court order, are assisted by a guardian.

It should be noted that, as of the entry into force of Law 8/2021 on the reform of the Civil Code, the references made to judicial incapacitation extend to judicial decisions establishing the representative guardianship of persons with disabilities.

Increase in deduction

The above deduction **will be increased by an additional 100 euros for each ascendant living with the single parent family** , provided that they generate the right to the application of the minimum for ascendants over 75 years of age established in the state regulations of the IRPF.

Condition for the application of the deduction

That the **sum of the general and savings tax bases,** boxes ***[0435]*** and ***[0460***] of the declaration, **does not exceed** the following amounts:

- **80,000 euros** in individual taxation.
- **100,000 euros** in joint taxation**.**

Other conditions of application

When several taxpayers are entitled to the application of the increase for ascendants of this deduction, the rules of apportionment, cohabitation and other limits provided for in the state regulations of IRPFshall apply.

For large families

Regulations:(Arts.14 and 5 Ley 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía (Law 5/2021, de 20 de octubre, de Tributos Cedidos de

la Comunidad Autónoma de Andalucía)

Amount of the deduction

- In the case of large families in the general category:**200 euros**.
- In the case of special category families:**400 euros.**

> ***Attention:*** *the conditions necessary to be considered a large family and their classification by category shall be determined in accordance with the provisions of Law 40/2003, of 18 November, on the Protection of Large Families, or the rule that replaces it.*

Assumptions, requirements and other conditions for the application of the deduction

- The following taxpayers are entitled to this deduction:

  a. Those who are in the ascending line and are members of a large family

  b. Those who are orphaned siblings in the case of large families consisting of:

  - Two or more siblings who are orphans of both parents under guardianship, foster care or caretaker and who live with the guardian, foster carer or caretaker but are not dependent on them.

    It should be borne in mind that, as of 3 September 2021, the date of entry into force 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, guardianship is reduced to minors not subject to parental authority or not emancipated in a situation of abandonment, and is abolished for adults, for whom guardianship and other measures to support their legal capacity are established.

  - Three or more siblings who have lost both parents, over 18 years of age, or two, if one of them is a disabled person, who live together and are financially dependent on each other.

    See Article 2.2 (d) and (e) of Law 40/2003 of 18 November 2003 on the Protection of Large Families.

- Taxpayers must hold, at the date of accrual of the tax, the large family certificate accrediting this status and category.
- That the sum of the general and savings tax bases, boxes ***[0435]*** and ***[0460***] of the tax return, does not exceed:

  - 25.000 euros in individual taxation

  - 30.000 euros in joint taxation

- The amounts of the deduction (200/400) shall be distributed equally when more than one person is entitled to apply the deduction and individual declarations are submitted.

  If one of the spouses is not entitled to apply the deduction because their taxable income

exceeds 25,000 euros in individual taxation or because they reside in another Autonomous Community, the other spouse may deduct the full amount of the corresponding deduction (200/400 euros).

Incompatibility

This deduction is not compatible with the application of the regional deduction "For the birth or adoption of children or foster care of minors".

For educational expenses

Regulations:(Arts.15 and 60 Ley 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía (Law 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía)

Amount and maximum limit of the deduction

- **15 per cent of the amounts paid** in the tax period for the cost of education **school or extracurricular** language, computer or both.

  a. **Expenditure on language or computer education**

  The amounts paid to the educational establishments as school fees, in the proportion corresponding to these subjects or subjects, as well as those taught in a foreign language, shall be considered as school fees for the teaching of languages, computer science or both.This proportion shall be determined on the basis of the total number of teaching hours which these subjects represent in the total number of teaching hours in the school year.

  b. **Extracurricular language or computer training costs**.

  The amounts paid in consideration for teaching services in these subjects provided by other types of centres not included in the previous section (school education expenses), whether private or public, official or not, such as academies and official language schools, shall be considered as such.The amounts paid to natural persons, registered under the corresponding heading of the Tax on Economic Activities (IAE), in consideration for private classes given individually on these subjects in private homes or in places not specifically intended or organised for that purpose, shall also be considered as such.

- **The maximum amount** of the deduction may not exceed **150 euros per year for each descendant.**

Requirements and conditions for the application

- The deduction shall be applied in respect of those descendants for whom the minimum allowance per descendant is applicable **.**

- That the **sum of the tax bases** general and savings, boxes ***[0435]*** and ***[0460***] of the tax return, does not exceed:

  - **80,000 euros** in individual taxation.

- **100,000 euros** joint taxation.

- The deduction shall be made by the taxpayer **who actually pays** the expenses.

- When there is more than one taxpayer entitled to the application of the deduction, the deduction shall be applied on the basis of the amounts that each taxpayer has paid, with a maximum limit of 150 euros per year for each descendant.

  In case the payments are made with community property money, the deduction shall be applied in halves by both spouses.This is irrespective of whether the account from which the payments are made has only one holder or whether the voucher that may be issued by the institution is only in the name of one of the ascendants.

Formal obligations

- Personal income taxpayers who have applied this deduction shall be obliged to keep, during the maximum limitation period, the supporting documents and proof of entitlement to this deduction.

  The justification of the expenses incurred, both for school and extracurricular education, shall be made by means of the corresponding invoice, substitute document, receipt or receipt, where appropriate.

- By order of the head of the Regional Ministry of Finance, specific obligations of justification may be established for the control of this deduction.

> ***Attention:*** *no specific order has been adopted for 2022.*

For taxpayers with disabilities

Regulations:(Arts.16 and 3 Ley 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía (Law 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía)

Amount and requirements for the application of the deduction

- **150 euros** for each taxpayer who is considered to be a person with a disability.

  Those taxpayers who have a recognised degree of disability equal to or greater than 33 per cent , in accordance with the scale referred to in article 367 of the revised text of the General Social Security Act, approved by Royal Legislative Decree 8/2015, of 30 October (BOE of 31 October), are considered to be people with disabilities.

  In particular, a degree of disability equal to or greater than 33% shall be considered accredited in the case of Social Security pensioners, when they have a permanent total, absolute or severe disability pension, and in the case of passive class pensioners when they have a retirement pension due to permanent incapacity for service or uselessness.

  Furthermore, in accordance with the first transitory provision of Law 5/2021, of 20 October, on

Assigned Taxes of the Autonomous Community of Andalusia, in the case of persons whose incapacity has been judicially declared prior to 1 January 2022, a degree of disability equal to or greater than 65% will be considered accredited, even if it does not reach this degree.

- That **the sum of the general and savings tax bases** of the taxpayer, boxes ***[0435]*** and ***[0460]*** of the tax return, does not exceed the following amounts:

  - 25,000 euros in individual taxation.

  - 30,000 euros in joint taxation.

For taxpayers with spouses or de facto partners with disabilities

Regulations:(Arts.17 and 3 Ley 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía (Law 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía)

Amount and requirements for the application of the deduction

- **100 euros** for the spouse or unmarried partner who meets the following requirements:

  a. That **is not a declarant** of the IRPF in the financial year and

  b. That they have the **consideration of persons with a degree of disability equal to or greater than 65%**, in accordance with the scale referred to in article 367 of the revised text of the General Law on Social Security, approved by Royal Legislative Decree 8/2015, of 30 October (BOE of 31 October).

     Furthermore, in accordance with the first transitory provision of Law 5/2021, of 20 October, on Assigned Taxes of the Autonomous Community of Andalusia, in the case of persons **whose disability had been judicially declared prior to 1 January 2022**, a degree of disability equal to or greater than 65% will be considered accredited, even if it does not reach this degree.

- In the case of **unmarried couples,** these **must be registered in the Registry of Unmarried Couples** of the Autonomous Community of Andalusia or in similar registries of other Public Administrations.

- That the **sum of the general and savings tax bases** of the taxpayer, boxes [***0435***] and [***0460***] of the tax return, **does not exceed** the following amounts:

  - 25,000 euros in individual taxation**.**

  - 30,000 euros in joint taxation**.**

Incompatibility

Taxpayers **whose disabled spouses or cohabiting partners have taken the deduction for disabled taxpayers** are not entitled to apply this deduction.

For assistance to people with disabilities

Regulations:(Arts.18 and 3 Ley 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía (Law 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía)

Amount and requirements for the application of the deduction

1.In general

- **100 euros for each disabled person** that entitles to the application of the minimum disability allowance for ascendants or descendants, in accordance with the state regulations of the IRPF.
- That the **sum of the general and savings tax bases,** boxes ***[0435]*** and ***[0460]*** of the declaration**, does not exceed** the following amounts:

  - 80,000 euros in individual taxation.

  - 100,000 euros in joint taxation.
- When several taxpayers are entitled to the application of this deduction, the rules of pro-rating, cohabitation and other limits set out in the state regulations of IRPF shall apply.

2.Where persons with disabilities require assistance from third parties

- **20 per cent of the amount paid to the Social Security**, as a fixed amount on behalf of the employer, in accordance with the provisions of the Special System for Household employees of the General Social Security System, **with the limit of 500 euros per taxpayer per year** when it is proven that people with disabilities **need help from third parties** and give rise to the right to apply the tax-free threshold for assistance expenses, in accordance with the state Personal Income Tax regulations.
- Only the taxpayer **owner of the family home** who is registered as such with the General Treasury of the Social Security will be entitled to this increase, due to affiliation in Andalusia to the Special System for Household Employees of the General Social Security Scheme, in accordance with the provisions of the applicable regulations.For this purpose, the Contribution Account Code for the Special System for Domestic Employees of the General Social Security Scheme must be entered in box [***0859***] of Annex B.1 of the declaration.

Incompatibility

This deduction shall be incompatible with the deduction "For domestic help" when it is the same person employed who is entitled to the application of both deductions.

For domestic help

Regulations:Art. 19 and 4 Ley 5/2021, de 20 de octubre, de Tributos Cedidos de la

Comunidad Autónoma de Andalucía (Law 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía).

Amount and maximum limit of the deduction

- The **20 percent of the amount paid in the tax period on behalf of the employer to the Social Security** corresponding to the annual **contribution** of an employee in the family home, which constitutes the employer's usual place of residence .

  For the purposes of the above-mentioned deduction, account shall be taken of the amount satisfied by the holder of the family home as such in the General Treasury of the Social Security, For the affiliation in Andalusia to the Special System for Household employees of the General Social Security regime, provided that, on the date of the payment of the tax (normally on 31 December), the requirements and other conditions set out below are met.

  For the purposes of this deduction, the owner of the family home is understood to be that provided for in the regulations governing the Special System of the General Social Security Scheme for Household Employees.

  > ***Attention:*** *in all cases (spouses or unmarried partners or taxpayers aged 75 or over), the Contribution Account Code of the special system of the general Social Security scheme for Domestic Employees must be entered in box [**0861**] of Annex B.1 of the tax return.*

- The maximum amount of the deduction may not exceed **500 euros.**

Assumptions, requirements and other conditions for the application of the deduction

a. **That the person who owns the family home, or, if applicable, their spouse or partner registered in the Registry of Domestic Partnerships of the Autonomous Community of Andalusia or in similar registries of other public administrations, fulfils the following conditions:**

   - The owner of the family home, or, if applicable, the spouse or partner, must be the mother or father of children who qualify for the minimum for descendants.
   - Both spouses or partners receive income from work or economic activities.

   > In the case of spouses or partners registered in the Registry of Domestic Partnerships of the Autonomous Community of Andalusia or in similar registries of other Public Administrations, the deduction **may be applied indistinctly** the owner of the family home or his/her spouse or domestic partner.

b. **That the owner of the family home, or, if applicable, the spouse or partner registered in the Registry of Domestic Partnerships of the Autonomous Community of Andalusia or in similar registries of other Public Administrations, is aged 75 years or over.**

It is sufficient that the requirement of being aged 75 or over **is met by one of the spouses or partners** for the deduction to be applied by either of them.

Incompatibility

Taxpayers who have applied the deduction "For assistance to persons with disabilities" who need help from third parties, when the same person employed gives entitlement to the application of both deductions, will not be entitled to apply this deduction.

For investment in the acquisition of company stocks and shares as a result of corporate articles of association or capital expansion in commercial companies

Regulations:Art. 20 Ley 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía (Law 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía)

Amount and maximum limit of the deduction

- The **20 percent of the amounts invested** during the financial year 2022 in the acquisition of company shares or holdings as a result of company incorporation agreements or capital increases in commercial companies in the form of **Sociedad Anónima, Sociedad Anónima Laboral, Sociedad de Responsabilidad Limitada, Sociedad de Responsabilidad Limitada Laboral or Sociedad Cooperativa**.

  The **deduction limit** shall be **4,000 euros per year**.

- The **50 per cent of the amounts invested** during the financial year 2022 in the acquisition of shares or holdings in companies as a result of agreements to set up companies or increase capital in commercial companies when these companies have been **created or are owned by universities or research centres**.

  The **deduction limit** shall be **12,000 euros per year**.

> ***Attention:*** *the increased limit of 12,000 euros is independent of the general limit of 4,000 euros established for the rest of the investments giving rise to the right to the deduction.*

Requirements and other conditions for the application of the deduction

- **That, as a result of the shareholding acquired** by the taxpayer, computed together with that held in the same entity by his spouse or persons related to the taxpayer by blood or marriage up to and including the third degree, **, no more than 40 percent of the total share capital of the entity or of its voting rights may be held on any day of the calendar year**.

- **Such participation must be maintained for a minimum of three years.**

- The taxpayer **does not exercise executive or management functions or maintain an**

employment relationship with the entity that is the object of the investment.

- **The acquisition must be formalised in a public deed,** , stating the identity of the investors and the amount of the investment.
- **The entity from which the shares or units are acquired must meet the following requirements:**

  1. **has its registered office and tax domicile** in the Autonomous Community of **Andalusia**.
  2. That you carry out an economic activity .

     For this purpose, the entity shall not be considered to carry out an economic activity when it has as its main activity the management of a movable or real estate property, in accordance with the provisions of Article 4.Ocho.dos(a) of Law 19/1991, of 6 June, of the Heritage Tax.
  3. If the investment made corresponds to the incorporation of the entity, that from the first tax year it has at least one person with a full-time employment contract, registered in the corresponding Social Security Scheme, and that the conditions of the contract are maintained for at least twenty-four months.
  4. **If the investment made corresponds to a capital increase of the entity**, the entity must have been incorporated within the three years prior to the capital increase and the average number of employees of the entity during the two tax years following the capital increase must be increased with respect to the average number of employees during the twelve months prior to the capital increase by at least one person in accordance with the requirements of paragraph 3 above, and this increase must be maintained for at least another twenty-four months.

     For the calculation of the total average staff of the entity and its increase, the number of persons employed shall be computed, in the terms provided for by the labor legislation, taking into account the hours contracted in relation to the full day.

Note: *taxpayers entitled to the deduction must complete the section "Additional information on the regional tax credit for investment in the acquisition of shares and equity investments in new or recently created companies" in Annex B.8 of the tax return form in which, in addition to the amount of the investment entitled to the deduction, the NIF of the new or recently created company must be entered in the box* ***[1131]*** *and in the* ***[1133]*** *if there is a second company, indicating the total amount of the deduction for investments in new or recently created companies.*

For costs of legal defence of the employment relationship

Regulations:(Arts.21 and 60 Ley 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía (Law 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía)

Amount and maximum limit of the deduction

- The **amount paid** by the taxpayer for legal defence costs arising from the employment relationship in legal proceedings for dismissal, termination of contract and claiming amounts.
- The maximum amount of deduction will be **200 euros**, both in individual and joint taxation.

Formal obligations

- Personal income taxpayers who have applied this deduction shall be obliged to keep, during the maximum limitation period, the supporting documents and proof of entitlement to this deduction.
- By order of the head of the Regional Ministry of Finance, specific obligations of justification may be established for the control of this deduction.

For donations for environmental purposes

Regulations:Art. 22 Ley 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía (Law 5/2021, de 20 de octubre, de Tributos Cedidos de la Comunidad Autónoma de Andalucía).

Amount and maximum limit of the deduction

- **10% of the amounts donated** during the tax period in favour of any of the following institutions:
  a. Public entities dependent on the Autonomous Community of Andalusia or local corporations in Andalusia, whose purpose is the defence and conservation of the environment, with these resources being earmarked for the development of programmes of this nature.
  b. Non-profit entities and entities benefiting from patronage, regulated respectively in articles 2 and 16 of Law 49/2002, of 23 December, on the tax regime for non-profit entities and tax incentives for patronage, provided that their exclusive purpose is the defence of the environment and they are registered in the corresponding registers of the Autonomous Community of Andalusia.
- **The deduction limit** will be **150 euros.**

Formal obligations

The effectiveness of the donation shall be justified by means of a certificate issued by the beneficiary entity referred to in Article 24 of Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage,

It should be noted that Article 24 of Law 49/2002 of 23 December 2002 establishes the information to be included in the aforementioned certification.

Autonomous Community of Aragon

Taxpayers who in 2022 had their habitual residence in the territory of the Autonomous Community of Aragon will be able to apply the following regional deductions:

For birth or adoption of the third or successive child

Regulations:Art. 110-2 Texto Refundido de las disposiciones dictadas por la Comunidad Autónoma de Aragón en materia de tributos cedidos, aprobado por Decreto Legislativo 1/2005, de 26 de septiembre.

Amounts of the deduction

- **500 euros, as a general rule, for each child born or adopted during the tax period who is the taxpayer's third or successive child**.
- **600 euros** for each of the children mentioned above, when, in addition, **the sum of the general and savings tax bases,** boxes ***[0435]*** and ***[0460]*** of the declaration**, minus the minimum for the taxpayer and the minimum for descendants,** sum of the boxes ***[0511]*** and ***[0513]*** of the declaration, **does not exceed:**
  - **21,000 euros** in individual declaration.
  - **35,000 euros** in a joint declaration.

Both amounts are incompatible with each other.

Requirements and other conditions for the application of the deduction

- The deduction may be applied only in the tax period in which the birth or adoption takes place.
- **The deduction shall be made by the taxpayer with whom the child is living** born or adopted on the date of accrual of the tax (normally 31 December).
- **When the children** giving entitlement to the deduction **live with more than one taxpayer**, the amount of **the deduction will be apportioned** equally.

For birth or adoption of a child with a disability degree of 33 percent or more

Regulations:Art. 110-3 Texto Refundido de las disposiciones dictadas por la Comunidad Autónoma de Aragón en materia de tributos cedidos, aprobado por Decreto Legislativo 1/2005, de 26 de septiembre.

Amount of the deduction

200 euros, for each child born or adopted during the tax period.

Requirements and other conditions for the application of the deduction

- The birth or adoption of a child with a degree of disability equal to or greater than 33 per cent .

  The degree of disability must refer to the date of accrual of the tax (normally 31 December) and be recognised by means of a decision issued by the competent body for social services.

- When the children giving entitlement to the deduction **live with more than one taxpayer, the amount of the deduction shall be apportioned** in equal shares.

Compatibility

This deduction is **compatible with the deduction "For the birth or adoption of the third or subsequent children"**.

For international adoption of children

Regulations:Art. 110-4, Texto Refundido de las disposiciones dictadas por la Comunidad Autónoma de Aragón en materia de tributos cedidos, aprobado por Decreto Legislativo 1/2005, de 26 de septiembre.

Amount of the deduction

600 euros, for each child adopted during the tax period, provided that it is an international adoption.

Adoption shall be understood to be of an international character when it is formalized in the terms regulated in the legislation in force and in accordance with the Treaties and Conventions signed by Spain.It shall also be understood that the adoption takes place in the tax period corresponding to the time when the constitutive judicial resolution of the same is rendered.

Requirements and other conditions for the application of the deduction

Where the adopted child **lives with both parents** adoptive parents, **the deduction shall be apportioned equally**.

Compatibility

This deduction **is compatible** with the previously mentioned deductions "For the birth or adoption of the third or successive children" and "For the birth or adoption of a child with a degree of disability equal to or greater than 33%" and with the deduction discussed below "For the birth or adoption of the first and/or second child in towns with less than 10,000 inhabitants".

For the care of dependant persons

Regulations:Art. 110-5 Texto Refundido de las disposiciones dictadas por la Comunidad Autónoma de Aragón en materia de tributos cedidos, aprobado por Decreto Legislativo 1/2005, de 26 de septiembre (Revised text of the provisions dictated by the Autonomous

Community of Aragón regarding ceded taxes, approved by Legislative Decree 1/2005, of 26 September).

Amount of the deduction

150 euros for the care of dependants who live with the taxpayer for at least half of the tax period.

A dependent person, for the purposes of this deduction, is considered to be an ascendant over 75 years of age and an ascendant or descendant with a degree of disability equal to or greater than 65%, whatever their age.

Requirements and other conditions for the application of the deduction

- That the dependent person **does not obtain an annual income of more than 8,000 euros**, excluding exemptions.
- That **the sum of the general and savings tax bases,** boxes ***[0435]*** and ***[0460]***of the declaration, **minus the minimum for the taxpayer and the minimum for descendants,** sum of boxes ***[0511]*** and ***[0513]*** of the declaration**, does not exceed:**

  - 21,000 euros in individual declaration.

  - 35,000 euros in joint tax return.
- **Where two or more taxpayers** are entitled to the application of this deduction, **the amount of the deduction shall be apportioned equally**.

  When the deduction corresponds to taxpayers with different degrees of kinship, its application shall correspond to those of the closest degree, unless they do not have annual incomes, excluding exemptions, of more than 8,000 euros, in which case it shall correspond to those of the next degree.

Due to donations with purpose ecological and in research and scientific and technological development

Regulations:Art. 110-6 Texto Refundido de las disposiciones dictadas por la Comunidad Autónoma de Aragón en materia de tributos cedidos, aprobado por Decreto Legislativo 1/2005, de 26 de septiembre.

Amount and requirements for the application of the deduction

The **20 per 100 per cent of the amount of pure and simple monetary donations** made during the tax period to any of the following entities:

- The Autonomous Community of Aragon and the public bodies and entities dependent on it, whose purpose is the defence and conservation of the environment and scientific and technical research and development.
- The non-profit entities referred to in articles 2 and 3 of Law 49/2002, of 23 December, on the tax regime for non-profit entities and tax incentives for patronage (BOE of 24 December), provided that their exclusive or main purpose is the defence of the environment or scientific

and technical research and development and that they are registered in the corresponding registers of the Autonomous Community of Aragon.

Deduction limit

The amount of this deduction **may not exceed 10% of the regional tax liability,** box ***[0546]*** of the tax return.

For acquisition of habitual residence by victims of terrorism

Regulations:Art. 110-7 Texto Refundido de las disposiciones dictadas por la Comunidad Autónoma de Aragón en materia de tributos cedidos, aprobado por Decreto Legislativo 1/2005, de 26 de septiembre.

Amount of the deduction

The **3 per 100 of the amounts paid** during the tax period for the purchase of a new home located in the territory of the Autonomous Community of Aragon.

Requirements and other conditions for the application of the deduction

- That the **new home** is covered by some form of public housing protection and that it is or will be the taxpayer's first habitual residence.
- That the taxpayers are considered to be **victims of terrorism** or, failing this and in that order, their spouse or common-law partner or the children who have been living with them.
- The concepts of acquisition, main residence, maximum base of the deduction and its maximum limit will be those established by the **state regulations in force on 31 December 2012** for the deduction for investment in main residence.

  The basis for the deduction for investment in principal residence and the amounts that comprise it are discussed in Chapter 16 in the section "Deduction for investment in principal residence:Transitional regime".

- In accordance with the state regulations in force on 31 December 2012, the requirement of the **verification of the taxpayer's assets and liabilities shall also apply**.

For investment in shares of entities listed in the growth companies segment of the Alternative Equity Market (Mercado Alternativo Bursátil).

Regulations:Art. 110-8 Texto Refundido de las disposiciones dictadas por la Comunidad Autónoma de Aragón en materia de tributos cedidos, aprobado por Decreto Legislativo 1/2005, de 26 de septiembre.

Amount and maximum limit of the deduction

- The **20 per cent of the amounts invested** during the financial year 2022 in the subscription of

shares as a result of capital increase agreements via the growth companies segment of the Alternative Equity Market (Mercado Alternativo Bursátil).

- The maximum amount for deduction is **10,000 euros**.

Requirements and other conditions for the application of the deduction

The following requirements must be met for the deduction to apply:

- The taxpayer's shareholding in the investee company may not exceed **10 per 100 per cent of its share capital**.
- The subscribed shares must be held in the assets of the taxpayer for a period of at least **two years**.
- The company that is the object of the investment must have its registered office and tax domicile in Aragon and must not have as its main activity the management of movable or immovable assets, in accordance with the provisions of article 4.8.2.a) of Law 19/1991, of 6 June, on Wealth Tax.

Incompatibility

This deduction shall be incompatible, **for the same investments**, with the deduction "For investment in the acquisition of shares or equity investments in new or recently created entities" and "For investment in social economy entities".

> ***Note:*** *taxpayers entitled to the deduction must complete the section "Additional information to the regional deduction for Aragon, Galicia, Madrid or Murcia for investments in entities listed on the Alternative Stock Market" in Annex B.8 of the return in which, in addition to the amount of the investment entitled to the deduction, the tax identification number of the entity and, if it exists, of the second entity, must be stated, indicating the total amount of the deduction for investments in entities listed on the Alternative Stock Market in the corresponding box.*

For investment in the acquisition of shares in new or newly created entities

Regulations:Art. 110-9 Texto Refundido de las disposiciones dictadas por la Comunidad Autónoma de Aragón en materia de tributos cedidos, aprobado por Decreto Legislativo 1/2005, de 26 de septiembre.

Amount and maximum limit of the deduction

- **20 percent of the amounts invested** in the acquisition of shares in 2022, as a result of articles of association of companies or the expansion of capital in commercial companies referred to in Article 68.1 of the Personal Income Tax Act, with the following limitations:

  1. This deduction may only be applied to the amount invested that exceeds the maximum

base of the general deduction for investment in the acquisition of shares or equity investments in new or recently created entities provided for in the aforementioned article 68.1 of the Law of IRPF.

2. If the taxpayer transfers shares or holdings and opts for the application of the exemption provided for in Article 38.2 of the Law of IRPF, only the part of the reinvestment that exceeds the total amount obtained in the transfer of the shares or holdings will form part of the basis of the deduction corresponding to the new shares or holdings subscribed.In no case may a deduction be made for the new shares or holdings as long as the amounts invested do not exceed the aforementioned amount.

The exemption of capital gains arising on the transfer of shares or holdings when the amount obtained is reinvested in another new or newly created entity is discussed in Chapter 11.

- **The maximum amount** of this deduction is **4,000 euros**.

Note: *taxpayers entitled to the deduction shall complete the "Supplementary information for regional deduction for investment in the acquisition of company stocks and shares in new or newly-created entities" section in Annex B.8) of the tax return in which, in addition to the amount of the investment entitled to deduction, the tax identification number of the new or newly-created entity must be recorded and, if there is a second entity, indicating the total amount of the deduction for investments in new or newly-created companies in the corresponding box.*

Requirements and other conditions for the application of the deduction

The application of the deduction is subject to compliance with the same requirements and conditions as those set out in Article 68.1 of the Personal Income Tax Act in relation to the general deduction for investment in the acquisition of shares or equity investments in new or recently created entities and, in addition, the following:

- The **Sociedad Anónima, Sociedad Limitada, Sociedad Anónima Laboral or Sociedad Limitada Laboral** where the investment is to be made must have its **registered office and tax domicile in Aragón**.
- The taxpayer may sit on the board of directors of the company in which the investment has been made, but under no circumstances may **perform executive or management functions or maintain an employment relationship with the investee**.

Loss of entitlement to the deduction made

Failure to comply with the conditions and requirements established entails the loss of the tax benefit, and the taxpayer must include in the autonomous liquid quota of the tax declaration for the financial year in which the amounts unduly deducted, plus interest on arrears earned, occurred.

Incompatibility

This deduction will be incompatible, **for the same investments**, with the deductions "For

investment in shares in companies listed on the expanding companies segment of the Alternative Stock Market" and "For investment in social economy entities".

For the acquisition or rehabilitation of principal residence in rural or similar areas

Regulations:Art. 110-10 Texto Refundido de las disposiciones dictadas por la Comunidad Autónoma de Aragón en materia de tributos cedidos, aprobado por Decreto Legislativo 1/2005, de 26 de septiembre (Revised text of the provisions dictated by the Autonomous Community of Aragón regarding ceded taxes, approved by Legislative Decree 1/2005, of 26 September).

Note: *this deduction is only applicable to the purchase or renovation of dwellings in rural areas from 1 January 2012.*

Amount of the deduction

The **5 per 100 of the amounts paid** in the tax period for the **acquisition or rehabilitation** of the dwelling that constitutes or will constitute the taxpayer's habitual residence provided that they meet the following requirements indicated:

Requirements for the application of deductions

- The taxpayer's habitual residence must be in the Autonomous Community of Aragon and at the date of accrual of the tax he/she must be **less than 36 years old**.

- That it is your **first home**.

  The deduction is only applicable if the taxpayer has not owned any other dwelling, whether or not it was his or her habitual residence.

- The home must be located in a **Aragonese municipality with less than 3,000 inhabitants** or, alternatively, in a **smaller local entity or in a singular population entity**, which are separate or differentiated from the capital of the municipality to which they belong.

  For these purposes, the consideration of minor local entities or singular population entities shall be that which appears in the regulations on Local Administration of the Autonomous Community of Aragon.

  You can consult the list of municipalities with less than 3,000 inhabitants at the following link:"Municipalities with less than 3,000 inhabitants".

- **The sum of the general tax base and the savings tax base,** boxes **[*0435*] and [*0460*]** of the declaration, minus the minimum for taxpayers and the minimum for descendants, boxes **[*0511*] and [*0513*]** of the declaration**, does not exceed:**

  - 21,000 euros in individual declaration.

  - 35,000 euros in a joint declaration**.**

- The concepts of acquisition, refurbishment, main residence, deduction base and its maximum limit will be those established by the **state regulations in force on 31 December 2012** for the deduction for investment in main residence.
- The requirement of the **verification of the taxpayer's asset situation** shall also apply in accordance with the state regulations in force on 31 December 2012.

For the purchase of textbooks and school materials

Regulations:Art. 110-11 Texto Refundido de las disposiciones dictadas por la Comunidad Autónoma de Aragón en materia de tributos cedidos, aprobado por Decreto Legislativo 1/2005, de 26 de septiembre (Revised text of the provisions dictated by the Autonomous Community of Aragón regarding ceded taxes, approved by Legislative Decree 1/2005, of 26 September).

Amount of the deduction

The **100 per 100** of the amounts earmarked by the taxpayer for the following purposes:

- The **acquisition of textbooks** for their descendants, which have been published for Primary Education and Compulsory Secondary Education.
- The **acquisition of "school material"** for Primary and Compulsory Secondary Education.

For this purpose, school material shall mean the set of means and resources that facilitate teaching and learning. intended to be used by students for the development and application of the content determined by the curriculum of the general regime teachings established by the academic regulations, As well as the equipment and accessories approved by the School Board and/or Board of Education for the reference educational stage.

The acquisition of computer equipment (tablets, computers, etc.)Used in the school learning (execution of works, information search, etc.)Does not have the consideration of school material for the purposes of applying the deduction.They will only be considered as such **when the centre where the studies are taken has opted for the curricular material to be exclusively and necessarily in digital format**.

Deduction ceilings

The amount of the deduction may not exceed the following limits, depending on the amount resulting from the sum of the general taxable base and the taxable base for savings in boxes **[*0435*] and [*0460*]** of the tax return:

a. On the **joint declarations**

1.In the case of taxpayers who **do not have** the legal status of **"large family"**:

General tax base + taxable savings base	Limit per descendant
Up to 12,000 euros	100.00 euros
Between 12.000,01 and 20.000,00 Euros	50.00 euros

General tax base + taxable savings base	Limit per descendant
Between 20.000,01 and 25.000,00 Euros	37.50 euros

2.In the case of taxpayers who **have the legal status of "large family"**, for each descendant:a fixed amount of **150 euros**.

b. On the **individual declarations**

1.In the case of taxpayers who **do not have** the legal status of **"large family"**:

General tax base + taxable savings base	Limit per descendant
Up to 6,500 euros	50.00 euros
Between 6.500,01 and 10.000,00 Euros	37.50 euros
Between 10.000,01 and 12.500,00 Euros	25.00 euros

2.In the case of taxpayers who **have** the legal condition of **"large family"**, for each descendant:a fixed amount of **75 euros**.

Requirements and other conditions for the application of the deduction

- The maximum deduction limits established for each descendant are applied individually for each of them, **and cannot be applied globally**.
- The deduction should **be reduced**, for each descendant, by the amount corresponding to the **grants and aid received**, in the tax period in question, from the Administration of the Autonomous Community of Aragon or any other Public Administration **that cover all or part of the expenses for the purchase of textbooks and school material**.
- **For the application of this deduction, only those** descendants **who are entitled to the reduction foreseen in the concept of minimum for descendants**will be taken into account for the application of this deduction.
- In addition, for the application of the deduction, the following shall be required, as the case may be:

  a. In general, the resulting amount of the **sum of the gross general tax base and the gross savings tax base boxes [*0435*] and [*0460*] of the tax return, must not exceed the following amounts**:

  - 12,500 euros in individual taxation.

  - 25,000 euros in joint taxation.

  b. For taxpayers who have the legal status of a large family, the resulting amount of the **sum**

of the gross general tax base and the gross savings tax base boxes [*0435*] and [*0460*] of the tax return, should not exceed the following amounts:

- 30,000 euros in individual taxation.

- 40,000 euros in joint taxation.

c. Where appropriate, documents proving the purchase of textbooks and school materials may be provided through **invoice, receipt or any other means of legal or economic traffic admitted under law**.

- The deduction will correspond to the ascendant **who has paid the amounts** destined to the purchase of textbooks and school material.However, in the case of marriages with the economic regime of the Aragonese or similar conjugal consortium, the amounts paid shall be attributed to both spouses equally.

For renting a primary residence linked to certain dation in payment operations

Regulations:Art. 110-12 Texto Refundido de las disposiciones dictadas por la Comunidad Autónoma de Aragón en materia de tributos cedidos, aprobado por Decreto Legislativo 1/2005, de 26 de septiembre.

Maximum amount and base of the deduction

The **10 per 100 per cent of the amounts paid** during the corresponding financial year, for the rental of the habitual residence linked to dation in payment operations, with a maximum deduction base of **4,800 euros per year**.

Requirements and other conditions for the application of the deduction

- **The deduction will only be applicable in the case of the adjudication of the main residence in payment of the total outstanding debt of the loan or credit secured by mortgage** of the aforementioned residence and provided that, in addition, a contract of **lease with option to purchase** of the same residence is formalised between the parties.

- **That the sum of the general taxable base and the savings taxable base in boxes [*0435*] and [*0460*]** of the tax return, does not exceed the following amounts:

  - 15,000 euros in individual taxation.

  - 25,000 euros in joint taxation**.**

- **That the deposit of the bond** corresponding to the lease has been formalised before the competent body in matters of housing of the Autonomous Community of Aragon, within the period established by Law 10/1992, of 4 November, on bonds in urban leases and in certain supply contracts, or the regulations in force at any given time.

- The concept of principal residence will be that established by the **state regulations in force on 31 December 2012** for the deduction for investment in principal residence.

Note: *taxpayers entitled to the deduction must complete the section "Additional information on the regional deduction for the rental of the main residence linked to certain dation in payment transactions in Aragón, the Canary Islands and Castilla La Mancha" in Annex B.9 of the tax return form.*

For renting social housing (lessor's deduction)

Regulations:Art. 110-13 Texto Refundido de las disposiciones dictadas por la Comunidad Autónoma de Aragón en materia de tributos cedidos, aprobado por Decreto Legislativo 1/2005, de 26 de septiembre.

Amount of the deduction

The **30 per 100** of the part of the total regional tax liability of the IRPF corresponding to the income from real estate capital from such leases under the terms indicated below.

Requirements and other conditions for the application of the deduction

- That the contributor **has placed one or more dwellings at the disposal** of the Government of Aragon, or of any of its entities to which the management of the Social Housing Plan of Aragon is attributed.
- The basis for the deduction will be the **regional gross tax liability corresponding to the general net taxable base derived from the net income from real estate capital reduced in the terms provided for in Article 23.2 and 3 of the Law of IRPF** (reduction of 60 per cent for rental of property used for housing and reduction of 30 per cent for income generated over a period of more than two years or obtained in a notoriously irregular manner over time, respectively) corresponding to these dwellings.

For people over 70 years

Regulations:Art. 110-14 Texto Refundido de las disposiciones dictadas por la Comunidad Autónoma de Aragón en materia de tributos cedidos, aprobado por Decreto Legislativo 1/2005, de 26 de septiembre.

Amount and requirements for the application of the deduction

75 euros for each taxpayer who meets the following requirements:

a. That the taxpayer **is 70 years of age or over** and obtains income that can be included in the general tax base, provided that it does not come exclusively from capital.

> The taxpayer must necessarily obtain some yield that comes from the income of work and/or economic activities for the deduction to be applicable.It should also be borne in mind that non-broadcasting wealth gains will be considered as capital income for the purpose of determining whether the requirements for the deduction are met.

b. **That the amount resulting from the sum of the general taxable base and the savings**

taxable base in boxes [*0435*] and [*0460*] of the declaration, does not exceed the following amounts:

- 23,000 euros in individual tax return.

- 35,000 euros in a joint declaration.

For the birth or adoption of the first and/or second child in towns with fewer than 10,000 inhabitants

Regulations:Art. 110-16 Texto Refundido de las disposiciones dictadas por la Comunidad Autónoma de Aragón en materia de tributos cedidos, aprobado por Decreto Legislativo 1/2005, de 26 de septiembre.

Amount of the deduction

- **100 euros** for the birth or adoption, during the financial year, of the first child.
- **150 euros** for the birth or adoption, during the financial year, of the second child.
- **200 and 300 euros, respectively, for the birth or adoption of the first or second child when the amount resulting from the sum of the general tax base and the savings tax base in boxes [*0435*] and [*0460*] of the tax return, does not exceed** the following amounts:

  - 23,000 euros in individual tax return.

  - 35,000 euros in joint tax return.

Requirements and other conditions for the application of the deduction

- The deduction may only be applied in the tax period in which the birth or adoption takes place.
- The **deduction shall be made by the taxpayer with whom the children are living** who are entitled to the deduction.When the children giving entitlement to the deduction **live with more than one taxpayer, the amount of the deduction shall be apportioned equally.**
- The deduction can only be applied by taxpayers who **have resided in the year of birth and the previous year in Aragonese municipalities with a population of less than 10,000 inhabitants.**

  You can consult the list of Aragonese municipalities with a population of less than 10,000 inhabitants by clicking on the following link:"Municipalities with less than 10,000 inhabitants".

Incompatibility

This deduction will be incompatible with the deduction that the taxpayer can apply for **birth or adoption of a child with a degree of disability equal to or greater than 33%.**

The incompatibility refers to the same child, so that, if the deduction is applied in relation to the degree of disability of one of the children, this deduction could not be applied.

In those cases where the taxpayer is entitled to apply both deductions, the taxpayer may opt for whichever is more favourable, bearing in mind, however, that in the case of a joint tax return only one of the deductions can be applied.

For child care expenses for children under 3 years of age

Regulations:Art. 110-17 Texto Refundido de las disposiciones dictadas por la Comunidad Autónoma de Aragón en materia de tributos cedidos, aprobado por Decreto Legislativo 1/2005, de 26 de septiembre (Revised text of the provisions dictated by the Autonomous Community of Aragón regarding ceded taxes, approved by Legislative Decree 1/2005, of 26 September).

Amount of the deduction

The **15 per cent of the amounts paid** in the tax period for childcare costs for children under 3 years of age in nurseries or infant education centres.

For the purposes of applying this deduction, a center authorized by the Department responsible for Education for the custody of children under 3 years of age shall be understood as a nursery or a center for the education of children.

Deduction limit

- **250 euros**, for each child enrolled in such nurseries or centres, **before the child reaches 3 years of age.**
- **125 euros**, for each child enrolled in such nurseries or centres, **in the tax period in which the child reaches the age of 3 years.**

Requirements and other conditions for the application of the deduction

- This will only be taken into account descendants who give rise to the right to apply the tax-free threshold for descendants.
- **That the sum of the general taxable income and the savings taxable income in boxes [*0435*] and [*0460*] of the declaration, is less than**:

  - 35,000 euros in individual taxation.

  - 50,000 euros in joint taxation.

  In any case, the taxable amount for savings, regardless of the type of tax return, cannot exceed **4,000 euros**.
- Where the children giving entitlement to the deduction **live with more than one taxpayer, the amount of the deduction shall be apportioned equally**.

The following criteria must be taken into account in the application of this requirement:

a. To determine whether it is appropriate to prorate the deduction, only the living together of the child with more than one parent on the date of the tax accrual (normally on 31 December), except in the case of foster care and shared custody, in which there will be considered to be coexistence between the parents, even if the

child is not effectively living with one of them on that date.

In addition, it is necessary for the taxpayer to have satisfied the costs of childcare or childcare centers.However, in the case of quantities satisfied by marriages in Gananciales and under the legal regime of the Aragonese conjugal consortium, the amount will be satisfied by both parents even if it is only paid by one of the spouses.

b. In any case, the sum of the deductions for the child care expenses of both parents may not exceed the maximum amounts foreseen.
c. It is understood that there is coexistence if the child died during the year, provided that there is coexistence on the date of death.

d. If, while the parents are cohabiting, one of them has died before 31 December, the deduction can be applied for the amounts paid up to the date of death that correspond to him/her, with the limit of **50 per 100** of the maximum amount of the deduction that corresponds.

On the other hand, the surviving spouse will apply the deduction without being able to exceed, taking into account the amount applied in the deceased parent's tax return, the maximum amount established.

For investment in social economy entities

Regulations:Art. 110-19 Texto Refundido de las disposiciones dictadas por la Comunidad Autónoma de Aragón en materia de tributos cedidos, aprobado por Decreto Legislativo 1/2005, de 26 de septiembre.

Amount of the deduction and maximum limit

- The **20 per cent of the amounts invested** during the financial year in contributions made for the purpose of becoming a member in entities forming part of the social economy referred to in the following section.

- The maximum amount of this deduction is **4,000 euros**, both in individual and joint taxation.

Requirements and other conditions for the application of the deduction

The application of this deduction is subject to compliance with the following requirements and conditions:

a. The **taxpayer's share**, counted together with those of the spouse or persons united by reason of kinship, in direct line or collateral, by consanguinity or affinity up to the third grade included, **cannot exceed 40 percent of the share capital of the company subject to the investment or its voting rights**.

b. The entity in which the investment is to be realised will have to comply with the following requirements :

   1. **Form part of the social economy**, under the terms set out in Law 5/2011, of 29 March, on Social Economy (BOE of 30 March).

      In accordance with Article 6 of Law 5/2011: "the Ministry of Labour and Immigration (currently the Ministry of Labour and Social Economy), after a report by the Council for the Promotion of the Social Economy, and in

coordination with the Autonomous Regions , shall draw up and keep an updated catalogue of the different types of entities that are members of the social economy, taking into account the principles set out in this law and in a coordinated manner with existing regional catalogues.

Catalogs of social economy entities shall be public.Advertising will be made effective by electronic means.

2. Have its **registered office and tax domicile in Aragon**.

3. At least one person must be employed with a full-time employment contract **and be registered** in the general Social Security system.

c. The requirements set out in points 1, 2 and 3 above must **be fulfilled for a minimum period of five years** from the date of contribution.

d. The transactions to which the deduction **applies must be formalised in a public deed**, in which the identity of the investors and the amount of the respective investment must be stated.

e. Contributions must be held in the contributor's estate for a minimum period of five years .

Loss of entitlement to the deduction made

Failure to comply with the requirements and conditions set out in subparagraphs a, d and e above shall result in loss of the tax benefit and, in such case, the taxpayer shall include in the tax declaration for the financial year in which the non-compliance occurred the portion of the tax that had been stopped as a result of the deduction practiced, together with the interest on arrears earned.

Incompatibility

This deduction will be incompatible, for the same investments, with the deductions "For investment in shares in companies listed on the expanding companies segment of the Alternative Stock Market" and "For investment in the acquisition of shares or equity investments in new or recently created companies".

Note: *taxpayers entitled to the deduction must complete section "Additional information on the regional deduction for investments or donations to Social Economy entities established in Aragon, Cantabria and Castile-La Mancha" in Annex B.8 of the return in which, in addition to the amount of the investment entitled to the deduction, the tax identification number of the entity and, if it exists, of the second entity, must be stated, indicating the amount of the investment entitled to the deduction in the corresponding box.*

For taking in Ukrainian persons or families displaced as a result of the armed conflict

Regulations:fifth transitory provision five.1 Consolidated text of the provisions issued by the Autonomous Community of Aragon on ceded taxes, approved by Legislative Decree 1/2005, of 26 September 2005

Temporal scope of application of the deduction: *this deduction shall only apply for the tax periods 2022 and 2023.*

Amount and deduction limit

- **300 euros** per person hosted.
- **Maximum limit:1,000 euros per taxpayer**e.

Requirements for the application of deductions

This deduction shall be applicable when the following requirements and conditions are met, applicable both to the taxpayer and to the persons in foster care:

a. Requirements to be met by the taxpayer:

- To have in situation of **foster care, in particular**r:
  - persons or families displaced from Ukraine as a result of the armed conflict in their country, or
  - persons who have been granted refugee status on the same grounds.
- The persons to be hosted must be included in the **scope of application of Royal Decree 1325/2003, of 24 October**, which approves the Regulation on the temporary protection regime in case of mass influx of displaced persons, **and have obtained the recognition of temporary protection in accordance with the procedure established in Order PCM/169/2022, of 9 March**, which develops the procedure for the recognition of temporary protection to persons affected by the conflict in Ukraine.
- In any case, **will consider unaccompanied minors in temporary foster care**l, due to the situation caused by the armed conflict in their country, in accordance with the provisions of the regulations on the rights and freedoms of foreigners in Spain and their social integration, as well as on the protection of minors in situations of risk and neglect, **according to the special procedure for the temporary protection of minors affected by a humanitarian crisis provided for in article 49 of Royal Decree-Law 6/2022, of 29 March**, which adopts urgent measures in the framework of the National Plan of response to the economic and social consequences of the war in Ukraine.
- The application of this deduction requires **to obtain a certificate from the body responsible for the management and control of these shelters, stating the number of people sheltered and the duration of the shelter, in accordance with the provisions of the Ministry of Inclusion, Social Security and Migration**.

b. Requirements to be met by foster carers

- Who live with the taxpayer for at least **four months** of the tax period.

- That in the 2022 financial year he/she has no annual income, excluding exempt income, **of more than 8,000 euros, and is not related to the taxpayer by blood or marriage up to the second degree** .
- When two or more taxpayers are entitled to the application of this deduction in respect of the same taxpayers, the amount of the deduction and its limit **shall be apportioned equally** .

For humanitarian aid to the Ukrainian people in connection with the armed conflict in their country.

Regulations:Transitional provision five.2 Consolidated text of the provisions issued by the Autonomous Community of Aragon in the field of assigned taxes, approved by Legislative Decree 1/2005, of 26 September 2005.

Temporal scope of application of the deduction: *this deduction shall only apply for the tax periods 2022 and 2023.*

Amount and requirements for the application of the deduction

The **20 per 100 per cent of the amount of pure and simple monetary donations** made during the tax period when they meet the following requirements:

- That they are made during the tax period in favour of the **non-profit entities referred to in articles 2 and 3 of Law 49/2002**, of 23 December, on the tax regime for non-profit entities and tax incentives for patronage.
- **to finance humanitarian, health or social aid** for the Ukrainian people as a result of the armed conflict in their country.
- That the taxpayer has the **certification from the donating entity**a in which it is stated that the destination of the donation is as indicated above.

Deduction limit

The amount of this deduction may not exceed **10 per 100** of the regional tax liability, box ***[0546]*** of the tax return.

Autonomous Community of the Principality of Asturias

Taxpayers who in 2022 have had their habitual residence in the territory of the Autonomous Community of the Principality of Asturias may apply the following Autonomous Community deductions:

For unpaid foster care of persons over 65 years of age

Regulations:Art. 3 Texto Refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 2/2014, de 22 de octubre.

Amount of the deduction

500 euros for each **person over 65 years of age who lives** with the taxpayer for more than 183 days a year **in foster care**.

Requirements and other conditions for the application of the deduction

- That the cozy and the welcome **do not receive aid or subsidies** Of the Principality of Asturias because of the welcome.
- That the host person **not linked to the taxpayer by a kinship link** consanguinity or affinity **of a grade equal to or less than the third** .
- **That the sum of the general and savings tax bases in boxes [*0435*] and [*0460*]** of the tax return, does not exceed the following amounts:

  - 26,000 euros in individual taxation.

  - 37,000 euros in joint taxation.
- **When the host person lives with more than one taxpayer**, the **amount of the deduction shall be apportioned equally** among the taxpayers who live with him/her and shall be applied only in the tax return of those who meet the conditions for entitlement to the deduction.
- Taxpayers wishing to take advantage of this deduction **must be in possession of the document accrediting the corresponding unpaid foster care**, issued by the competent Regional Ministry for Social Affairs.

For the acquisition or adjustment of primary residence for taxpayers with disabilities

Regulations:Article 4 Texto Refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 2/2014, de 22 de octubre

Amount and requirements for the application of the deduction

The **3 per 100** of the **amounts paid** during the financial year for the **acquisition or adaptation of the dwelling** that constitutes or will constitute the habitual residence in the Principality of Asturias of the taxpayer who accredits a **degree of disability equal to or greater than 65 per 100**.

The application of this deduction **is independent** of the deduction for investment in permanent residence foreseen in the eighteenth transitory provision of the Law of IRPF.

Maximum basis for deduction

The basis for the deduction is made up of the amounts paid during the year, except for the part corresponding to interest, **with a maximum of 13,664 euros**, both in individual and joint taxation.

Other conditions for the application of the deduction

The acquisition of the new home or, where appropriate, the works and installations involved in the adaptation, must be strictly necessary for accessibility and sensory communication to facilitate the dignified and appropriate development of persons with disabilities, which must be accredited to the tax administration by means of **resolution or certificate issued by the competent Regional Ministry for the assessment of disability**.

For the acquisition or adjustment of primary residence for taxpayers with whom their disabled spouses, ascendants or descendants live

Regulations:Art. 5 Texto Refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 2/2014, de 22 de octubre.

Amount of the deduction

The **3 per 100** of the **amounts paid** during the year for the acquisition or adaptation of the home that constitutes or will constitute the taxpayer's habitual residence in the Principality of Asturias, when the spouse, ascendants or descendants accredit a **degree of disability equal to or greater than 65 per 100 per cent**.

The application of this deduction is independent of the deduction for investment in primary residence provided for in the eighteenth transitional provision of the Law of IRPF.

Maximum basis for deduction

The basis for the deduction is made up of the **amounts paid during the year**, except for the part corresponding to interest, **with a maximum of 13,664 euros**, both for individual and joint taxation.

Requirements and other conditions for the application of the deduction

- That the spouse, ascendants or descendants **live with the taxpayer for more than 183 days a year and do not have an annual income**, including exemptions, **higher than 8,106.28**

euros, which is the amount of **Public Indicator of Multiple Effect Income (IPREM)** for 2022.

- **When two or more taxpayers are entitled to the application of this deduction** in respect of the same ascendants or descendants for the same tax period, **its amount shall be apportioned equally between them**.However, when the taxpayers have a different degree of kinship with the ascendant or descendant, the application of the deduction will correspond with the closest degree of kinship.

- The acquisition of the new home or, where appropriate, the works and installations involved in the adaptation, must be strictly necessary for accessibility and sensory communication to facilitate the dignified and appropriate development of persons with disabilities, which must be accredited to the tax administration by means of **resolution or certificate issued by the competent Regional Ministry for the assessment of disability**.

Incompatibility

This deduction is in any case incompatible with the deduction mentioned above "for the acquisition or adequacy of habitual housing for taxpayers with disabilities".Therefore, when the investment is made by the taxpayer with a disability and by relatives living with him, if the taxpayer with a disability applies the deduction, family members cannot apply it regardless of the tax modality used.

For investment in the primary residence, which is considered protected

Regulations:Art. 6 Texto Refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 2/2014, de 22 de octubre.

Amount and maximum limit of the deduction

- **100 per cent of the amount of the actual expenditure paid during the tax period** for the purchase or refurbishment of a main residence that is considered to be a protected dwelling in accordance with the relevant state or autonomous community regulations.

- **Maximum limit:5,000 euros**

  Please note that the amounts paid for the construction of the dwelling can be taken into account in determining the maximum amount of the deduction.

Deduction base

- The basis for the deduction is made up of the **amounts invested during the year in the acquisition or renovation of the home.**

- The deduction is **applicable to those years in which the taxpayer incurs the expense regardless of the date of the acquisition** of the property **or the completion of the renovation work**.

  Precisions:

Please note that **is considered to be acquired** the property both in the year in which the title deed is signed and when a private purchase contract is signed.

As regards **rehabilitation**, this is considered to be carried out in the year in which the expenditure is incurred.Thus, in the event that the refurbishment is carried out during more than one tax period, the deduction will be applicable to each of the periods in which the expenditure is incurred, up to a limit of 5,000 euros or the expenditure incurred.

Similarly, for the **construction** it is considered to be carried out in the year in which the expenses are incurred.

In the case of external financing, the deduction will be applied as the principal is repaid, provided that all the requirements for the application of the deduction are met.For these purposes, expenditure financed by a loan shall not be counted as expenditure.The amortised amounts of the loan will be taken into account.

Requirements and other conditions for the application of the deduction

- That the property has the **qualification of protected** in accordance with state or regional regulations on the matter.
- When two or more taxpayers are entitled to the application of this deduction in respect of the same assets for the same tax period, **the maximum amount of the deduction (5,000 euros) will be apportioned between them equally,** applying the tax benefit only in the tax return of those who meet the conditions established to be beneficiaries of the deduction.

  In order to apply the pro-rata calculation, account must be taken of the number of taxpayers entitled to the deduction who opt to apply it and that the expenditure actually paid by each of them is greater than the maximum amount (5,000 euros).Otherwise, the ceiling of the deduction for the taxpayer whose expenditure is less than shall be fixed at the amount of that actual expenditure.

  Attention:*the apportionment shall be made on the basis of the number of taxpayers entitled to apply the deduction, irrespective of the taxation option chosen.However, if the matrimonial property regime is the community of property, the taxpayers may decide whether only one of them applies the deduction or whether it is prorated.In the case of a joint declaration, the limit is 5,000 euros*.

- **Documentary evidence** of the expenses giving rise to the right to deduct must be provided at **by means of an invoice or any other legally admissible means of legal or economic transactions**.

Time scope of application of the deduction

In the event that the taxpayer does not have sufficient regional tax liability to apply the full amount of the deduction in the tax period in which the expenditure on the acquisition or refurbishment is incurred, the amount not deducted **may be applied in the following three tax periods** until the total amount of the deduction is used up, if applicable, respecting the maximum limit of 5,000 euros set for this deduction.

The application of the amounts outstanding from previous years shall be carried out after applying the deductions for the year to which the taxpayer is entitled.

Attention: *the amount generated in 2022 should be entered in box* ***[1610]*** *of Annex B.2 of the return and in box [****0886****] the amount to be applied, since, as indicated above, if the total regional tax liability is not sufficient to apply the total deduction, it can be applied in the following three tax periods.*

Incompatibility

This deduction is incompatible with the deduction "For acquisition or rehabilitation of primary residence in councils at risk of depopulation" provided for in Article 14 decies of the Consolidated Text.

Therefore, the same taxpayer will not be able to apply both deductions (this deduction "For investment in a main residence that is considered protected" and the deduction "For acquisition or rehabilitation of a main residence in councils at risk of depopulation") in their tax return, neither for the same nor for different dwellings.

For lease of the primary residence

Regulations:Art. 7 Texto Refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 2/2014, de 22 de octubre.

A. In general

Amount and maximum limit of the deduction

The **10 per 100** of the **amounts paid** in the tax period for renting the taxpayer's main residence, with a maximum of **500 euros**, both in individual and joint taxation.

Requirements and other conditions for the application of the deduction

- It must be a rental of **habitual residence.**
- **That the sum of the general and savings tax bases in boxes [*0435*] and [*0460*] of the tax return, does not exceed** the following amounts:
  - **26,000 euros** in individual taxation.
  - **37,000 euros** in joint taxation.
- **That the amounts paid** as rent **exceed 10 per cent** of the taxable base for the tax period.
- The deduction shall be made by the **holder(s)** of the lease.

  In the case of marriage, whatever the matrimonial property regime, only the amounts paid by the spouse who signs the lease contract and, consequently**,** , will be deductible. The amounts paid by the spouse who does not appear in the contract are not entitled to this deduction because he/she is not a lessee.See in this respect Supreme Court Judgment no. 220/2009, of 3 April (Civil Chamber), handed down in appeal no. 1200/2004 (ROJ:STS 2464/2009).

- When **two or more taxpayers are entitled** to the application of this deduction in respect of the same assets for the same tax period, **the maximum amount of the deduction will be apportioned between them in equal parts**, with the tax benefit being applied only in the tax return of those who meet the conditions established to be beneficiaries of the deduction.

B. For taxpayers residing in municipalities at risk of depopulation

Amount and maximum limit of the deduction

The **20 per 100** of the **amounts paid** in the tax period in the case of rental of the usual residence by taxpayers with usual residence **in councils at risk of depopulation, with the limit of 1.000 euros**, both in individual and joint taxation.

Requirements and other conditions for the application of the deduction

- Those with a population **of up to 20,000 inhabitants**will be considered as **councils at risk of depopulation** , provided that the population has been reduced by at least 10 per cent since the year 2000.

  The councils at risk of depopulation in 2022 provided by the Autonomous Community of the Principality of Asturias can be accessed through the following link:"Concejos en riesgo de despoblación".

- **That the sum of the general and savings tax bases in boxes [*0435*] and [*0460*] of the tax return, does not exceed** the following amounts:
  - **35,000 euros** in individual taxation.
  - **45,000 euros** in joint taxation.
- The amounts paid as rent **exceed 10 percent of the taxable base** for the tax period.
- When two or more taxpayers are entitled to the application of this deduction in respect of the same assets for the same tax period, the maximum amount of the deduction **shall be apportioned between them in equal parts**, with the tax benefit being applied only in the tax return of those who meet the conditions established to be beneficiaries of the deduction.

For donations of rural properties to the Principality of Asturias

Regulations:Art. 8 Texto Refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 2/2014, de 22 de octubre.

Amount and requirements for the application of the deduction

- The **20 percent of the value of the donations** of rural properties made in favour of the Principality of Asturias, **with the limit for the amount of the deduction of 10 percent of the taxpayer's net tax base**, sum of the boxes ***[0500]*** and ***[0510]*** of the declaration.
- Donated properties will be valued in accordance with the criteria set out in LGT.

In relation to LGT see Law 58/2003, of 17 December, General Tributaria (BOE of 18 December).

For international adoption of minors

Regulations:Art. 9 Texto Refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 2/2014, de 22 de octubre.

Amount of the deduction

1,500 euros for each adopted child in the tax period provided that the child **lives with the declarant** and it is an international adoption .

Requirements for the application of deductions

- These must be cases of international adoption of minors, in the terms established in Law 54/2007, of 28 December, on International Adoption.
- Adoption shall be deemed to have taken place in the tax year in which **is registered in the Spanish Civil Registry**.**Where registration is not required, the tax period in which the corresponding judicial or administrative decision occurs shall be taken into account**.
- **When there is more than one taxpayer entitled to apply the deduction** and they file individual tax returns, the deduction **shall be apportioned equally** in the tax return of each of them.

For multiple births or for two or more adoptions constituted on the same date

Regulations:Art. 10 Texto Refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 2/2014, de 22 de octubre

Amount and requirements for the application of the deduction

- **1,000 euros for each child born or adopted** in the tax period in which the birth or adoption takes place, provided that these two conditions are met:
  a. the child **lives** with the parent or adopter on the date on which the tax becomes chargeable (normally 31 December) and
  b. **in the case of multiple births or two or more adoptions constituted on the same date**.
- Adoption shall be deemed to have taken place in the tax year in which **is registered in the Spanish Civil Registry**.Where registration is not required, the tax period in which the corresponding judicial or administrative decision is taken shall be taken into account .
- In the case of marriages or partnerships the deduction **will be apportioned in equal parts** in the tax return of each of them when they choose to file an individual tax return.

For large families

Regulations:Art. 11 of the Texto Refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado, approved by Legislative Decree 2/2014, of 22 October.

Amount of the deduction

Taxpayers who are part of a family unit which, at the date of accrual of the tax (normally 31 December), holds the large family certificate issued by the competent authority for social services shall be entitled to deduct the amount corresponding to the following:

- **1,000 euros**, in the case of a large family in the general category.
- **2,000 euros**, in the case of a special category large family.

Requirements and other conditions for the application of the deduction

- The conditions necessary to be considered a large family and its classification by category shall be determined in accordance with the provisions of Law 40/2003, of 18 November, on the protection of large families (BOE of 19 November).
- The deduction will only be applicable in the following cases: **cases of cohabitation** of the taxpayer with the rest of the family unit at the date of accrual of the tax (normally 31 December).
- **When there is more than one taxpayer entitled** to the application of the deduction at the date of accrual of the tax (normally 31 December) and they file individual tax returns, the deduction **will be apportioned in equal parts** in the tax return of each of them.

  For this purpose, it should be borne in mind that the number of persons entitled to apply the deduction is determined without taking into account whether or not their taxable bases are lower than those required to be able to apply the deduction effectively.

For single-parent families

Regulations:Art. 12 Texto Refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 2/2014, de 22 de octubre.

Amount of the deduction

500 euros for taxpayers with dependant children or direct descendants, as long as they do not live with any other person apart from those children or direct descendants, except in the case of family members in the ascending line for whom there is a right to apply the allowance for ascendants.

Conditions and other requirements for the application of the deduction

- **Descendants are considered to be** for the purposes of applying this deduction:

  a. The **minor children**, either through paternity or adoption, provided that **they live with the taxpayer and do not have an annual income**, excluding exemptions, **of more than 8,000 euros**.

  b. The **children of legal age with disabilities**, either through paternity or adoption, provided **that they live with the taxpayer and do not have an annual income**, excluding exemptions, **of more than 8,000 euros**.

  c. The **descendants** referred to in a) and b) above who, without living with the taxpayer, **are financially dependent on him/her and are in specialised centres**.

  The persons related to the taxpayer by reason of guardianship and foster care, under the terms set out in the applicable civil legislation, are assimilated to descendants.

  Please note that as of 3 September 2021, the date of entry into force 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, the **guardianship** will be reduced to minors not subject to parental authority or not emancipated in a situation of abandonment, and will be abolished for adults, for whom guardianship and other measures to support their legal capacity are established.

  Note: *in the case of cohabitation with descendants who are not considered as such for the purposes of the deduction, the right to the deduction will not be lost provided that the annual income of the descendant, excluding exempt income, does not exceed 8,000 euros.*

- The **sum of the general tax base and the savings tax base in boxes [*0435*] and [*0460*] of the return, plus the amount of the exempted maintenance payments**, **not** must be **greater than 45,000 euros**.

- This deduction shall not apply to cases of joint custody.

- When during the financial year there is a change in the family situation for any reason, for the purposes of applying the deduction, **it will be understood that there has been cohabitation when such a situation has occurred for at least 183 days per year**.

  In cases where separation, divorce or widowhood occurred during the year, only the days of coexistence after the date on which that situation occurred shall be counted for the purposes of this deduction.

For family accommodation of minors

Regulations:Art. 13 Texto Refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 2/2014, de 22 de octubre.

Amount of the deduction

- **500 euros for each child** in foster care, provided that they live with the child **183 days** during the tax period.

- **250 euros for each child** in foster care, if the period of cohabitation during the tax period is **more than 90 and less than 183 days**.

Requirements and other conditions of the deduction

- Emergency, temporary and permanent foster care, excluding those for pre-adoptive purposes.

  Accuracy: Please note that Law 26/2015, of 28 July, which modifies the system of protection for children and adolescents (BOE of 29 July) modified, with effect from 18 August 2015, article 173 bis of the Civil Code which regulates the modalities of foster care to currently establish emergency, temporary and permanent foster care as such.Likewise, the aforementioned law added a new article 176 bis regulating the delegation of guardianship for pre-adoptive cohabitation.

- **When there is more than one taxpayer entitled to apply the deduction** and they file individual tax returns, **the deduction will be apportioned equally** in the tax return of each of them.

For certification of the sustainable forestry management

Regulations:Art. 14 Texto Refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 2/2014, de 22 de octubre.

Amount and deduction limit

- The **30 per 100** of the amounts invested during the year to obtain certification of sustainable forest management granted by the Applicant Entity of the Regional Forest Certification of the Principality of Asturias or equivalent entity.

- **The deduction shall be applied in the year in which the certification of sustainable forest management is obtained and the maximum amount shall be EUR 1,000 per taxpayer**.

Conditions and other requirements for the application of the deduction

- Taxpayers must be owners of forests located in the territory of the Autonomous Community and must have obtained the aforementioned forest management certification.

- The basis for the deduction is the **amounts invested during the year in obtaining certification of sustainable forest management**, including all costs associated with achieving the certification itself and excluding any subsidies received by the owner of the farm for this purpose.

- **When there is more than one taxpayer entitled to apply the deduction** in relation to the same goods and they file individual tax returns, the deduction **shall be apportioned equally** in the tax return of each of them.

  For the purposes of applying the pro-rata deduction, "the same assets" shall be understood to mean the mountains - as defined in Article 5 of the Law of the Principality of Asturias 3/2004, of 23 November, on Mountains and Forest Management - that constitute an independent property or plot, with a cadastral reference that identifies it by delimiting its spatial scope, belonging to several owners pro indiviso or in joint ownership.

For expenses of descendants in centres from zero to three years

Regulations:Art. 14 bis Texto Refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 2/2014, de 22 de octubre

A. In general

Amount and maximum limit of the deduction

- **15 percent of the amounts paid** in the tax period for the expenses of descendants in centres from zero to three years.
- **The maximum amount of the deduction shall be 500 euros per year for each descendant** who is under the aforementioned age.

  The maximum deduction limit set for each child must be applied individually to each child.

  As regards the justification of the quantities satisfied, it may be carried out by invoice or any other means of legal or economic traffic admitted under law.

- The amount of the deduction **should be reduced by**, for each descendant, by the amount corresponding to the aid received in the tax period from the Principality of Asturias associated with the expenses generated by the care of children from zero to three years of age.

Specific requirement

That the **sum of the general and savings tax bases in boxes *[0435*] and *[0460]* of the declaration, does not exceed** the following amounts:

- **26.000 euros** in individual taxation.

- **37.000 euros** in joint taxation.

B. For taxpayers habitually resident in councils at risk of depopulation

Amount and maximum limit of the deduction

- **30 percent of the amounts paid** in the tax period for the expenses of descendants in centres from zero to three years.
- **The maximum amount of the deduction will be 1,000 euros per year for each descendant** who is under the aforementioned age.

  This percentage and increased limit shall be applied on the basis that the council at risk of depopulation is the taxpayer's habitual residence in the year in which the deduction is applicable, irrespective of whether or not this residence is subsequently maintained.

  As for the habitual residence, this will be determined on the basis of the criteria defined in Article 9 of the Law of IRPF, in relation to the council that gives entitlement to the application of the tax benefit.

In accordance with the above, the taxpayer must apply the percentage and the maximum limit of the deduction corresponding to the place in which, according to the criteria defined in Article 9 of the Law of IRPF, he/she is considered to have been his/her tax residence during the year, to all the amounts paid in the financial year for each child.Thus, if by application of the aforementioned criteria, during the year the taxpayer has resided in the council at risk of depopulation, the increased deduction of 30% will be applied with a limit of 1,000 euros for each descendant under 3 years of age.In other cases, i.e. if the taxpayer has had his habitual residence in another location in the Principality of Asturias that is not considered a council at risk of depopulation, the percentage of 15 per cent will be applied, with a limit of 500 euros.

Attention: *municipalities with a population of up to 20,000 inhabitants shall be considered as municipalities at risk of depopulation, provided that the population has been reduced by at least 10 per cent since 2000.*

The councils at risk of depopulation in 2022 provided by the Autonomous Community of the Principality of Asturias can be accessed through the following link:"Concejos en riesgo de despoblación".

- The amount of the deduction **should be reduced by**, for each descendant, by the amount corresponding to the aid received in the tax period from the Principality of Asturias associated with the expenses generated by the care of children from zero to three years of age.

Specific requirements

That the **sum of the general and savings tax bases in boxes *[0435*] and *[0460]* of the declaration, does not exceed** the following amounts:

- 35,000 euros in individual taxation.

- 45,000 euros in joint taxation.

Other common requirements and conditions for the application of the deduction

- That the parents, adoptive parents or guardians **live with the minor**.

  This deduction shall also apply in the case of **foster care**.

  In order to determine whether the requirement of **cohabitation** is met, the cohabitation requirement must be determined at **on the date on which the tax becomes chargeable**.

  In the case of foster care and shared custody, both parents may apply the deduction provided that they justify having incurred the expense even if there is no effective coexistence at the date of the accrual.

- When there is **more than one taxpayer entitled** to the application of the deduction, the amount of the deduction **shall be apportioned equally** in the tax return of each of them.

  Provided that both parents or guardians live with the minor, the amounts paid will be pro-rated between them, even if only one is entitled to apply the deduction because the other has a taxable income of more than 35,000 euros.

  Likewise, **shall apportion the amounts paid between them, even if they have been paid by only one of them**.

- **Special case:tax period in which the child reaches the age of three.**

  The deduction (15 or 30 per 100) and the limit to the same (500 euros or 1,000 euros) in the tax period in which the child turns three will be calculated in proportion to the number of months in which the requirements indicated in the following section are met.

  In order to determine the number of months in which the requirements are met **, the month in which the child reaches the age of three years should be counted**.

  If the taxpayer dies during the year **and the descendant would have turned three years old before**, the deduction will be apportioned according to the number of months in which the child is less than three years old, in proportion to the number of months in which this circumstance occurs with respect to the months of the tax period (from 1 January to the date of death), including the month of the death of the taxpayer.

  Likewise, the deduction will be applicable in the event of the death of the descendant prior to the accrual of the tax .

Incompatibility

This deduction is incompatible with the deduction "For the care of descendants or adopted children up to 25 years of age" provided for in Article 14 duodecies of the consolidated text.

The incompatibility between the two deductions is to be determined per taxpayer, and is effective in respect of the same descendants.

For the purchase of textbooks and school materials

Regulations:Art. 14 ter Texto Refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 2/2014, de 22 de octubre

Amount and maximum limits of the deduction

- The **100 by 100** of the amounts intended by the taxpayer for the following purposes:

  a. To the acquisition of **textbooks** for each **descendant** , which have been edited for Primary Education and compulsory Secondary Education.

  b. To the acquisition of school material for each **descendant** For Primary Education or compulsory Secondary Education.

This deduction will also apply in the case of **guardianship and foster care**.

material escolar shall be understood to be the set of means and resources that facilitate teaching and learning, intended to be used by students for the development and application of the contents determined by the curriculum of the general education established by the academic regulations, as well as the equipment and complements that the Management and/or the School Board of the educational centre has approved for the educational stage in question.

As regards the justification of the quantities satisfied, it may be carried out by invoice or any other means of legal or economic traffic admitted under law.

The deduction can be applied by those taxpayers who carry out expenses of this nature in respect of descendants who do not live with it.

- **The amount of the deduction for each descendant may not exceed the following limits** , depending on the amount resulting from the sum of the general taxable base and the taxable base for savings in boxes **[*0435*] and [*0460*]** of the tax return.

  a. **In individual statements:**

(General taxable base + taxable savings base)	Limit per offspring
Up to 6,500.00 euros	50.00 euros
Between 6.500,01 and 10.000,00 Euros	37.50 euros
Between 10,000.01 and 26,000.00 euros	25.00 euros

  b. **In joint statements:**

(General taxable base + taxable savings base)	Limit per offspring
Up to 12,000.00 euros	100.00 euros
Between 12.000,01 and 20.000,00 Euros	75.00 euros
Between 20,000.01 and 37,000.00 euros	50.00 euros

- In the case of taxpayers forming part of a **family unit** who, on the date of accrual of the tax, hold the **large family certificate** issued by the competent authority for social services, the **maximum amount of the deduction shall be**:

  - 150 euros in the case of a joint declaration.

  - 75 euros when you choose to file an individual tax return.

  The maximum amounts of EUR 150 and EUR 75 are for each of the children who are entitled to the deduction.

Requirements and other conditions for the application of the deduction

- That the **sum of the general and savings tax bases in boxes *[0435*] and *[0460]* of the declaration, does not exceed** the following amounts:

  - **26.000 euros** in individual taxation.

  - **37.000 euros** in joint taxation.

The maximum deduction limits established for each descendant **are applied individually for each of them**, and cannot be applied globally to all the descendants for whom the expenses have been paid.

- The deduction should **be reduced**, for each offspring, by the amount corresponding to the **grants and aid received** in the tax period from the Principality of Asturias or any other Public Administration **that covers all or part of the expenses for the purchase of textbooks and school material**.

  The minoration must also be carried out individually for each child on the resulting deduction once the maximum deduction limit has been applied, and it is not acceptable to do so in a comprehensive manner.

- The deduction will correspond to the ascendant who **has paid the amounts destined** for the purchase of textbooks and school material.When there is more than one taxpayer entitled to apply the tax benefit, the amount of the deduction (but not the maximum limit) **will be apportioned equally** in the tax return of each of them.

- The **documentary evidence** of the purchase of textbooks and school supplies may be provided by means of **invoice or any other means** of legal or economic transactions **admissible in law**.

For birth or adoption of second and subsequent children in councils at risk of depopulation

Regulations:Article 14 quáter Texto Refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 2/2014, de 22 de octubre

Amount and requirements for the application of the deduction

300 euros for each child born or adopted in the tax period provided that:

- This must be **second and subsequent children.**

- The minor **cohabits** with the taxpayer on the date on which the tax is due.

  However, in the event of the death of the child prior to the date of accrual, the deduction may be applied by the parents if the child was living with them at the date of death.

- The declarant has **his/her habitual residence in councils at risk of depopulation.**

> ***Attention:*** *municipalities with a population of up to 20,000 inhabitants shall be considered as municipalities at risk of depopulation, provided that the population has been reduced by at least 10 per cent since 2000.*
>
> *The councils at risk of depopulation in 2022 provided by the Autonomous Community of the Principality of Asturias can be accessed through the following link:"Concejos en riesgo de despoblación".*

The habitual residence will be determined on the basis of the criteria defined in Article 9 of the Law of IRPF in relation to the council that gives entitlement to the application of the tax benefit.These criteria shall apply to the

habitual residence in the municipality at risk of depopulation in the year in which the deduction is applicable, irrespective of whether or not this residence is subsequently maintained.

The deduction will be applicable to cases in which the birth or adoption takes place after the start of residence in the council.

Other conditions for the application of the deduction

- Cohabitation shall be understood to refer to the date on which the tax becomes chargeable (normally 31 December).
- In the event that the taxpayers form part of the same family unit, the deduction shall only be applicable in cases where the taxpayer lives with the rest of the family unit on the date on which the tax is due.

Precisions:

In the event of the death of one of the parents during the tax year after the birth or adoption of the child, provided that they have lived together, the deduction can be applied to the deceased taxpayer's tax return, since the requirement of cohabitation is met at the date of accrual of the tax (date of death).However, in this case, if the other parent is also entitled to the deduction, the amount will be apportioned equally in each parent's tax return.

In the case of births or adoptions of joint children, in individual taxation the amount of the deduction will be prorated in all cases, even if one of the parents cannot apply it because of a taxable income of more than 35,000 euros, as indicated below.

- When there is more than one taxpayer entitled to the application of the deduction and they file individual tax returns, the amount of the deduction shall be apportioned equally in the tax return of each of them, applying to those who meet the requirements for applying the tax benefit.
- The deduction shall be prorated if one parent files an individual tax return and the other parent files a joint tax return with the minor children, in the case of unmarried couples when both parents live with the minor child and in the case of separated or divorced parents with shared care and custody of the children.
- That the sum of the general and savings tax bases , boxes ***[0435]*** and ***[0460]*** of the tax return, does not exceed the following amounts:

  - 35,000 euros in individual taxation.

  - 45,000 euros in joint taxation.

For taxpayers who establish themselves as self-employed or self-employed in councils at risk of depopulation.

Regulations:Article 14 quinquies Texto Refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 2/2014, de 22 de octubre

Amount and requirements for the application of the deduction

- **1,000 euros** per taxpayer, provided that the following requirements are met:

a. Who have their **habitual residence in councils** at risk of depopulation.

Note: the habitual residence shall be determined on the basis of the criteria defined in Article 9 of the Personal Income Tax Act in relation to the council at risk of depopulation which entitles the person to the application of the tax benefit.The above criteria shall apply to the habitual residence in a municipality in the year in which the deduction is applicable irrespective of whether or not such residence is subsequently maintained.

Attention:*municipalities with a population of up to 20,000 inhabitants shall be considered as municipalities at risk of depopulation, provided that the population has been reduced by at least 10 per cent since 2000.*

The councils at risk of depopulation in 2022 provided by the Autonomous Community of the Principality of Asturias can be accessed through the following link:"Concejos en riesgo de despoblación".

b. Who starts in 2022 **the exercise of an activity** in the Principality of Asturias as **self-employed or self-employed**.

For these purposes, commencement of activity shall be understood to mean the date of registration in the special Social Security scheme or in the corresponding mutual benefit society.

c. Maintaining the **registration status** for a minimum period of one year, unless he/she dies within this period.

- That **the sum of the general and savings tax bases**, boxes ***[0435]*** and ***[0460]*** of the declaration, **does not exceed** the following amounts:

  - **35,000 euros** in individual taxation**.**

  - **45,000 euros** in joint taxation**.**

- In the case of joint taxation, if more than one taxpayer in the family unit meets the requirements for the application of the deduction, **the amount of the deduction will be the result of multiplying the deduction of 1,000 euros by the number of taxpayers entitled to the deduction.**

Other conditions for the application of the deduction

- Self-employed or self-employed persons, collaborating self-employed persons and partners in joint stock companies shall not be considered as self-employed or self-employed persons, regardless of their registration status in the special social security scheme or in the corresponding mutual benefit fund.

  The concept of self-employed for the purposes of the deduction coincides with that set out in Article 1 of Law 20/2007, of 11 July, on the Statute of Self-Employment, with the only exceptions being the self-employed collaborators and partners in commercial capital companies.

- This deduction is not available to persons who, in the six months immediately preceding the date on which the activity on which the deduction is based is commenced, have ceased to carry on the same activity.

  For these purposes, the date of cessation of activity shall be understood to be the date of leaving the special

Social Security scheme or, where appropriate, the corresponding mutual society.

Remember:*this deduction is personal so that, if the requirements are met by more than one member of the unit, in the case of a joint declaration, the amount of the deduction will be multiplied by the number of members of the unit entitled to the application of the deduction.*

For public transport costs for residents in councils at risk of depopulation

Regulations:Article 14 sexies Texto Refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 2/2014, de 22 de octubre

Amount and deduction limit

A. In general

- The **100 per cent of the amount of the expenses** incurred by the taxpayer to purchase public transport season tickets of a single, nominal nature.
- The **maximum deduction amount is 100 euros**.

  This is a maximum amount per taxpayer, so when a joint tax return is chosen, this limit is multiplied by the number of members entitled to the deduction.

B. Additional increase for descendants

- **10 per cent of the amount of the expenses** incurred by the taxpayer to purchase public transport passes of a single and nominal nature **for each descendant or adoptee** who fulfil the following conditions:

  a. That generates the right to the application of the minimum for descendants.

  b. That the descendant **studies** of baccalaureate, vocational training or university studies **outside** of the council at risk of depopulation.

- The **maximum amount of deduction will be 300 euros per descendant** in both individual and joint declarations.

Note: *this deduction shall be applied in the tax period in which the expenditure is incurred irrespective of the period of validity of the acquired subscription.*

Requirements and other conditions for the application of the deduction

- That the taxpayer's habitual residence is **in councils at risk of depopulation.**

N.B.: The habitual residence will be determined on the basis of the criteria defined in Article 9 of the Law of IRPF in relation to the council that gives entitlement to the application of the tax benefit.The above criteria shall apply to the residence in the year in which the deduction is applicable irrespective of whether the residence is not maintained thereafter.

Attention: *municipalities with a population of up to 20,000 inhabitants shall be considered as municipalities at risk of depopulation, provided that the population has been reduced by at least 10 per cent since 2000.*

The councils at risk of depopulation in 2022 provided by the Autonomous Community of the Principality of Asturias can be accessed through the following link:"Concejos en riesgo de despoblación".

- That the sum of the general and savings tax bases, boxes ***[0435]*** and ***[0460]*** of the tax return, does not exceed the following amounts:

  - **35,000 euros** in individual taxation.

  - **45,000 euros** in joint taxation.

- In the case of joint taxation, if more than one taxpayer in the family unit meets the requirements for the application of the deduction **of up to 100 euros, the amount of the deduction will be the result of multiplying the deduction by the number of taxpayers with the right to deduct, always with the limit of the actual expenses incurred**.

- **Documentary evidence of the expenses giving rise to the right to deduct must be provided** by means of an invoice or any other legally accepted method of legal or economic transactions .

- When applying the increase of this deduction for descendants, the following additional requirements must be taken into account :

  a. When the descendant lives with more than one taxpayer **with whom he/she has the same degree of kinship**, the amount of the deduction **will be apportioned between them in equal parts** and the deduction will be applied in the tax return of those who meet the established requirements.

     Precisions:

     Therefore, whenever there is cohabitation with more than one taxpayer with the same degree of kinship, the amounts paid shall be apportioned equally, even if they have only been paid by one of them.

     Bearing in mind that the only criterion for apportioning the deduction is cohabitation, if the descendant lives with more than one taxpayer with the same degree of kinship, the deduction must be apportioned between them regardless of whether or not the ascendants can effectively apply the deduction by virtue of the amounts of their taxable bases, because they live in another Autonomous Community or because they file an income tax return.

  b. When the descendant lives with more than one taxpayer **with those who have different degrees of kinship**, only those with the closest degree of kinship can make the deduction .

For training expenses incurred by taxpayers carrying out specially qualified work directly and principally connected with research and development, scientific or technical activities.

Regulations:Article 14 septies Revised text of the legal provisions of the Principality of Asturias on taxes ceded by the State, approved by Legislative Decree 2/2014 of 22 October.

Amount and maximum limit of the deduction

- The **100 per cent of the amount of training expenses paid** incurred by the taxpayer for the performance of specially qualified work, directly and principally related to research and development, scientific or technical activities**.**
- The **maximum amount** of deduction applicable is **2,000 euros**.

Specific requirements for the application of the deduction

- No more than three years have elapsed since the taxpayer completed his or her academic training.
- The taxpayer's habitual residence must be in the Principality of Asturias and must be maintained for at least three years.
- If the activity is carried out for hire or reward **, there must be an employment contract**.
- That, if the activity is carried out on **own account**, the taxpayer must **be registered** in the special Social Security scheme or in the corresponding mutual benefit society.
- This deduction shall be applied **once only, for all expenses incurred by taxpayers during training**, **in the tax period in which the incorporation into the labour market takes place**.

  Entry into the labour market shall be understood to mean

  a. In the case of taking up an employed activity, the date of signature of the employment contract

  b. In the case of the commencement of self-employed activities, the date of registration in the special Social Security scheme or in the corresponding mutual benefit society.

     In the latter case, the registration must be maintained for a minimum period of one year **,** unless death occurs within that period**.**

Other conditions for the application of the deduction

For the purposes of this deduction, work carried out by workers with a professional category included in Contribution Group 1 of the General Social Security Scheme, in accordance with the provisions of the regulations in force for this purpose, directly and principally related to the following activities, shall be considered as **specially qualified work**:

a) Research and development activities

These activities include:

1. The **"basic research"** or original and planned research aimed at discovering new knowledge and understanding in the field of science or technology, not involving commercial or industrial ends.

2. Applied research" or original and planned research aimed at the acquisition of new knowledge for the purpose of using that knowledge in the development of new products, processes or services or the significant improvement of existing ones.

3. The **"experimental development"** or the materialisation of the results of applied research into a plan, scheme or design for new products, processes or services, or their significant improvement, as well as the creation of non-marketable prototypes and initial demonstration projects or pilot projects, provided that they cannot be converted or used for industrial applications or commercial exploitation.

4. The conception of **"software"** advanced, understood as involving the implementation of innovative solutions.This does not include routine or routine activities related to software. In any case, a favourable report must be issued by the bodies of the Administration of the Principality of Asturias with competence in this field.

(b) Scientific and technical activities

These activities include:

1. The **"technological innovation"** is understood as an activity that results in a technological breakthrough in obtaining new products or production processes or substantial improvements to existing ones .

   New products or processes are considered to be those whose characteristics or applications are substantially different from those that existed previously, from a technological point of view.

   This activity shall include the materialisation of new products or processes into a plan, scheme or design, as well as feasibility studies and prototyping and initial demonstration projects or pilot projects, including those that can be converted or used for industrial applications or commercial exploitation.

   It also includes technological diagnosis activities aimed at the identification, definition and orientation of advanced technological solutions.

2. Activities related to **projects within the field of sustainable development and environmental protection and improvement** that aim to:

   - Waste minimisation, reuse and recovery.
   - Mobility and sustainable transport.
   - The environmental regeneration of natural areas as a result of the implementation of compensatory measures or other voluntary actions.

- Minimisation of water consumption and water treatment.
- The use of renewable energies and energy efficiency.

3. The activities to be provided for entities that are considered **"innovative enterprises"** as complying with the requirements set out in Community legislation.

4. Activities provided to entities that fulfil the **purpose of business promotion and reinforcement of productive activity**.

   This purpose is understood to be fulfilled by companies that implement relevant business projects involving the development of new activities, products or markets, the expansion or consolidation of existing ones or the creation of stable jobs.

   For these purposes, the entity for which the worker provides services must justify the fulfilment of the purpose of business promotion and reinforcement of the productive activity resulting from its activity.

5. Activities provided for entities in the initial stage of development of a new business project or in its development phase, provided that they are **micro, small and medium-sized enterprises** with high growth potential.

Incompatibility

This deduction is incompatible with the deduction "For taxpayers who move their tax domicile to the Principality of Asturias for work purposes in order to carry out specially qualified work, directly and principally related to research and development, scientific or technical activities" provided for in Article 14g of the consolidated text.

Such incompatibility is to be determined per taxpayer, not per declaration.In the case of a joint return, if deductions are generated by different taxpayers, both may be applicable.

For taxpayers who move their tax domicile to the Principality of Asturias for work purposes for the performance of specially qualified work directly and principally related to research and development, scientific or technical activities.

Regulations:Article 14 octies Revised text of the legal provisions of the Principality of Asturias on taxes ceded by the State, approved by Legislative Decree 2/2014, 22 October 2014

Amount and deduction limit

- The **15 per 100 per cent** of the expenses generated for the taxpayer as a consequence of moving his tax domicile to the Principality of Asturias for work purposes in order to carry out specially qualified work, directly and principally related to research and development, scientific or technical activities.
- Deduction limit:**2,000 euros.**

In the case of joint taxation, the deduction limit will be 2,000 euros for each taxpayer entitled to it.

Specific requirements for the application of the deduction

- That the taxpayer **has not been a resident** in the Principality of Asturias during the **four years prior to the date of the transfer** for work reasons.
- That the taxpayer establishes their habitual residence in the Principality of Asturias and that it is maintained **for at least three additional years** to that of the transfer itself.
- In the case of paid employment, there is an employment contract for the performance of particularly skilled work.
- In the case of self-employment, the taxpayer must be **registered** in the special Social Security scheme or in the corresponding mutual benefit society.

Time scope of application of the deduction

This deduction **shall be applied in the tax period** in which the move for work-related reasons takes place and **for the following three tax years**.

In order for the deduction to be applicable in subsequent years, the deduction is subject to the condition that the specially qualified work (whether employed or self-employed) continues to be carried out.

Other conditions for the application of the deduction

- ### Expenses incurred as a result of moving house

  For the purposes of this deduction, the following expenses shall be considered as expenses incurred as a result of moving house:

  a. Travel and moving expenses necessary for the establishment of the taxpayer and the members of his family unit in the Principality of Asturias.

  b. Expenses derived from the schooling in the Principality of Asturias of the descendants of the taxpayer.

  c. Expenses for the purchase or rental of the taxpayer's main residence in the Principality of Asturias, including for these purposes the expenses arising from the contracting of services or supplies linked to the same.

- ### Specially skilled jobs

  For the purposes of this deduction, work carried out by workers with a professional category included in Contribution Group 1 of the General Social Security Scheme, in accordance with the provisions of the regulations in force for this purpose, **related, directly and principally, to the following activities, shall be considered to be specially qualified work :**

  a) Research and development activities, including:

1. **The "basic research" or original and planned research aimed at discovering new knowledge and understanding in the field of science or technology, not involving commercial or industrial ends.**

2. **The "applied research" or original and planned research aimed at obtaining new knowledge for the purpose of using that knowledge in the development of new products, processes or services or the significant improvement of existing ones.**

3. **The "experimental development" or the materialisation of the results of applied research into a plan, scheme or design for new products, processes or services, or their significant improvement, as well as the creation of non-marketable prototypes and initial demonstration projects or pilot projects, provided that they cannot be converted or used for industrial applications or commercial exploitation.**

4. **The conception of "software" advanced, understood as involving the implementation of innovative solutions.This does not include routine or routine activities related to software. In any case, a favourable report must be issued by the bodies of the Administration of the Principality of Asturias with competence in this field.**

(b) Scientific and technical activities, including:

1. **The "technological innovation", meaning any activity that results in a technological breakthrough in obtaining new products or production processes or substantial improvements to existing ones .**

   New products or processes are considered to be those whose characteristics or applications are substantially different from those that existed previously, from a technological point of view.

   This activity shall include the materialisation of new products or processes into a plan, scheme or design, as well as feasibility studies and prototyping and initial demonstration projects or pilot projects, including those that can be converted or used for industrial applications or commercial exploitation.

   It also includes technological diagnosis activities aimed at the identification, definition and orientation of advanced technological solutions.

2. **Activities related to projects within the field of sustainable development and environmental protection and improvement that aim to:**

   - **Waste minimisation, reuse and recovery.**
   - **Mobility and sustainable transport.**
   - **The environmental regeneration of natural areas as a result of the implementation of compensatory measures or other voluntary actions.**
   - **Minimisation of water consumption and water treatment.**
   - **The use of renewable energies and energy efficiency.**

3. **The activities provided for entities that are considered as "innovative enterprises" as they comply with the requirements set out in Community legislation.**

4. **The activities that are provided to entities that fulfil the purpose of business promotion and reinforcement of productive activity.**

   This purpose is understood to be fulfilled by companies that implement relevant business projects involving the development of new activities, products or markets, the expansion or consolidation of existing ones or the creation of stable jobs.

   For these purposes, the entity for which the worker provides services must justify the fulfilment of the purpose of business promotion and reinforcement of the productive activity resulting from its activity.

5. **The activities that lend for entities that are in the initial stage of development of a new business project or in its development phase, provided that they are micro, small and medium-sized enterprises with high growth potential.**

Incompatibility

This deduction shall be incompatible with the deduction "For training expenses incurred by taxpayers carrying out specially qualified work directly and principally related to research and development, scientific or technical activities" provided for in Article 14f of the recast text.

Such incompatibility is to be determined on a taxpayer-by-taxpayer basis.

For the purchase or renovation of permanent housing in councils at risk of depopulation

Regulations:Art. 14 decies Texto Refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 2/2014, de 22 de octubre

Amount of the deduction

- In general, the **5 per 100** of the amounts paid during the year by the taxpayer for the acquisition or rehabilitation of a dwelling located in councils at risk of depopulation in the Principality of Asturias.

- The above percentage is increased to **10 per 100** when, in addition, the acquisition or rehabilitation is carried out by taxpayers in which any of the following circumstances apply :

  - Who are aged 35 years or less at the date of accrual of the tax **.**

  - Who are members of **large families.**

    For the purposes of this deduction, members of large families are considered to be taxpayers who form part of a family unit which, on the date on which the tax is due, holds the large family certificate issued by the competent authority for social services.

- Who are members of **single-parent families**.

  For the purposes of this deduction, members of single-parent families, in the terms set out in article 12, are considered to be taxpayers who are dependent on their descendants, provided that they do not live with any other person other than the said descendants, except in the case of ascendants who generate the right to the application of the minimum for ascendants established in article 59 of Law 35/2006, of 28 November, on Personal Income Tax and partial amendment of the laws on Corporate Income Tax, Non-Resident Income Tax and Wealth Tax.

Requirements for the application of this deduction

- The property to be purchased or rehabilitated must be located in **councils at risk of depopulation** located in the Principality of Asturias.

  Attention:*municipalities with a population of up to 20,000 inhabitants shall be considered as municipalities at risk of depopulation, provided that the population has been reduced by at least 10 per cent since 2000.*

  The councils at risk of depopulation in 2022 provided by the Autonomous Community of the Principality of Asturias can be accessed through the following link: "Concejos en riesgo de despoblación".

- The property to be acquired or rehabilitated must be the taxpayer's **habitual residence** and the **tax domicile must be maintained** in the council at risk of depopulation **for at least three years**.

  Precisions:

  The deduction may be applied in the year in which the home is acquired or renovated, even if it is not the taxpayer's habitual residence in that year, provided that it will be the taxpayer's habitual residence within twelve months of its acquisition and that it will not be used for any other purpose until that time.

  Furthermore, in general, in order to be able to apply the deduction, the tax domicile must be maintained in the same council with a risk of depopulation, except in the case of the death of the taxpayer.In the latter case (death) the deduction applies to the previous years (if applicable) and also to the year of death.

  With regard to the concept of principal residence, it should be noted that the concept of principal residence established by the state personal income tax regulations in force on 31 December 2012 is discussed in the section "General conditions and requirements" under the heading "Deduction for investment in principal residence.Transitional arrangements" in Chapter 16.

- That **the sum of the general and savings tax bases**, boxes ***[0435]*** and ***[0460]*** of the declaration, **does not exceed** the following amounts:
  - **35,000 euros** in individual taxation**.**
  - **45,000 euros** in joint taxation**.**
- **Documentary evidence** of the expenses giving rise to the right to deduct must be provided by means of an invoice or any other legally accepted means of legal or economic transactions.

Basis of deduction

- The basis for the deduction consists of the amounts invested during the year in the acquisition

or renovation of the home.

In the case of external financing, the deduction will be applied as the principal is repaid, provided that all the requirements for the application of the deduction are met.Expenditure financed by a loan shall not be taken into account for this purpose.

- This deduction is applicable to those years in which the taxpayer incurs the expense **irrespective of the date** on which the legal acquisition of the property takes place or the renovation work is completed.

Maximum basis for deduction

- The maximum base for this deduction is **10,000 euros.**

  In the case of joint tax returns the maximum base for this deduction cannot exceed 10,000 euros.

- When two or more taxpayers are entitled to the application of this deduction in respect of the same goods for the same tax period, **the maximum base of the deduction will be apportioned between them** in equal parts, applying the tax benefit only in the tax return of those who meet the conditions established to be beneficiaries of the deduction.

Incompatibility

This deduction is incompatible with the deduction "For investment in primary residence that is considered protected" provided for in Article 6 of the Consolidated Text.

Such incompatibility is to be determined on a taxpayer-by-taxpayer basis.

For the purchase of electric vehicles

Regulations:Art. 14 undecies Texto Refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 2/2014, de 22 de octubre.

Attention: *this deduction shall apply only for the years 2022 and 2023.*

Amount of the deduction

The **15 per 100 per cent** of the amounts paid in the tax period for the purchase of a new electric vehicle, provided that the following requirements and conditions are met.

Requirements for the application of deductions

- Each taxpayer shall be entitled to apply the deduction **for only one vehicle**.
- This must be the purchase of a new electric vehicle **belonging to the "plug-in" and fuel cell category.**

  For these purposes **category of "plug-in" and fuel cell** described in Annex I, Incentive

Programme 1 of Royal Decree 266/2021, of 13 April, which approves the direct granting of aid to the Autonomous Communities and the cities of Ceuta and Melilla for the implementation of incentive programmes linked to electric mobility (MOVES III) within the framework of the Plan for the Recovery, Transformation and Resilience of the Spanish Economy.

Accuracy:

According to the above mentioned paragraph 1 of this Annex I **plug-in electric and fuel cell vehicles** may be the following vehicles provided that they comply with the other requirements detailed in the above mentioned Annex:

(a) M1 passenger cars:Motor vehicles with at least four wheels designed and constructed for the carriage of passengers and having, in addition to the driver's seat, not more than eight seats.

(b) N1 vans or light trucks:Motor vehicles designed and constructed principally for the carriage of goods and having a technically permissible maximum laden mass (TOM) not exceeding 3,5 tonnes.

(c) Light quadricycles L6e:Light quadricycles with an unladen mass not exceeding 350 kg, not including the mass of the batteries, a maximum design speed not exceeding 45 km/h, and a maximum power not exceeding 4 kW.

(d) Heavy quadricycles L7e:Four-wheeled vehicles, with a mass in running order (excluding the weight of batteries) not exceeding 450 kg in the case of passenger transport and 600 kg in the case of goods transport, and which cannot be classified as light quadricycles.

e) Motorcycles L3e, L4e, L5e:Vehicles with two wheels, or with three wheels symmetrical or asymmetrical in relation to the median longitudinal axis of the vehicle, of more than 50 cm3 or speed exceeding 50 km/h and whose gross vehicle weight does not exceed one tonne.

- That the vehicle **is not used by the acquirer to carry out economic activities** .

  If the vehicle is acquired by several persons carrying out an economic activity, only one of them will NOT be able to apply the deduction, regardless of whether this activity is carried out by only one of the acquirers or by a third party.

- The taxpayer must have the corresponding **purchase contract.**

  The deduction is only for the taxpayer named in the contract.

Deduction base and maximum deduction base

- The basis for the deduction is made up of the amounts paid in the tax period for the acquisition of the aforementioned vehicles less, where applicable, the amount of public aid received by the taxpayer for the acquisition of the vehicle.

- The maximum base for this deduction is **50,000 euros per vehicle,** regardless of whether individual or joint taxation is chosen.

  If the vehicle is acquired by more than one taxpayer, the maximum deduction base will be 50,000 euros for all the purchasers, so that the deduction base for the same vehicle does not exceed this amount.

- The maximum basis for deduction shall be apportioned, where appropriate, between the purchasers.

Time scope of application of the deduction

This deduction shall be taken in the year in which the taxpayer incurs the expenditure and shall be applicable only in the years 2022 and 2023.

In cases where amounts are paid in more than one year, the deduction shall be taken in all years in which amounts are paid without prejudice to the year of acquisition.

For care of descendants or adopted children up to 25 years of age

Regulations:Art. 14 duodecies Texto Refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 2/2014, de 22 de octubre.

Amount of the deduction

- **300 euros for each descendant up to 25 years of age that generates the right to the application of the minimum for descendants** regulated in article 58 of the Personal Income Tax Act.

  In the case of descendants who are 25 or 26 years old at the end of the tax period, all the requirements for entitlement to the minimum for descendants referred to in Article 58 of the Personal Income Tax Act must be met, except for the age requirement.

- **The deduction** in the tax period **in which the descendant reaches the age of 26** shall be calculated **in proportion to the number of months** in which the requirements set out in this Article are met.

  In this case, for the purposes of calculating the number of months in which the requirements are met, only up to the month preceding the month in which you reach the age of 26 shall be taken into account.

Requirements and other conditions of the deduction

- That **the sum of the general and savings tax bases**, boxes ***[0435]*** and ***[0460]*** of the declaration, **does not exceed** the following amounts:

  - **35,000 euros** in individual taxation**.**

  - **45,000 euros** in joint taxation.

- That the parents, adoptive parents, or guardians **cohabit** with the descendant.

  The fulfilment of the requirement of **cohabitation** must be determined on the **date of accrual of the tax**.

- When there is **more than one taxpayer entitled to the application of the tax benefit**, the amount of the deduction will be apportioned equally in the tax return of each of them, applying only to those who meet the conditions established to be beneficiaries of the deduction.

Incompatibility

This deduction is incompatible with the deduction "For expenses for children in centres from zero

to three years of age" provided for in Article 14a of the recast text.

The incompatibility between the two deductions is to be determined per taxpayer, and is effective in respect of the same descendants.

For emancipation of young people up to 35 years of age

Regulations:Art. 14 terdecies Texto Refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 2/2014, de 22 de octubre.

Amount and maximum limit of the deduction

- **100 per 100** of the **expenses** occurring e**n the year in which the emancipation of young people up to 35 years of age takes place** under the terms set out below.

  It is considered that the deduction may be applied in the year in which the person reaches the age of 36, provided that the emancipation and the expenses have been incurred prior to reaching the aforementioned age.

  For these purposes, all expenses directly linked to the emancipation, such as, among others, the following, shall be taken into account:expenditure on the purchase of furniture, transport, rent or purchase of housing.

- **The maximum amount** of the deduction shall be **1,000 euros per taxpayer**.

Requirements and other conditions for the application of the deduction

- The taxpayer must be under 35 years of age.
- Emancipation shall be understood to take place **in the year in which the taxpayer ceases to live with his or her ascendants** and **moves to a new habitual residence** located in the Principality of Asturias, which he or she will occupy as owner-occupied or rented property.
- **The right to deduct** will be lost if the taxpayer returns to the family home before three years have elapsed.
- Only the taxpayer whose **sum of the general and savings tax bases**, boxes ***[0435]*** and ***[0460]*** of the tax return, **does not exceed** the following amounts, will be entitled to this deduction:

  - 35,000 euros in individual taxation**.**

  - 45,000 euros in joint taxation.

- **Documentary evidence** of the expenses giving rise to the right to deduct must be provided by means of an invoice or any other legally accepted means of legal or economic transactions.

Autonomous Community of the Balearic Islands

Taxpayers who in 2022 have had their habitual residence in the territory of the Autonomous Community of the Balearic Islands may apply the following Autonomous Community deductions:

Important:

Throughout 2022 there have been various amendments to the Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, approved by Legislative Decree 1/2014, of 6 June, which affect the regional deductions of the IRPF applicable.

These amendments have been introduced into the aforementioned Consolidated Text by the following rules:

- By the second final provision of Decree Law 4/2022, of 30 March, adopting extraordinary and urgent measures to alleviate the economic and social crisis caused by the effects of the war in Ukraine (BOIB 31-03-2022 - BOE 08-06-2022), with entry into force on 31 March 2022.
- By the seventeenth final provision of Decree Law 6/2022, of 13 June, on new urgent measures to reduce the temporary nature of public employment in the Balearic Islands (BOIB 16-06-2022).Amends Article 4(1)(a) and (b) (Regional deduction for the purchase of textbooks).
- By the fourth final provision of Law 11/2022, of 28 December, on the general budget of the Autonomous Community of the Balearic Islands for the year 2023 (BOIB 31-12-2022), which comes into force on 31 December 2022.

As a result of the above, the different regional deductions in force on 1 January 2022 have undergone successive changes in their regulation affecting amounts, maximum limits of the deduction and requirements on the amount of the tax base.

The above determines that, in the case of taxpayers who die on a day other than 31 December 2022, insofar as the tax period ends at that time, accruing the IRPF, the amounts, limits and bases required in accordance with the regulations in force on that date must be taken into account, there being different time intervals in the 2022 financial year, so it is advisable to carefully read the boxes that appear in each deduction and which indicate, according to the time of death, which are the amounts, maximum limits of the deduction and requirements on the amount of the taxable base that should be applied.

For certain investments to improve sustainability in the primary residence

Regulations:Art. 3 Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, aprobado por Decreto Legislativo 1/2014, de 6 de junio

Amount of the deduction

The **50 per 100** of the amount of the **investments** that improve the quality and sustainability of housing when the following requirements and conditions are met.

Requirements and other conditions for the application of the deduction

1.In general

- That the investments are made in a **property located in the Balearic Islands.**
- That the **dwelling constitutes or will constitute the habitual residence**:

  - Of the taxpayer who owns the dwelling or

  - From a tenant, under a rental contract entered into with the taxpayer subject to the legislation on urban leases.

  In order to apply the deduction, the taxpayer must be the homeowner or landlord of the home and the home must meet the requirements of state tax regulations to qualify the home as usual. either of the taxpayer or of a tenant with whom the taxpayer has a rental contract.

- **Investments that improve the quality and sustainability of the dwellings** , with the following investments fulfilling this condition:

  a. The installation of generation equipment or that allows the use of renewable energies such as solar energy, biomass or geothermal energy that reduce the consumption of conventional thermal or electric energy of the building.It shall include the installation of any renewable energy technology, system or equipment, such as photovoltaic solar generating facilities for self-consumption, solar thermal panels, in order to contribute to the production of hot water demanded by the houses, or the production of hot water for the heating and air conditioning installations.

  b. The improvement of the facilities of Supply and installation of mechanisms to encourage the water savings, as well as the implementation of networks of reorganization separativas on the building and other systems favoring the reuse of graywater and pluvial in the same building or in the plot or which reduce the volume of discharges to public system of sewage.

- In any case, **for the application of the deduction, the energy efficiency rating of the main residence must be improved by at least one level**.For this purpose, **will be required to register the energy performance certificates** of the dwelling in accordance with the provisions of Royal Decree 235/2013, of 5 April, which approves the basic procedure for the

energy certification of buildings, before and after the investments are made.

In the event of commencement of work in one exercise and completion in another subsequent exercise, the deduction for the quantities satisfied in it may be applied in each tax period, provided that all the requirements are met at the completion of the works (in particular the accreditation of the registration of energy efficiency certificates).

- **In order to be able to apply this deduction, the total taxable income** (sum of the general taxable income and the taxable savings income of the taxpayer in boxes [***0435***] and [***0460***] of the return), **may not exceed**:

  - 33,000 euros in individual taxation.

  - 52,800 euros in joint taxation.

> ***Attention:*** *Please note that for taxpayers who have died before 31 March 2022, the sum of the general tax base and the savings tax base* ***may not exceed 30,000 euros.***

2.When the taxpayer is the landlord of the housing

When the taxpayer is the landlord of the housing, application of the deduction requires **the following requirements** additionally be met:

- That the duration of the **rental contract** of the dwelling with the same tenant is **equal to or more than one year**.
- That the deposit of the bond referred to in article 36.1 of Law 29/1994, of 24 November, on urban leases, in favour of the Balearic Housing Institute, has been constituted at **.**
- That the taxpayer **declares in the IRPF** the income derived from the rental of the dwelling as **income from real estate capital**.
- That the taxpayer **does not pass on to the lessee the cost of the investments** that determine the right to apply this deduction.

Maximum deduction base

The **basis for this deduction** will be made up of the **amount actually paid** by the taxpayer to make the investments described above, with a **maximum limit of 10,000 euros** per year.

The basis of the taxpayer's deduction may not exceed the result of applying the percentage of his or her ownership of the home to the total amount of the amounts paid for the improvement of the sustainability of the main residence.

The amounts paid shall be justified by means of invoices that comply with the requirements laid down in legal and/or regulatory rules or an equivalent replacement document.

For rental of primary residence in the Balearic Islands in favour of certain groups

Regulations:Art. 3 bis Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, aprobado por Decreto Legislativo 1/2014, de 6 de junio

Amount and maximum limit of the deduction

- The **15 per 100** of the amounts paid in the tax period for the rental of the main residence.

  In the case of marriage, whatever the matrimonial property regime, only the amounts paid by the spouse signing the lease contract are deductible and, consequently, the amounts paid by the spouse who does not appear in the contract do not entitle him/her to such deduction because he/she is not a lessee.See in this respect Supreme Court Judgment no. 220/2009, of 3 April (Civil Chamber), handed down in appeal no. 1200/2004 (ROJ:STS 2464/2009).

- The **maximum amount** of this deduction will be **440 euros**.

> ***Attention:*** *Please note that for taxpayers who have died before 31 December 2022, the maximum amount will be EUR 400.*

Requirements and other conditions for the application of the deduction

- The taxpayer has one of the following circumstances :
  - On the date of accrual of the tax is **under 36 years of age**.
  - A person with a degree of physical or sensory disability equal to or greater than 65% or with a degree of mental disability equal to or greater than 33% .

    Regarding the degrees of disability, see the first additional provision of the Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, approved by Decreto Legislativo 1/2014, de 6 de junio.

  - The parent or parents who live with the child or children subject to parental authority and who are members of a large family in the terms established in article 6 of Law 8/2018, of 31 July, on support for families.

    For these purposes, large families are those defined in Law 40/2003, of 18 November, on the Protection of Large Families, as well as single-parent families with a child with a recognised disability of 33% or more.

  - The parent or parents who live with the child or children subject to parental authority and who are members of a single-parent family with two or more children as provided for in article 7.7 of Law 8/2018, of 31 July, on support for families.

    In accordance with article 7.1 and 7.2 of Law 8/2018, of 31 July, on support for families, these are considered single-parent families:

    - Single-parent families are those made up of one or more children who meet the requirements established in section 3 of the aforementioned article 7 of Law 8/2018 and who are financially dependent on a single parent, guardian, foster carer or adoptive parent, with whom they live.
    - In addition, the following are also considered to be single-parent families:

      a) The family in which the parent with dependent children cohabits at the same time with another person

or persons with whom he/she is not in a marital or stable partnership relationship, in accordance with civil legislation.

b) The family in which the parent who has custody of the children does not receive any child support established by the court and has filed the corresponding civil or criminal complaint or claim.

c) The family in which the parent with dependent children has been abandoned by the other parent or cohabiting parent.

- That is the **lease of the usual dwelling** of the taxpayer, effectively occupied by the taxpayer, and that the duration of the lease is equal to or greater than one year.
- That the deposit of the bond **referred to in article 36.1 of Law 29/1994, of 24 November, on urban leases, in favour of the Balearic Housing Institute, has been constituted at** .
- That, during at least half of the tax period, neither the taxpayer nor any of the members of their family unit are the owners, of the full ownership or of a real right of use or enjoyment, of another dwelling **distant less than 70 kilometres from the rented dwelling**, except in cases where the other dwelling is located outside the Balearic Islands or on another island.

Precisions:

- The concept of family unit is set out in Article 82 of the Personal Income Tax Act and is examined in Chapter 2 of this manual.
- The expression that they hold the freehold or a right in rem implies that the deduction is not applicable if the taxpayer or any other member of the family unit holds any percentage of the freehold or right in rem of use or enjoyment.
- The requirement that "during at least half of the tax period the full ownership or a real right of enjoyment of another dwelling less than 70 km away from the rented dwelling is not available, except for..." must be fulfilled, both in individual and joint taxation and both by the taxpayer and by the rest of the members of the family unit, in the event that such a unit exists.

- That the taxpayer **is not entitled** in the same tax period to **any deduction** for investment in main residence.
- That the **sum of the general taxable base and the taxable base for savings** of the taxpayer in boxes ***[0435]*** and ***[0460]*** of the declaration**, does not exceed** the following amounts:

- 33,000 euros in individual taxation.

- 52,800 euros in joint taxation**.**

Please note:*Please note that, as a result of the various amendments made to Article 3a in 2022, the following quantitative limits apply:*

- ***For taxpayers who died between 1 January and 30 March 2022,*** *the sum of the general and savings tax bases (boxes* ***[0435]*** *and* ***[0460]****) may not exceed:*

  a. *In general:20,000 euros in individual taxation.*

b. *For members of a large or single-parent family:26,000 euros in individual taxation.*

- ***For taxpayers who died between 31 March and 30 December 2022**, the sum of the general and savings tax bases (boxes **[0435]** and **[0460]**) may not exceed:*

  a. *In general:22,000 euros in individual taxation.*

  b. *For members of a large or single-parent family:28,600 euros in individual taxation.*

- ***For all other taxpayers,** lhe sum of the general and savings tax bases (boxes **[0435]** and **[0460]**) may not exceed: 33,000 euros in the case of individual taxation and 52,800 euros in the case of joint taxation.*

- In the case of joint taxation, only taxpayers integrated into the family unit who meet the conditions laid down and the amount of the amounts actually paid by them may benefit from this deduction.

***Note:**Taxpayers entitled to the deduction shall complete the section entitled "Additional information on regional rental deduction" in Annex B.8) of the tax return in which, in addition to the data necessary to quantify the deduction, the tax ID number/foreign national's identification number of the landlord must be recorded and, where appropriate, that of the second landlord or, if applicable, if you have entered a tax ID number from another country, an X will be marked in the corresponding box.*

For certain subsidies and aid granted on the basis of a declaration of area seriously affected by a civil protection emergency

Regulations:Art. 3 ter Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, aprobado por Decreto Legislativo 1/2014, de 6 de junio

Amount and requirements for the application of the deduction

- The amount of this deduction shall be the result of applying the average levy rate to the amount of the subsidy on the livable basis.

- The deduction may be applied by taxpayers who integrate in the general tax base yields corresponding to subsidies or public aid granted by the autonomous community of the Balearic Islands for reasons of damage that lead to emergencies which, According to article 23 of Law 17/2015, of 9 July, of the National Civil Protection System, they have been declared by the Council of Ministers as areas seriously affected by a civil protection emergency.

To compensate for the increase in the cost of variable rate mortgage loans or credits (temporary deduction)

Regulations:Art. 3 quater Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, aprobado por Decreto Legislativo 1/2014, de 6 de junio

Attention: *this deduction does not apply in the case of taxpayers who died before 31 December 2022***.**

Amount and deduction limit

- The amount of the deduction is the difference between the interest paid by taxpayers in 2022 and the interest paid in 2021 on contracts that meet the requirements set out in the following section.
- Deduction limit: **250 euros** per taxpayer.

Requirements for the application of deductions

- This must be interest paid by taxpayers on loans or credits **with mortgage guarantee and variable interest rate** taken out to finance the purchase of a home.
- The property for the acquisition of which the mortgage has been constituted will be the taxpayer's habitual residence **.**

Other conditions for the application of the deduction

- The increase in cost (difference between the interest paid by taxpayers in 2022 and that paid in 2021) must be justified by a bank certificate, which must be kept at the disposal of the tax administration.
- That the **sum of the general taxable base and the taxable base for savings** of the taxpayer in boxes ***[0435]*** and ***[0460]*** of the declaration**, does not exceed** the following amounts:
  - **33,000 euros** in individual taxation.
  - **52,800 euros** in joint taxation.
- In order to apply this deduction, documentary proof is required in the form of invoices or equivalent documents, which must be kept at the disposal of the tax authorities.

Time scope for application of the deduction

This deduction will only apply in tax years 2022 and 2023.

Incompatibility

This deduction is incompatible with the state deduction "For investment in primary residence" referred to in the eighteenth transitory provision of the Law of IRPF.

For the cost of purchasing textbooks

Regulations:Art. 4 Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, aprobado por Decreto Legislativo 1/2014, de 6 de junio

Amount and maximum limits of the deduction

- The **100 by 100** of the amounts for the acquisition of textbooks for each child who is studying.
- **The amount of the deduction for each child may not exceed 220 euros per child.**

A:*Please note that, as a result of the various amendments to Article 4 during the year 2022, the following amounts and limits apply:*

- ***For taxpayers who died between 1 January and 30 March 2022****, the amount of the deduction for each child may not exceed the limits indicated below, depending on the amount resulting from the sum of the general tax base and the savings tax base in boxes* ***[0435]*** *and* ***[0460]*** *of the return*:

(General taxable income + Savings taxable income)	*Limit per child*
Up to EUR 6,500.00	*100.00 euros*
Between 6.500,01 and 10.000,00 Euros	*75.00 euros*
Between 10.000,01 and 12.500,00 Euros	*50.00 euros*

Limits per child can be applied globally for all children.

- ***For taxpayers who have died between 31 March and 30 December 2022****, the amount of the deduction for each child cannot exceed the limits indicated below, depending on the amount resulting from the sum of the general tax base and the savings tax base in boxes* ***[0435]*** *and* ***[0460]*** *of the tax return:*

(General taxable income + Savings taxable income)	*Limit per child*
Up to EUR 7,150.00	*100.00 euros*
Between 7.150,01 and 11.000,00 Euros	*75.00 euros*
Between 11.000,01 and 13.750,00 Euros	*50.00 euros*

Limits per child can be applied globally for all children.

- *For all other taxpayers the amount of the deduction cannot exceed 220 euros per child.*

Requirements and other conditions for the application of the deduction

- **The textbooks** must be those published for the development and application of the curricula corresponding to the second cycle of infant education, primary education, compulsory secondary education, baccalaureate and specific vocational training cycles.

- For the purposes of applying this deduction, only the **expenses incurred by the children** which, in turn, **give entitlement to the minimum for descendants** may be taken into account.If the children live with both parents and the parents opt for individual taxation, **, both the amounts deducted and the maximum deduction limit will be apportioned equally in each parent's tax return**.

  The requirement of **cohabitation** must occur on the date of accrual of the tax since, otherwise, there would be no right to apply the minimum for descendants;however:

  - In the case of **joint custody and guardianship** both parents will be able to apply the deduction if they hold it on the date of accrual of the tax, as both have the right to apply the minimum for descendants.

  - If the **child died in the year**, the parents could apply the deduction if they were living with the child at the date of death.

  If the child lives with the parents, the amounts paid shall be assessed on each other, regardless of who actually makes the payment and whether or not both parents can effectively apply the deduction under the amounts of their taxable bases.The deduction limit is not prorated in establishing the standard a maximum deduction limit, with respect to each child, depending on the type of taxation, individual or joint, and the amount of the tax base.

  On the other hand, if the child lives with only one of the parents on the date of accrual of the tax, the deduction can only be applied by that parent and only for the total amount of the amounts paid, even if all or part of them have been paid by the other parent.

- That the **sum of the general taxable base and the savings taxable base** boxes ***[0435]*** and ***[0460]*** of the tax return, of the taxpayer **does not exceed** the following amounts:

  - 33,000 euros in individual taxation.

  - 52,800 euros in joint taxation.

  Please note: *Please note that, as a result of the various amendments made to Article 3a during 2022, the following quantitative limits apply:*

  - ***For taxpayers who died between 1 January and 30 March 202****2, the sum of the general and savings tax bases (boxes* ***[0435****] and* ***[0460]****) may not exceed EUR 12,500 in individual taxation.*

  - ***For taxpayers who died between 31 March and 30 December 2022****, the sum of the general and savings tax bases (boxes* ***[0435]*** *and* ***[0460]****) cannot exceed 13,750 euros*

in individual taxation.

- ***For all other taxpayers*** *the amount of the deduction cannot exceed 33,000 euros in the case of individual taxation and 52,800 euros in the case of joint taxation.*

- The taxpayer **should keep , at the disposal of the tax authorities, the invoices or equivalent documents.**

For extra-school learning costs of foreign languages

Regulations:Art. 4 bis Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, aprobado por Decreto Legislativo 1/2014, de 6 de junio

Amount and deduction limit

- The **15 per 100** of the **amounts destined** to the extracurricular learning of **foreign languages** by the children who attend studies corresponding **to the second cycle of infant education, primary education, compulsory secondary education, baccalaureate and specific vocational training cycles**.

  The portion of expenditure for foreign language instruction that is performed during the course of the school year outside the curriculum is deductible, including expenses for attendance at an official language school or for attendance at a language academy.

  On the contrary, the expenses incurred by studying abroad or those arising from the holding of summer camps abroad or in national territory for the learning of a language shall not be deductible.

  In the case of satisfied expenditures in bilingual schools, only that portion of expenditure for foreign language learning will be deductible for out-of-school activity.

- The **limit** for the application of this deduction will be **110 euros per child**.

  Attention: *Please note that for taxpayers who have died before 31 December 2022, the maximum amount of this deduction will be EUR 100.*

  The limit can be applied globally for the set of children who are entitled to the application of the minimum per descendant.

Requirements and other conditions for the application of the deduction

- For the purposes of applying this deduction, only the **expenses incurred by children** which, in turn, give entitlement to the **minimum for descendants** may be taken into account.
- If the children **live with both parents**s and they opt for individual taxation, the deduction **will be apportioned equally** in each parent's tax return.

The same criteria are applicable to this deduction in relation to the requirement of cohabitation and on the apportionment as for the application of the regional deduction for the purchase of textbooks.

- That the sum of the general taxable base and the taxable base for savings of the taxpayer in boxes [***0435***] and [***0460***] of the tax return, does not exceed the following amounts:

  - 33,000 euros in individual taxation.

  - 52,800 euros in joint taxation.

Please note:*Please note that, as a result of the various amendments made to Article 4a during 2022, the following quantitative limits apply:*

- ***For taxpayers who died between 1 January and 30 March 2022****, the sum of the general and savings tax bases (boxes [0435] and [0460]) may not exceed 12,500 euros in individual taxation.*
- ***For taxpayers who died between 31 March and 30 December 2022****, the sum of the general and savings tax bases (boxes [0435] and [0460]) may not exceed 13,750 euros in individual taxation.*
- ***For all other taxpayers*** *the amount of the deduction cannot exceed 33,000 euros in the case of individual taxation and 52,800 euros in the case of joint taxation.*

- **The taxpayer** should keep **invoices or equivalent documents** at the disposal of the tax administration.

To study higher education outside the island of primary residence

Regulations:Art. 4 ter Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, aprobado por Decreto Legislativo 1/2014, de 6 de junio

Amount and limits of the deduction

- **1,760 euros** for each descendant who meets the requirements specified in the following section.

  Note*:Please note that for taxpayers deceased before 31 December the amounts of the deduction will be as follows:*

  - *1,500 euros, as a general rule.*
  - *1,600 euros, if the total taxable base (sum of the general taxable base and the savings taxable base) is less than 18,000 euros in individual taxation.*

- The amount of this deduction **may not exceed 50% of the regional tax liability**, boxes ***[0546]***

of the tax return.

The deduction applies to the statement of the exercise in which the academic year begins.

Requirements for the application of deductions

- That the descendants **are economically dependent on the taxpayer**.
- **That the descendants** pursue, outside the island of the Balearic archipelago where the taxpayer's habitual residence is located, **any of the following higher education studies**:
  - university studies,
  - higher artistic teachings,
  - higher-grade vocational training,
  - professional teaching in plastic arts and higher-grade design,
  - higher-grade sports teachings or
  - any other study that, in accordance with state organic education legislation, is considered higher education.
- That the studies cover **a full academic year** or a **minimum of 30 credits**.
- That **there is no public educational offer**a, other than virtual or distance learning, **on the island of Mallorca to carry out the corresponding studies, or that, if there is such an offer, admission has been applied for and has been rejected** due to the applicable admission criteria.
- That the **sum of the general taxable base and the taxable base for savings** of the taxpayer, boxes [***0435***] and [***0460***] of the declaration, **does not exceed** the following amounts:

  - 33,000 euros in individual taxation.

  - 52,800 euros in joint taxation.

> ***Attention:****Please note that for taxpayers who have died before 31 March 2022, the general tax base and the savings tax base* ***may not exceed 30,000 euros.***

- **That the descendant** that gives rise to the right to the deduction **has not obtained income** in the financial year amounting to **more than 8,000 euros**.

Other conditions for the application of the deduction

For the purposes of applying the deduction, the following rules must be taken into account:

- The deduction **is applied to the tax return for the year in which the academic year begins.**

- Only descendants who, in turn, give **right to the minimum per descendant** regulated in article 58 of the Law of IRPF are entitled to the deduction.
- **Where two or more taxpayers are entitled** to this deduction and do not or cannot opt for joint taxation, the deduction **shall be apportioned between them**.

  The deduction shall be prorated with respect to a descendant provided that there are two ascending (or more) with the right to apply the minimum per descendant by him, even if one of them had a total tax base of more than 30.000 euros, in which case, the other parent would apply the deduction for half of its amount.

For renting out real estate in the territory of the Balearic Islands for housing purposes (lessor's deduction)

Regulations:Art. 4 quater Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, aprobado por Decreto Legislativo 1/2014, de 6 de junio

Amount and maximum limit of the deduction

- The **75 by 100** of the expenses satisfied by the taxpayer during the financial year **credit insurance premiums** that cover in whole or in part the **non-payment of rents** To which the taxpayer is entitled by reason of the lease of one or more real property, located in the Balearic Islands, to a third party intended for housing.
- The maximum amount of this deduction is **440 euros per year for both individual and joint taxation**.

> ***Attention:****Please note that for taxpayers who have died before 31 December 2022, the maximum amount of this deduction will be EUR 400.*

Requirements for the application of deductions

- Than the **duration of the lease** with the same tenant **be equal to or greater than one year** .
- **That the deposit of the bond** referred to in article 36.1 of Law 29/1994, of 24 November, on urban leases, in favour of the Balearic Housing Institute, has been constituted.
- Than the taxpayer **declare in the IRPF the yield derived from rental rents** housing as real estate returns.

For rental housing in the territory of the Balearic Islands derived from the temporary transfer of residence for work purposes.

Regulations:Art. 4 quinquies Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, aprobado por Decreto Legislativo 1/2014, de 6 de junio

Amount and maximum limit of the deduction

- The **15 percent** of the expenses paid by the taxpayer during the financial year for the rental of accommodation due to the temporary transfer from the island of residence to another island of the Balearic archipelago as part of the same employment relationship .
- The maximum amount of this deduction shall be **440 euros per year per eligible taxpayer**.

> ***Attention:*** *Please note that for taxpayers who have died before 31 December 2022, the maximum amount of this deduction will be EUR 400.*

Requirements for the application of deductions

- That the property in question is a rental of a dwelling of the taxpayer and **actually occupied by the taxpayer**.
- **That the deposit of the security has been constituted** Article 36.1 of Law 29/1994, of 24 November, on Urban leases, refers to in favor of the Balearic Housing Institute.
- That the **sum of the general taxable base and the savings taxable base,** boxes [***0435***] and [***0460***] of the taxpayer's tax return, **does not exceed** the following amounts:

  - 33,000 euros in individual taxation.

  - 52,800 euros in joint taxation.

> ***Attention:*** *Please note that for taxpayers who have died before 31 March 2022, the general tax base and the savings tax base cannot exceedr* ***30,000 euros.***

- That the taxpayer **identifies the lessor** in the self-assessment of the tax.

> ***Note:*** *taxpayers entitled to the deduction must enter the NIF/NIE of the lessor of the property and, if they have entered a NIF from another country, mark an X in the corresponding box.*

- That the taxpayer can **justify to the tax authorities** the expenditure constituting the basis for the deduction and the other requirements for the deduction.

  Proof of payments made (receipt, invoice, certificate), the rental contract, proof of deposit of the security deposit at IBAVI and the company certificate stating that the subject's place of work has been moved to another island are admissible for this purpose.

- That the **temporary relocation does not exceed three years**.

Special features in the case of joint taxation

In the case of **joint taxation**, the **deduction will be applicable to each of the taxpayers** who transfer their residence to another island of the Balearic archipelago within the scope of the same employment relationship as an employee, when they meet the requirements established in the previous section.

In the case of marriages in community of property and where only one of the spouses has transferred his/her residence to another island as part of an employment relationship, the deduction may only be applied by that spouse, albeit for half of the amounts paid.

For donations to certain entities for research, scientific or technological development, or innovation

Regulations:Art. 5 Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, aprobado por Decreto Legislativo 1/2014, de 6 de junio

Amount and maximum limit of the deduction

- The **25 by 100** of the **cash donations** , that the tax period be carried out, intended to finance **research, scientific or technological development, or innovation** , in favor of the entities listed in the following section.
- The amount of this deduction **may not exceed 15 per cent** of the regional tax liability.

Requirements for the application of deductions

- Donations that entitle the application of this deduction must be made **in favor of any of the following entities** :

  a. The Administration of the Autonomous Community of the Balearic Islands or entities shell companies that depend on the same whose finality essential is research, development scientific or technological, or innovation.

  b. The University of the Balearic Islands.

  c. The non-profit entities referred to in Articles 2 and 3 of Law 49/2002, of 23 December, of the tax regime of the non-profit entities and of the tax incentives to patronage, As long as the exclusive or principal purpose they pursue is research, scientific or technological development, or innovation, in the territory of the Balearic Islands and are registered in the Registry of Foundations of the Administration of the Autonomous Community of the Balearic Islands.

  d. Entities partially exempt from corporate income tax as referred to in Article 9.3 of the LIS .

  Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

- The effectiveness of the aforementioned donations in each tax period **must be accredited by means of a certificate from the donee**.

  Also, in the cases of paragraph c of the preceding paragraph, the application of the deduction

requires that the competent advice in the field of research, scientific or technological development, or innovation, declare, by means of a resolution, that the donor entity verifies the requirements laid down in paragraph c.

For donations, transfers of use or gratuitous bailment contracts and business collaboration agreements, relating to cultural, scientific and technological development patronage and cultural consumption.

Regulations:Art. 5 bis Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, aprobado por Decreto Legislativo 1/2014, de 6 de junio

Amount and maximum limit of the deduction

- The **15 percent of the amounts at which donations, transfers of use or gratuitous bailment contracts are valued**, and of the amounts paid by virtue of business collaboration agreements made in accordance with the provisions of Law 3/2015, of 23 March, which regulates the **cultural consumption and cultural, scientific and technological development sponsorship**, and establishes tax measures.

  In this case the **limit of the deduction** applicable is **660 euros per year**, both in individual and joint taxation.

  The limit of 660 euros per year is a single, global limit for all donations, transfers of use or gratuitous bailment contracts, and amounts paid under business collaboration agreements giving entitlement to the deduction.

  ***Please note**: Please note that for taxpayers who have died before 31 December 2022, the maximum amount of this deduction will be EUR 600.*

- The **25 per 100 per cent of the amounts of the monetary donations or the value of the donations, of the transfers of use or gratuitous bailment contracts and of the business collaboration agreements referred to in Article 3 of the aforementioned Law 3/2015, when:**

  a. **The beneficiary of patronage is** the Administration of the Autonomous Community of the Balearic Islands and the autonomous bodies, foundations, public business entities, public trading companies and the consortia that depend on them as referred to in letter b) of Article 4.1 of Law 3/2015, and

  b. **The cultural project or activity that is the object of the patronage** constitutes a project of the Administration of the Autonomous Community or its instrumental entities.

  In these cases the **limit of the deduction** applicable is **1,200 euros per year**, both in individual and joint taxation.

Requirements and other conditions for the application of the deduction

- If the duration of the **cesión de uso or the bailment contract is less than one year**, **should be prorated** on the basis of the following criteria

  a. In the case of transfers of use or gratuitous bailment contracts of less than one year, in accordance with the provisions of article 11 of Law 3/2015, of 23 March, which regulates cultural consumption and cultural, scientific and technological development patronage and establishes tax measures, there is a double proration:

     1st From the basis of the deduction.

     This base will be the annual amount resulting from applying, in each of the tax periods of the duration of the cession of use or gratuitous bailment contract, 4 per cent to the valuation of the property carried out by the Historical Heritage Valuation Commission and, in the case of premises for the carrying out of scientific or technological development projects or activities, 4 per cent to the cadastral value.

     2º The limit of the deduction.

     The maximum limit (660 or 1,200 euros per year) must be pro-rated according to the number of days in the annual period.

  b. In the case of tax periods of less than one year as a result of the death of the taxpayer, the pro rata for transfers of use or gratuitous bailment contracts of less than one year must be made according to the proportion that the duration of the contract represents with respect to 365 days.

     In other cases, i.e. in the case of transfers of use or gratuitous bailment contracts of not less than one year, the deduction does not have to be prorated if the taxpayer dies before 31 December.

- If the duration of the transfer of use or the bailment contract **is longer than one year**, **the deduction cannot be applied to more than three financial years**.

- **In the case of donations, transfers of use or gratuitous bailment contracts and business collaboration agreements, relating to cultural, scientific and technological development patronage and cultural consumption, to which the deduction of 15 percent applies, the sum of the general taxable base and savings** of the taxpayer, boxes ***[0435]*** and ***[0460]*** of the tax return, **must not exceed** the following amounts:

  - 33,000 euros in individual taxation.

  - 52,800 euros in joint taxation.

> ***Please note:*** *Please note that, as a result of the various amendments made to Article 5a during the year 2022, the following quantitative limits apply:*
>
> - ***For taxpayers who died between 1 January and 30 March 2022****, the sum of the general and savings tax bases (boxes* ***[0435]*** *and* ***[0460]****) may not exceed 12,500 euros in individual taxation.*

- ***For taxpayers who died between 31 March and 30 December 2022**, the sum of the general and savings tax bases (boxes **[0435]** and **[0460]**) cannot exceed 13,750 euros in individual taxation.*
- ***For the rest of the taxpayers**the amount of the deduction cannot exceed 33,000 euros in the case of individual taxation and 52,800 euros in the case of joint taxation.*

***Note:** in cases where the 25% deduction applies, the limits on the taxable amount mentioned above do not apply.*

For donations, transfers of use or contracts comodato and collaboration agreements relating to encourage sponsorship speedboat moored

Regulations:Art. 5b Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, aprobado por Decreto Legislativo 1/2014, de 6 de junio

Amount and maximum limit of the deduction

- The **15 percent of the amounts at which donations, transfers of use or commodatum contracts are valued**, **and of the amounts paid** under collaboration agreements made in accordance with the provisions of Law 6/2015, of 30 March, which regulates sports patronage and establishes tax measures.
- The **limit** of the applicable deduction is **660 euros per year**.

  The limit of 660 euros per year is a single, global limit for all donations, transfers of use or gratuitous bailment contracts and collaboration agreements relating to sports sponsorship.

***Attention:** Please note that for taxpayers who have died before 31 December 2022, the maximum amount of this deduction will be EUR 600.*

Requirements and other conditions for the application of the deduction

- If the **transfer of use or the loan contract is for a period of less than one year**, this deduction must be **prorated according to the number of days** in the annual period.

  If the duration is longer than one year, the deduction **cannot be applied to more than three financial years**.

  The same criteria on apportionment apply as for the deduction for donations, transfers of use or gratuitous bailment contracts and business collaboration agreements, relating to cultural, scientific and technological development patronage and cultural consumption.

The criterion of double apportionment of the base and limits in the case of transfers of use or gratuitous bailment contracts of less than one year of sports sponsorship comes as a result of the provisions of Article 11 of Law 6/2015 of 30 March, which regulates sports sponsorship and establishes tax measures.

- That the **sum of the general taxable base and savings** of the taxpayer, boxes ***[0435]*** and ***[0460]*** of the tax return, **does not exceed** the following amounts:

  - 33,000 euros in individual taxation.

  - 52,800 euros in joint taxation.

Please note: *Please note that, as a result of the various amendments to Article 5b during the year 2022, we have the following quantitative limits:*

- ***For taxpayers who died between 1 January and 30 March 2022****, the sum of the general and savings tax bases (boxes* ***[0435]*** *and* ***[0460]****) may not exceed 12,500 euros in individual taxation.*
- ***For taxpayers who died between 31 March and 30 December 2022****, the sum of the general and savings tax bases (boxes* ***[0435]*** *and* ***[0460]****) cannot exceed 13,750 euros in individual taxation.*
- ***For the rest of the taxpayers****s the amount of the deduction cannot exceed 33,000 euros in the case of individual taxation and 52,800 euros in the case of joint taxation.*

For donations to certain entities that aim to promote the Catalan language

Regulations:Art. 5 quater Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, aprobado por Decreto Legislativo 1/2014, de 6 de junio

Amount and maximum limit of the deduction

- The **15 by 100** of the **cash donations** that they be carried out during the tax period, in favor of the entities that have as object the **promotion of the catalan language** , are listed in the next section.
- The amount of this deduction **may not exceed 10 percent of the regional tax liability**.

Requirements for the application of deductions

- Donations that entitle the application of this deduction must be made **in favor of any of the following entities** :

  a. The administration of the Autonomous Community of the Balearic Islands or the instrumental entities that depend on it whose main purpose is to promote the Catalan language.

b. The University of the Balearic Islands, research centers and higher centers of teachings artistic of the Autonomous Community of the Balearic Islands.

c. The non-profit entities referred to in articles 2 and 3 of Law 49/2002, of 23 December, on tax regime of non-purposes Lucrative and tax incentives for patronage, provided that the sole purpose or main which pursue is in the territory of the promotion of the Catalan, and are registered in the registry of foundations of the Administration of the Autonomous Community of the Balearic Islands.

d. Entities partially exempt from corporate income tax as referred to in article 9.3 of the LIS.

Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

- The effectiveness of such donations in each tax period shall be certified by a certificate from the donee .

  Also, in the cases of paragraph c of the preceding paragraph, the application of the deduction requires that the competent language policy counsel declare, by means of a resolution, that the donor entity verifies the requirements set out in paragraph c.

Incompatibility

This deduction is incompatible with the deduction **"For donations, transfers of use or gratuitous bailment contracts and business collaboration agreements, relating to cultural, scientific and technological development patronage and cultural consumption"**.

Donations to third-sector entities

Regulations:Art. 5 quinquies Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, aprobado por Decreto Legislativo 1/2014, de 6 de junio

Amount and requirements for the application of the deduction

- The **25 percent of the amount of the monetary donations** made during the tax period to non-profit organisations referred to in Law 3/2018, of 29 May, on the third sector of social action that meet the following requirements:
  - The organisations must **be registered** in the corresponding register of the Regional Ministry of Social Services and Cooperation, and
  - Entities must meet the requirements of articles 2 and 3 of Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage, or be partially exempt from corporate income tax in accordance with article 9.3 of the LIS.

    Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.
- The effectiveness of the donation must be accredited by the issuance, by the beneficiary entity, of the corresponding **certificate**.

Maximum basis for deduction

The maximum base of the deduction is **165 euros per year**.

> ***Please note***:*Please note that for taxpayers who have died before 31 December 2022, the maximum base for the deduction is EUR 150.*

For donations to alleviate the effects of the conflict in Ukraine on the people

Regulations:Art. 5 sexties Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, aprobado por Decreto Legislativo 1/2014, de 6 de junio

> ***Please note***: *this deduction is not applicable in the case of taxpayers deceased before 31 March 2022.*

Amount and maximum limit of the deduction

- **50 per cent of the value of the goods or monetary amounts of the donations made to entities provided for in Law 49/2002,** of 23 December, on the tax regime for non-profit entities and tax incentives for patronage.

  For this purpose, account shall be taken of all amounts paid in this connection during the financial year, including those paid before 31 March 2022.

- The **limit** of the applicable deduction is **150 euros per declaration**.

Requirements for the application of deductions

- Donations qualifying for this deduction must be used for activities and programmes to alleviate the effects on people caused by the invasion of Ukraine by the Russian army.
- The effectiveness of the donation must be accredited by the issuance, by the entity receiving the donation, of the corresponding certificate.

Time scope for application of the deduction

This deduction shall apply exclusively **in the financial year 2022**.

For taxpayers with physical, sensory or mental disabilities or descendants with this condition

Regulations:Art. 6 Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, aprobado por

Decreto Legislativo 1/2014, de 6 de junio

Amount and requirements for the application of the deduction

- **For each taxpayer** and, where applicable, **for each member of the family unit**, resident in the Autonomous Community of the Balearic Islands, who are legally considered to be persons with **disability**, the following deductions are established according to the nature and degree of their disability:
  - **88 euros** in case of disability **physical or sensory disability of a degree of 33 per cent or more but less than 65 per cent**.
  - **165 euros** in case of disability **physical or sensory disability of 65 per cent or more**.
  - **165 euros** in the case of a disability **of 33 per cent or more**.

    Regarding the degrees of disability, see the first additional provision of the Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, approved by Decreto Legislativo 1/2014, de 6 de junio.

  Attention: *Please note that for taxpayers who have died before 31 December 2022, the amounts of the deduction according to the nature and degree of their disability will be:.*

  - ***80 euros*** *in the case of physical or sensory disability of a degree equal to or greater than 33% and less than 65%.*
  - ***150 euros*** *in case of physical or sensory disability of 65% or more.*
  - ***150 euros*** *in the case of a mental disability of 33 per cent or more.*

- **The application of this deduction is subject to the condition that the sum of the general taxable base and the taxable savings base** of the taxpayer, boxes ***[0435]*** and ***[0460]*** of the tax return, **does not exceed** the following amounts:

  - 33,000 euros in individual taxation.

  - 52,800 euros in joint taxation.

Attention: *Please note that, as a result of the various amendments to Article 6 during the year 2022, we have the following quantitative limits:*

- ***For taxpayers who died between 1 January and 30 March 2022****, the sum of the general and savings tax bases (boxes* ***[0435****] and* ***[0460]****), minus the taxpayer's minimum and the minimum for descendants (boxes* ***[0512]*** *and* ***[0514]****) may not exceed 12,500 euros in individual taxation.*
- ***For taxpayers who died between 31 March and 30 December 2022****, the sum of the general and savings tax bases (boxes* ***[0435]*** *and* ***[0460]****), minus the taxpayer's minimum*

*and the minimum for descendants (boxes **[0512]** and **[0514]**), may not exceed 13,750 euros in individual taxation.*

- ***For all other taxpayers** the amount of the deduction cannot exceed 33,000 euros in the case of individual taxation and 52,800 euros in the case of joint taxation.*

- **In the event that the spouses are taxed individually** and are entitled to the application of the family allowance for descendants, **each spouse will be entitled to apply the full deduction**.The deduction for the spouse's disability is also applicable **, as it is part of the family unit, regardless of whether the spouse applies it in his or her own tax return**.

For expenses relating to descendants or persons under the age of six for reasons of conciliation

Regulations:Art. 6 bis Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, aprobado por Decreto Legislativo 1/2014, de 6 de junio

Amount of the deduction

The **40 per 100 per cent of the annual amount paid for the expenses** derived from the provision of the following services to descendants or foster children under six years of age:

a. Stays of children from 0 to 3 years old in children's schools or day-care centers.

b. Custodial service, dining service, and after-school activities of children aged 3 to 6 years in schools.

c. Hiring a person to care for the child.

Deduction limit

- **The maximum limit of the deduction** applicable is **660 euros per year**.

  ***Attention:** Please note that for taxpayers who have died before 31 December 2022, the maximum limit of this deduction will be EUR 600.*

- When **two taxpayers are entitled** to the application of this deduction and opt for the individual declaration, the maximum limit of the deduction **has to be apportioned equally between them**.

- If all the descendants or foster children **cease to be under the age of six during the year**, the maximum limit of the deduction (600 or 660 euros) has to be prorated by the sum of the number of days the descendants or foster children have been under the age of six during the calendar year.The maximum deduction limit must also be assessed in the same way if descendants have been born or adopted throughout the year, or if minors have been accepted

throughout the year.

Requirements and other conditions for the application of the deduction

- That the taxpayers **carry out activities as employees or as self-employed persons**that generate income from work or income from economic activities.
- That the **sum of the general taxable base and the taxpayer's savings, boxes [*0435*] and [*0460*] of the tax return, does not exceed** the following amounts:

  - 33,000 euros in individual taxation.

  - 52,800 euros in joint taxation.

> ***Attention:****Please note that for taxpayers who have died before 31 March 2022, the general tax base and the savings tax base* ***may not exceed 30,000 euros.***

- That the payment of the expenses that qualify for the deduction be made by credit or debit card, bank transfer, nominative check or credit institution account income.
- In the event of deduction of the costs of hiring an employed person, the employee must be discharged under the special scheme for employees of the Social Security household.

For hosting people displaced by the conflict in Ukraine

Regulations:Art. 6 ter Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, aprobado por Decreto Legislativo 1/2014, de 6 de junio

> ***Please note****: this deduction does not apply in the case of taxpayers deceased before 31 March 2022.*

Amount and maximum limit of the deduction

- **150 euros for each person hosted**.
- **The maximum limit** of the applicable deduction is **600 euros per taxpayer.**

Requirements and other conditions for the application of the deduction

- The **minimum hosting period** to be able to apply this deduction is **three months.**

  For this purpose, for the purposes of calculating the minimum reception period of three months, the period of reception prior to 31 March 2022 shall be taken into account.

- **When two taxpayers are entitled in respect of the same person** to the application of this

deduction and opt for the individual declaration, **, both the amount and the maximum limit of the deduction shall be apportioned equally between them.**

- **The right to the deduction does not arise** for fostered persons who are related to the foster parents up to the second degree of kinship, either by blood or by affinity, to the foster parents.
- In order to apply this deduction, the taxpayer must be in possession of a **certificate from the body responsible for the management and control of these shelters issued in their name**, stating the number of people sheltered and the duration of the shelter, in accordance with the provisions of the Ministry of Inclusion, Social Security and Migration.

Time scope for application of the deduction

This deduction shall apply exclusively **in the financial year 2022**.

For investment in the acquisition of shares in new or newly created entities

Regulations:Art. 7 Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, aprobado por Decreto Legislativo 1/2014, de 6 de junio

Amounts and maximum deduction limit

1.In general terms

- The **30 per cent of the amounts invested** during the financial year in the acquisition of shares or holdings in companies as a result of agreements for the incorporation of companies or capital increases in entities that are public limited companies, private limited companies, worker-owned public limited companies or worker-owned limited companies, with the limit of 6,600 euros per year .
- In the case of **joint declaration**, the **maximum amount** of deduction will be **6,600 euros** for each taxpayer in the family unit who has made the investment.
- This deduction will be applied in the year in which the investment is made **and in the following two** with the limit of 6,600 euros per year.

  Once the investment has been made, the right to deduct 30% of the amount invested is generated, up to a maximum limit of 6,000 or 6,600 euros per year, in the year in which the investment is made and in the following two years.

  In the event that the deduction is entitled to investments made in different financial years, it shall be applied in the order of seniority.For investments made in 2020, 2021 or 2022 the single limit will be EUR 6,600.

  The total deduction applied **may not exceed 6,600 euros per taxpayer**.

> ***Attention:*** *please note that for taxpayers who have died before 31 December 2022, the limit will be 6,000 (not 6,600).*

2.Investments made in companies owned by research centres or universities

- The **50 per 100 per cent of the amounts invested** in companies in which research centres or universities have holdings, with a maximum amount of **of 13,200 euros per year and per taxpayer.**

> ***Attention:*** *please note that for taxpayers who died before 31 December 2022, the maximum amount is 12,000 (not 13,200).*

- This limit is not independent of the general limit of 6,600 euros.Therefore, in the event that a taxpayer makes investments in companies in which research centres or universities have holdings and other investments in the acquisition of shares or company holdings in new or recently created entities, the maximum deduction limit will be 13,200 euros.

Requirements and other conditions for the application of the deduction

a. The taxpayer's shareholding, calculated together with those of the spouse or persons related by blood or marriage up to and including the third degree, **may not exceed 40 per cent of the share capital** of the company in which the investment is made or of the voting rights in the company.
b. The entity in which the investment is to be made must meet the following requirements :

   1. It must be in the nature of **Sociedad Anónima, Sociedad Limitada, Sociedad Anónima Laboral or Sociedad Limitada Laboral**.

   2. Have its **registered office and tax domicile in the Balearic Islands**.

   3. **To carry out an economic activity, without being able to have as its main activity the management of movable or immovable assets**, in accordance with the provisions of Article 4.8.2.a) of Law 19/1991, of 6 June, on Wealth Tax, **or to engage in the activity of leasing real estate.**

   4. At least one person must be employed at who is fiscally domiciled in the Balearic Islands with a full-time employment contract, who is registered with the general Social Security system and who is not a partner or participant in the company.

   5. In the event that the investment has been made through a capital increase, the company **must have been incorporated within the two years prior to the date of this increase, unless it is an innovative company in the field of research and development** which, in accordance with the provisions of Order ECC/1087/2015 of 5 June, which regulates the obtaining of the seal of small and medium-sized innovative company and creates and regulates the Register of Small and Medium-sized Innovative Companies, has this seal in force and is registered in this register.

6. You should **keep the jobs**.For this purpose, this requirement shall be deemed to be met when the total average workforce is maintained, in the terms of persons per year regulated by labour legislation, calculated as provided for in Article 102 of the LIS.

   Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

7. The annual turnover of the entity **may not exceed the limit of 2,000,000 euros**, calculated as provided for in article 101 of the LIS.

c. The taxpayer may sit on the board of directors of the company in which the investment has been made, but **may under no circumstances perform executive or management functions.Nor may it maintain an employment relationship** with the investee.

d. Transactions to which the deduction applies **must be formalised in a public deed**, specifying the identity of the investors and the amount of the respective investment.

e. The acquired shares must **be held in the taxpayer's assets for a minimum period of four years**.

f. The requirements set out in points 2, 3, 4, 6 and 7 of letter b above and the maximum limit of participation set out in letter a, as well as the prohibition contained in letter c, must **be complied with for a minimum period of four years** as from the effective date of the resolution to increase the capital or incorporate the entity giving rise to the right to the deduction.

Loss of entitlement to the deduction made

Failure to comply with the requirements and conditions set out in letters a, c, e and f above entails the loss of the tax benefit, and the taxpayer must include in the tax return of IRPF corresponding to the year in which the non-compliance occurred the part of the tax that has not been paid as a result of the deduction made, together with the late payment interest accrued.

Note: *taxpayers entitled to the deduction must complete the section "Additional information to the regional tax credit for investment in the acquisition of shares and equity investments in new or recently created companies" in the corresponding Annex B.8 of the tax return form in which, in addition to the amount of the investment entitled to the deduction, the taxpayer must state the NIF of the new or recently created company and, if it exists, that of the second company, also indicating the total amount of the deduction for investments in new or recently created companies.*

Autonomous Community of the Canary Islands

Taxpayers who have had their primary residence in the territory of the Autonomous Community of the Canary Islands in 2022 may apply the following regional deductions:

For donations for ecological purposes

Regulations:Art. 3 Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos, approved by Decreto-legislativo 1/2009, de 21 de abril

Amount and requirements for the application of the deduction

The **10 per 100** of the amount of the **pure and simple monetary donations** made during the tax period for ecological purposes to any of the following institutions:

- Public entities dependant on the Autonomous Community of the Canary Islands, island lobbies or municipal corporations of the Canary Islands, whose purpose is the defense and conservation of the environment.
- Non-profit entities regulated in articles 2 and 16 of Law 49/2002, of 23 December, on the tax regime for non-profit entities and tax incentives for patronage (BOE of 24 December), provided that their exclusive purpose is the defence of the environment and they are registered in the corresponding registers of the Autonomous Community of the Canary Islands.

Deduction limit

The amount of this deduction **may not exceed**:

- **10 per cent of the full regional tax liability** or, boxes ***[0546]*** of the declaration or,
- **150 euros**, both in individual and joint taxation.

Documentary justification

See the specific section on "Documentary justification" for deductions for donations.

For donations for the rehabilitation or conservation of the historical heritage of the Canary Islands

Regulations:Art. 4 Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos, approved by Decreto-legislativo 1/2009, de 21 de abril

Amount of the deduction

The **20 per 100 per cent** of the amounts donated.

Conditions and requirements for applying the deduction

- **Destination of donations**

  The quantities must be allocated donated for the rehabilitation or conservation of goods located in the Canary Islands, That they form part of the historical heritage of the Canary Islands and are registered in the Canarian Register of goods of Cultural Interest or included in the Inventory of Personal Property referred to in Law 4/1999, of 15 March, of Historical Heritage of the Canary Islands.

- **Beneficiary entities**

  In the case of listed buildings forming part of a historic complex in the Canary Islands, donations must be made to any of the following entities: **:**

  a. Public Administrations, as well as the entities and institutions dependent on them.

  b. The Catholic Church and churches, confessions or religious communities that have cooperation agreements with the Spanish State.

  c. Foundations or associations which, meeting the requirements established in Title II of Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage (BOE of 24 December), include among their specific purposes the repair, conservation or restoration of historical heritage.

Deduction limit

The amount of this deduction may not exceed:

- **10 per cent of the regional tax liability,** box **[*0546*]** of the declaration or
- **150 euros**, both in individual and joint taxation.

Documentary justification

See the specific section on "Documentary justification" for deductions for donations.

For donations and contributions for cultural, sports, research or teaching purposes

Regulations:Art. 4 bis Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos, approved by Decreto-legislativo 1/2009, de 21 de abril

Amount and requirements for applying the deduction

15 per cent of the amount **of the donations and contributions** made **for the recipients and**

purposes indicated below:

a. Monetary donations made to the Public Administration of the Autonomous Community of the Canary Islands, local Canary Islands corporations and public cultural, sporting or research bodies that depend on them, provided that they are used to finance spending programmes or actions aimed at promoting any cultural, sporting or research activity other than the deductions mentioned above "For donations for ecological purposes" and "For donations for the rehabilitation or conservation of the historical heritage of the Canary Islands".

   The **maximum deduction base**, for these purposes, will be **50,000 euros** per tax period.

b. Monetary donations made to cultural companies with own funds of less than 300,000 euros, whose activity is the **cinematography, performing arts, music, painting and other visual or audiovisual arts or publishing**, provided that they are destined to the development of their activity.

   The **maximum deduction base**, for these purposes, will be **3,000 euros** per tax period.

c. Monetary donations made to scientific companies with own funds of less than 300,000 euros, whose main activity is research , provided that they are used for the development of their activity.

   The **maximum deduction base**, for these purposes, will be **3,000 euros** per tax period.

d. Monetary donations made to public and private universities, research centres and higher centres of artistic education in the Autonomous Community of the Canary Islands, when they are used to finance expenditure programmes or actions aimed at **research or teaching activities.**

   The **maximum deduction base**, for these purposes, will be **50,000 euros** per tax period.

e. Monetary donations made to the public universities of the Autonomous Community of the Canary Islands and to the public centres of higher artistic education of the Autonomous Community of the Canary Islands for the financing of expenditure programmes or actions for the **promotion of access to higher education**.

   The **maximum deduction base**, for these purposes, will be **50,000 euros** per tax period.

f. The capital contributions made to technology-based companies created or developed from patents or from results generated by research projects carried out in canary universities.

   The **maximum deduction base**, for these purposes, will be **50,000 euros** per tax period.

Deduction limit

The amount of this deduction **may not exceed 5 per cent of the regional tax liability, box [*0546*] of the tax return.**

Documentary justification

See the specific section on "Documentary justification" for deductions for donations.

For donations to non-profit organisations

Regulations:Art. 4 ter Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos, approved by Decreto-legislativo 1/2009, de 21 de 21 de abril

Amount of the deduction

Taxpayers will be entitled to an additional **deduction** to the general deduction for donations and other contributions provided for in article 68.3 of the Law of IRPF, for the **donations, gifts and contributions to the entities referred to in Law 49/2002**, of 23 December, on the tax regime for non-profit entities and tax incentives for patronage, in accordance with the following scale:

Basis of deduction	Percentage of deduction
Up to 150 euros	20
Rest deduction base	15
Type increased by reiteration of donations to the same entity	17.5

Increased rate for repeated donations to the same entity: If in the two immediately preceding tax periods donations, gifts or contributions with the right to deduct in favour of the same entity have been made for an amount equal to or greater, in each of them, than that of the previous year, the deduction percentage applicable to the deduction base in favour of the same entity exceeding 150 euros shall be 17.5 per cent.

Maximum basis for deduction

- The basis for the deduction, **, may not exceed 10 per cent of the taxpayer's taxable income**.
- The basis for the deduction shall be as defined in Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage.

See Chapter 16, "Deductions for donations and other contributions".

Incompatibility

This deduction shall be incompatible with the deductions "For donations for ecological purposes" and "For donations and contributions for cultural, sporting, research or teaching purposes", when the deduction is applied to the amounts contributed to the same beneficiaries as those receiving the donations, gifts and contributions that give rise to the application of the deduction.

Documentary justification

See the specific section on "Documentary justification" for deductions for donations.

Receipts of the previous regional deductions for donations

Regulations:Art. 5 Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos, aprobado por Decreto-legislativo 1/2009, de 21 de abril

In order to be entitled to deductions previously commented "for donations with ecological purpose", "for donations for the rehabilitation or conservation of the Canary Islands historical heritage" and "for donations and contributions for cultural, sports, research or teaching purposes", the following requirements must be met:

- Obtain from the donor organisation **certification** which, in addition to the tax identification number and the personal identification details of the donor and the donor organisation, shows the date and destination of the donation, and the amount of the donation when it is in cash.

  Dealing with **non-cash donations** , the value of the donated goods must be credited, by means of certification issued by the beneficiary technology-based company, as well as the **identification data of the public document or other authentic document attesting to the delivery of the donated good or right** .

- In addition, in the case of the deduction "for donations and contributions for cultural, sports, research or teaching purposes"

  - When the recipient of the donation is a **canary entity or university of public nature** , the certification issued to which the previous point refers shall incorporate the **identification of the project of cultural interest, sports research or teaching** .

  - When the donatee **have private nature** , it shall consist of one **additional certification** , issued by the competent counseling, on which it is recorded **that the project is of cultural, sports research or teaching interest** .

- Than in the certification mentioned above **figure the express mention that the donation has been made irrevocably and that it has been accepted** .

> ***Note:****the revocation of the donation shall determine the obligation to enter the quotas corresponding to the benefits enjoyed in the tax period of the exercise in which such revocation occurs, without prejudice to the appropriate interest of delay.*

For amounts destined by their owners to the restoration, renovation or repair of property declared of cultural interest

Regulations:Art. 6 Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos, approved by Decreto-legislativo 1/2009, de 21 de abril

Amount and requirements for the application of the deduction

10 per cent of the amounts earmarked by the owners of real estate located in the territory of the Canary Islands for the restoration, rehabilitation or repair of the same, provided that the following conditions are met:

- That the assets are registered in the Canary Islands Register of Assets of Cultural Interest or affected by the declaration of an Asset of Cultural Interest, provided that the properties meet the requirements determined by regulation.
- That the restoration works, restoration or repair have been authorised by the competent body of the Autonomous Community or, where applicable, by the Cabildo Insular or council corresponding.

Deduction ceilings

- The amount of this deduction **may not exceed 10% of the regional tax liability,** box **[*0546*]** of the tax return.
- The sum of the amount of this deduction and the regional deductions “For investment in the primary residence”, “For electricity renovation works in the primary residence" and “For the adaptation of the primary residence for persons with disabilities" may not exceed **15% of the gross regional amount.**

For study expenses

Regulations:Fourth additional provision.One Consolidated Text of the current legal provisions dictated by the Autonomous Community of the Canary Islands in matters of ceded taxes, approved by Legislative Decree 1/2009, of 21 April.

Attention:*the following conditions and amounts shall apply to this deduction in the tax periods 2022 and 2023, replacing those provided for in Article 7 of the Consolidated Text .*

Amount of the deduction

For each descendant or adoptee who meets the requirements specified below:

- **1,800 euros**, on a general basis.
- **1,920 euros**, if the taxpayer's taxable income is less than 36,300 euros.

Persons related to the taxpayer by reason of guardianship or unpaid foster care, under the terms provided for in current legislation, are assimilated to descendants or adopted children.

Please note that, as of 3 September 2021, the date of entry into force 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, guardianship is reduced to minors not subject to parental authority or not emancipated in a situation of abandonment, being abolished for adults, for whom guardianship and other measures to support their legal capacity are established.

Requirements for the application of deductions

a. With respect to the descendant or adoptee

- That the descendants or adopted children, including those under guardianship (and, where applicable, those subject to representative guardianship) or foster care under the terms provided for in the legislation in force, **fulfil the following requirements**:

  a. They must be **bachelors**

  b. They should **be financially dependent on the taxpayer** and

  c. **They must not have reached the age of 25 years** on the date on which the tax becomes chargeable (normally 31 December).

- That the descendants or adopted, guardianship (and, if applicable, those subject to representative guardianship) or foster care **are pursuing higher education studies** provided for in article 3.5 of Organic Law 2/2006, of 3 May, on education, **outside the taxpayer's island of residence**.

  > ***Note:*** *the deduction will be applied in the tax return corresponding to the tax period in which the academic year begins.*

- **Higher education studies must cover a full academic year or a minimum of 30 credits.**

- **That the descendant;o adopted** that gives rise to the right to the deduction has not obtained income in the year in excess of 8,000 euros or, whatever the amount, income exclusively from ascendants by blood or from entities in which the ascendants have a shareholding of at least 5% of the capital, calculated individually, or at least 20%, calculated jointly with the ascendants.

  For these purposes, the expression "income" should be understood as the sum of the general tax base and the savings tax base.

b. With respect to the taxpayer

- The deduction will be applied in the tax return corresponding to the **tax period in which** the academic year begins.

  For example, for the academic year 2022-2023, it will apply to the financial year 2022.

- **The sum of the general tax base and the savings tax base,** boxes ***[0435]*** and ***[0460]*** of the tax return corresponding to the year in which the right to the deduction arises, **must not exceed**:

  - 42,900 euros in individual taxation.

  - 57,200 euros in joint taxation**.**

- **That on the island of residence** of the taxpayer **there is no public educational offer**, other than virtual or distance learning, for the studies that determine the transfer to another place to

be studied.

Conditions for the application of the deduction

For the purposes of applying the deduction, the following rules must be taken into account:

- The determination of the **personal and family circumstances** to be taken into account for the application of the deduction will be made on the basis of the **situation existing on the date of accrual of the tax** (normally 31 December).
- **Where two or more taxpayers are entitled** to this deduction and do not or cannot opt for joint taxation, the deduction **shall be apportioned between them**.
- When several taxpayers **have different degrees of kinship** with the person studying the studies that give rise to the right to the deduction, only those with the closest degree of kinship may make the deduction.

Limit of deduction

The amount of this deduction **may not exceed 40 percent of the regional tax liability,** boxes ***[0546]*** of the tax return.

For study costs for pre-school, primary, compulsory secondary education, baccalaureate and intermediate vocational training

Regulations:Fourth additional provision.Two Consolidated text of the current legal provisions issued by the Autonomous Community of the Canary Islands in the area of ceded taxes, approved by Legislative Decree 1/2009, of 21 April.

Attention:*the conditions and amounts indicated below for this deduction will be applicable in the 2022 and 2023 tax periods, replacing those provided for in Article 7a of the Consolidated Text.*

Amount and maximum limit of the deduction

- The **100 percent** of the amounts paid in the tax period for the following concepts:

  - purchase of school supplies

  - textbooks

  - transporte

  - school uniform

  - school canteens

  - educational reinforcement

- This deduction has the following limits :

  a. A maximum limit of **120 euros**, for the first descendant or adopted child.

  b. **An additional 60 euros** for each of the remaining descendants or adopted children.

Requirements and other conditions for the application of the deduction

- The expenses that give right to the deduction are those incurred by descendants or adopted children that give rise to the application of the minimum per descendant **and are enrolled in infant, primary, compulsory secondary education, baccalaureate and intermediate vocational training**.

  Those persons linked to the taxpayer by reason of guardianship or unpaid foster care, under the terms provided for in current legislation, are assimilated to descendants.

  It should be borne in mind that, as of 3 September 2021, the date of entry into force 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, guardianship is reduced to minors not subject to parental authority or not emancipated in a situation of abandonment, and is abolished for adults, for whom guardianship and other measures to support their legal capacity are established.

- **The sum of the general tax base and the savings tax base,** boxes ***[0435]*** and ***[0460]*** of the tax return corresponding to the year in which the right to the deduction arises, **must not exceed**:

  - 42,900 euros in individual taxation.

  - 57,200 euros in joint taxation.

- **That the expenditure is justified by means of an invoice** which must comply with all the conditions established in the Regulation governing invoicing obligations approved by Royal Decree 1619/2012, of 30 November.

  The invoice received by the taxpayer **must be kept during the limitation period**, a copy of which is accepted in the event that two or more taxpayers are entitled to the deduction and do not opt, or cannot opt, for joint taxation.

- When several taxpayers have different degrees of kinship with the person who is studying the studies that give rise to the right to the deduction, **only those with the closest degree of kinship can make the deduction**.

- Where two or more taxpayers are entitled to this deduction, the deduction (and the deduction limit) **shall be apportioned equally between them**.

  As a general rule, only taxpayers in whose name the invoice supporting the expenditure is issued are entitled to apply the deduction.However, in the case of marriages on a ganancial basis, the amounts paid will be allocated to both spouses in equal parts, so that both parents could apply the deduction over half of the amounts paid for the expenses incurred by the children, even if the invoice is in the name of only one of them.

For transferring the primary residence to another island of the archipelago to carry out an employment activity or an economic activity

Regulations:Art. 8 Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos, approved by Decreto-legislativo 1/2009, de 21 de abril

Amount of the deduction

300 euros in the tax period in which the change of residence takes place and in the following one.

Requirements and other conditions for the application of the deduction

- The **transfer** of the **habitual residence from the island where he/she resides to any of the other islands of the Archipelago** must be **motivated by the performance of an employed activity or an economic activity**.
- **In order to consolidate the right to the deduction**, the taxpayer must remain on the island of destination **during the year in which the transfer takes place and the following three years**.

  Attention: *failure to comply with either of the above two requirements will give rise to the inclusion of the amounts deducted in the full regional tax liability for the financial year in which the non-compliance occurs, with the corresponding interest for late payment.*

- **That the sum of the general tax base and the savings tax base.** Boxes **[*0435*]** and **[*0460*]** of the return for the year in which the right to deduct arises, **is not more than**:

  - 39,000 euros in individual taxation.

  - 52,000 euros in joint taxation.

Deduction limit

The amount of the deduction **may not exceed the autonomous region's share of the total tax liability arising from the income from work and economic activities** in each of the two financial years in which the deduction is applicable.

Special features in the case of joint taxation

In the case of **joint taxation, the deduction of 300 euros will be applied**, in each of the two tax periods in which the deduction is applicable, **for each of the taxpayers who transfer their residence** in the terms mentioned above, **with the limit of the regional part of the total tax liability** from earned income and economic activities corresponding to the taxpayers who generate the right to the application of the deduction.

When both spouses have moved the residence to another island for an activity, the limit of the joint tax deduction is calculated jointly for both.

For cash donations to descendants or adopted children under the age of 35 for the acquisition or rehabilitation of their first primary residence

Regulations:Art. 9 Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos, approved by Decreto-legislativo 1/2009, de 21 de abril

Amounts and maximum deduction limits

- **1 per cent of the amount donated by taxpayers habitually resident in the Canary Islands who during the financial year have made a cash donation to their descendants or adopted children under 35 years of age for the acquisition, construction or renovation of the first habitual residence of the donee in the Canary Islands, with the maximum limit of 240 euros for each donee**.
- **2 per cent of the amount donated by taxpayers with habitual residence in the Canary Islands, when the donations referred to in the previous point are made to descendants or adopted children under 35 years of age who are legally recognised as persons with a degree of disability equal to or greater than 33 per cent, with the maximum limit of 480 euros for each donee**.
- **3 per cent of the amount donated by taxpayers with habitual residence in the Canary Islands, when the donations referred to in the first point above are made to descendants or adopted children under 35 years of age who are legally recognised as having a degree of disability equal to or greater than 65 per cent, with the maximum limit of 720 euros for each donee**.

Other conditions and requirements for the application of the deduction

- In order for this deduction to be applied, the requirements set out in the regional Inheritance and Gift Tax regulations for the reduction of 85% of the taxable base corresponding to these donations must be met **.**

  See Article 26 ter of the Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos approved by Legislative Decree 1/2009, of 21 April, (BOC del 23), as amended by Law 4/2012, of 25 June, on administrative and fiscal measures, which details the requirements and conditions for the application of this reduction.

- **The habitual residence** shall be considered to be that which, for such purposes, is understood in the state regulations of the IRPF, **, the construction** of the same, but not its extension, shall be considered to be equivalent to the acquisition.

  See Chapter 16 under "Deduction for investment in principal residence.Transitional regime".

  It should be borne in mind that, in accordance with Article 55 of the Personal Income Tax Regulations, in the wording in force on 31 December 2012, the construction of a primary residence is considered to be the construction of a primary residence when the taxpayer directly pays the expenses derived from the execution of

the works, or pays amounts on account to the developer of the same, *provided that the works* are completed within a period not exceeding four years from the start of the investment, except in the exceptional cases provided for in paragraphs 3 and 4 of the aforementioned Article 55, in which an extension of said period may be granted which, in no case, may exceed a further four years.

- For the purposes of applying the deduction, **persons in permanent or pre-adoptive foster care** shall be treated in the same way as adoptees **for the purposes of applying the deduction**.In addition, **persons in permanent or pre-adoptive foster care shall be treated as adopters**.

  Accuracy: Please note that Law 26/2015, of 28 July, which modifies the system of protection for children and adolescents (BOE of 29 July) modified, with effect from 18 August 2015, article 173 bis of the Civil Code which regulates the modalities of foster care to currently establish emergency, temporary and permanent foster care as such.Likewise, the aforementioned law added a new article 176 bis regulating the delegation of guardianship for pre-adoptive cohabitation.

  On the other hand, the second additional provision of the aforementioned Law 26/2015 establishes that "all references made in laws and other provisions to pre-adoptive foster care shall be understood to be made to the delegation of guardianship for pre-adoptive cohabitation provided for in Article 176 bis of the Civil Code.Those carried out in simple foster care shall be understood to be made to the temporary family foster care provided for in Article 173 bis of the Civil Code;and where it relates to international adoption cooperating entities, they will be understood as being made to the approved international adoption bodies".

  Therefore, the deduction shall be applicable to emergency, temporary and permanent foster care and to the delegation of guardianship for pre-adoptive cohabitation.

For birth or adoption of children

Regulations:Fourth additional provision.Three Consolidated Text of the current legal provisions issued by the Autonomous Community of the Canary Islands in the area of ceded taxes, approved by Legislative Decree 1/2009 of 21 April 2009.

Attention:*The conditions and amounts indicated below for this deduction will be applicable in the 2022 and 2023 tax periods, replacing those provided for in Article 10 of the Consolidated Text.*

Amount and requirements for the application of the deduction

- **For each child born or adopted** in the tax period, living with the taxpayer:

  - 240 euros, in the case of the **first or second child**.

  - 480 euros for the **third child**.

  - 720 euros for the **fourth child**.

  - 840 euros for the **fifth and subsequent children**.

- **In the event that the child born or adopted has a physical, mental or sensory disability equal to or greater than 65%**, provided that said child has lived with the taxpayer uninterruptedly from birth or adoption until the end of the tax period, **in addition to the deduction corresponding to the birth or adoption referred to in the previous point, the**

amount corresponding to the following may be deducted:

- 480 euros for a first or second child with such a disability.

- 960 euros for a third or subsequent child with such a disability, provided that the previous children with disabilities survive.

Conditions for the application of the deduction

- **When both parents or adoptive parents are entitled to the deduction** and do not opt for joint taxation, the amount **shall be apportioned equally between them**.
- **To determine the order number of the child** born or adopted, the number of children living with the taxpayer on the date of accrual of the tax (normally 31 December) shall be taken into account, with both natural and adopted children being taken into account.
- **Children born or adopted, who, depending on the taxpayer, are placed in specialised institutions, shall be considered to live with the taxpayer**, among others.
- **That the sum of the general taxable base and the savings taxable base,** boxes [***0435***] and [***0460***] of the tax return corresponding to the financial year in which the right to the deduction arises, **does not exceed:**

  - 42,900 euros in individual taxation.

  - 57,200 euros in joint taxation.

For taxpayers with disabilities over 65 years of age

Regulations:Fourth additional provision.Four Consolidated Text of the current legal provisions issued by the Autonomous Community of the Canary Islands in matters of ceded taxes, approved by Legislative Decree 1/2009, of 21 April.

Attention:*The conditions and amounts indicated below for this deduction will be applicable in the 2022 and 2023 tax periods, replacing those provided for in Article 11 of the Consolidated Text.*

Amount of the deduction

- **360 euros** for each taxpayer with a degree of **disability of 33 per cent or more**.
- **144 euros** for each taxpayer **over 65 years old**.

  Please note: *both amounts are compatible with each other.*

- The determination of the personal and family circumstances to be taken into account for the application of this deduction will be made on the basis of the **situation existing on the date of**

accrual of the tax (normally 31 December).

Conditions for the application of the deduction

The sum of the general tax base and the savings tax base, boxes ***[0435]*** and ***[0460]*** of the tax return corresponding to the financial year in which the right to deduct **arises does not exceed**:

- **42,900 euros** in individual taxation.
- **57,200 euros** in joint taxation**.**

For foster care of minors

Regulations:Fourth additional provision.Five Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos, aprobado por Decreto legislativo 1/2009, de 21 de abril

Attention:*the conditions and amounts indicated below for this deduction will be applicable in the 2022 and 2023 tax periods, replacing those provided for in Article 11a of the Consolidated Text..*

Amount and requirements for the application of the deduction

- **300 euros** for each child in emergency, temporary or permanent foster care as provided for in Article 173 bis of the Civil Code, provided that they live with the child for the entire tax period.

  Accuracy: Please note that Law 26/2015, of 28 July, which modifies the system of protection for children and adolescents (BOE of 29 July) modified, as of 18 August 2015, article 173 bis of the Civil Code which regulates the modalities of foster care and, in accordance with this modification, emergency and temporary foster care contemplates the cases of the previous simple foster care.

  If the cohabitation is i**nferior to the tax period**, the amount of the deduction will be **pro rata** for the actual days of cohabitation in the tax period.

- **This deduction does not apply** when the adoption of the child takes place during the tax period.
- Where two or more taxpayers are entitled to this deduction and do not or cannot opt for joint taxation, the deduction **shall be apportioned equally between them**.

For single-parent families

Regulations:Fourth additional provision.Six Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos, approved by Decreto legislativo 1/2009, de 21 de abril

Attention:*the conditions and amounts indicated below for this deduction shall apply exclusively in the 2022 and 2023 tax periods, replacing those provided for in Article 11b of the Consolidated Text.*

Amount of the deduction

120 euros for the taxpayer who is dependent on descendants, provided that he/she does not live with any person other than the aforementioned descendants, except in the case of ascendants who generate the right to the application of the minimum for ascendants.

Conditions and other requirements for the application of the deduction

- **Descendants** shall be considered as descendants for the purposes of this deduction:

  a. Minor children, either through paternity or adoption, provided **that they live with the taxpayer and do not have an annual income**, excluding exemptions, **of more than 8,000 euros**.

  The term "income" should be understood to mean the sum of the general tax base and the tax base of the saving of the declaration.

  b. **Children of legal age with a disability**, either through paternity or adoption, **provided that they live with the taxpayer and do not have an annual income**, excluding exemptions, **of more than 8,000 euros**.

  c. **The descendants** referred to in a and b above who, without living with the taxpayer, **are financially dependent on him/her and are in specialised institutions**.

  Those **persons linked to the taxpayer by reason of guardianship and fostering** shall be assimilated to descendants, under the terms provided for in current legislation.

  It should be borne in mind that, as of 3 September 2021, the date of entry into force 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, guardianship is reduced to minors not subject to parental authority or not emancipated in a situation of abandonment, and is abolished for adults, for whom guardianship and other measures to support their legal capacity are established.

- **In the case of cohabitation with descendants who are not entitled to a deduction**, the right to this deduction will not be lost as long as the annual income of the descendant, excluding exempt income, does not exceed 8,000 euros.

- **The sum of the general tax base and the savings tax base,** boxes ***[*0435]*** and ***[0460]*** of the tax return corresponding to the year in which the right to the deduction arises, **must not exceed**:

  - 42,900 euros in individual taxation.

  - 57,200 euros in joint taxation.

- When during the tax period there is a change in the family situation for any reason, for the

purposes of applying the deduction, it will be understood that there has been cohabitation when such a situation has occurred **for at least 183 days a year**.

For childcare expenses

Regulations:Fourth additional provision.Seven Consolidated Text of the current legal provisions issued by the Autonomous Community of the Canary Islands in matters of ceded taxes, approved by Legislative Decree 1/2009, of 21 April.

Attention:*The conditions and amounts indicated below for this deduction will be applicable in the 2022 and 2023 tax periods, replacing those provided for in Article 13 of the Consolidated Text.*

Amount and maximum limit of the deduction

18 per cent of the amounts paid in the tax period for childcare costs for children **under 3 years of age**, with a maximum **of 480 euros per year for each child**.

Requirements and other conditions for the application of the deduction

- The taxpayer must be the **parent or guardian** with whom the children under 3 years of age live.

  , descendants shall include persons linked with the taxpayer due to guardianship or fostering unpaid, in the terms set forth in prevailing legislation.

- **For the purposes of this deduction, nursery** is understood to be any **centre authorised** by the competent department of the Canary Islands Government **for the care of children under the age of three**.

- The **childcare expenses must be justified by means of an invoice** which must comply with all the conditions established in the Regulation governing invoicing obligations approved by Royal Decree 1619/2012, of 30 November.The invoice received by the taxpayer **must be kept during the limitation period**, a copy of which is accepted in the event that two or more taxpayers are entitled to the deduction and do not opt, or cannot opt, for joint taxation.

- **That none of the taxpayers have obtained, in individual taxation, income of more than 42,900 euros in the tax period.**

  In the case of joint taxation, this requirement will be deemed to be met if the income of the family unit does not exceed 57,200 euros **.**

  The income is determined by the sum of the general taxable base and the savings taxable base, boxes ***[0435]*** and ***[0460]*** of the tax return, corresponding to the year in which the right to the deduction arises.

- **Where two or more taxpayers are entitled to the deduction** and do not or cannot opt for joint taxation, **the amount of the deduction shall be apportioned equally between them**.

- The determination of the personal and family circumstances to be taken into account for the application of this deduction will be made on the basis of the **situation existing on the date of accrual of the tax** (normally 31 December).

  Without prejudice to this, the deduction and the limit of the deduction in the tax period in which the child reaches the age of 3 years will be calculated in proportion to the number of months in which the requirements for the application of the deduction are met.

For large families

Regulations:Fourth additional provision.Eight Consolidated Text of the current legal provisions issued by the Autonomous Community of the Canary Islands in matters of ceded taxes, approved by Legislative Decree 1/2009, of 21 April.

Attention:*The conditions and amounts indicated below for this deduction will be applicable in the 2022 and 2023 tax periods, replacing those provided for in Article 13 of the Consolidated Text.*

Amount of the deduction

On a general basis, the taxpayer who owns, on the date of the tax accrual (usually on December 31), the large family title may deduct the amount from the following:

- **540 euros**, in the case of **general-category** large families.
- **720 euros**, in the case of **special-category** large families.

When any of the spouses or descendants to whom the personal and family allowance applies has a degree of physical, mental or sensory disability equal to or greater than 65 percent, the amount of the deduction **will be**:

- **1,200 euros**, in the case of **general-category** large families.
- **1,320 euros**, in the case of **special-category** large families.

Requirements and conditions for the application

- The conditions necessary to be considered a large family and its classification by category shall be determined in accordance with the provisions of Law 40/2003, of 18 November, on the protection of large families (BOE of 19 November).
- The **title of large family must be issued by the competent body** in matters of social services of the Canary Islands Government or by the corresponding bodies of the State or other Autonomous Communities.
- The deduction shall be made by the taxpayer with whom the other members of the large family live.When these **cohabit with more than one taxpayer**, the amount of the deduction **will be**

apportioned equally in the tax return of each of them.

Compatibility

This deduction **is compatible** with the deduction "For birth or adoption of children".

For investment in the primary residence

Regulations:Fourth additional provision.Nine Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos, aprobado por Decreto legislativo 1/2009, de 21 de abril

Attention: *The conditions and amounts indicated below for this deduction will be applicable exclusively in the 2022 and 2023 tax periods, replacing those provided for in Article 14 of the Consolidated Text.*

See also the first additional provision of Decree Law 12/2021 of 30 September, adopting tax, organisational and management measures as a consequence of the volcanic eruption on the island of La Palma (BOC 01-10-2021 - BOE 25-11-2021).

La Palma volcanic eruption: *from according to the first additional provision of Decree Law 12/2021, the right to the deductions made in the regional tax liability of the IRPF for the amounts paid for this concept will NOT be lost, despite the fact that the habitual dwellings have been destroyed by the volcanic eruption on La Palma, and the deduction may continue to be applied for the amounts that may continue to be paid.*

Amount of the deduction

Taxpayers may deduct **the percentage that corresponds in each case**, in accordance with the following table, **of the amounts paid** in the tax period for the purchase of the home that constitutes or will constitute their habitual residence, in the same terms **and provided that the same requirements are met as set out in article 68.1 of the Law of IRPF, according to the wording in force on 1 January 2012.**

The acquisition extends to the construction of the habitual residence, rehabilitation and extension of the same in accordance with the provisions of its eighteenth transitory provision of the Law of IRPF.

Remember that, in accordance with Article 55 of the Personal Income Tax Regulations, in the wording in force on 31 December 2012, the construction of a primary residence is considered to be the case in which the taxpayer directly pays the expenses derived from the execution of the works, or pays amounts on account to the developer of the same, *provided that the works* are completed within a period not exceeding four years from the start of the investment, except in the exceptional cases provided for in paragraphs 3 and 4 of the aforementioned Article 55, in which an extension of this period may be granted, which may in no case exceed a further four years.

Amount of the general tax base and savings	Percentage of deduction
Less than 16.500 euros	5 per 100
Equal to or more than 16,500 euros, and less than 33,000 euros.	3.5 per 100

The sum of the amount of the general tax base and the savings tax base is the amount shown in boxes ***[0435]*** and ***[0460]*** of the tax return.

Requirements and other application conditions

- The concept of principal residence, as well as the maximum deduction base and the remaining requirements for the practice of the deduction are those contained in the **state regulations of the deduction for investment in principal residence in the wording in force on 31 December 2012.**
- This deduction shall not apply to the amounts intended for rehabilitation, reform or adaptation on the basis of disability, of the usual dwelling.

Joint deduction limit

The sum of the amount of this deduction together with that of the regional deductions "For amounts allocated by their owners to the restoration, rehabilitation or repair of properties declared to be of Cultural Interest", "For energy rehabilitation works in the main residence" and "For adaptation works in the main residence by people with disabilities" may not exceed **15 per 100 of the total regional tax liability,** box [***0546***] of the tax return.

For energy rehabilitation and renovation of primary residence

Regulations:Fourth additional provision.Ten Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos, aprobados por Decreto legislativo 1/2009, de 21 de abril

Attention:*The conditions and amounts indicated below for this deduction will be applicable in the 2022 and 2023 tax periods, replacing those provided for in Article 14a of the Consolidated Text.*

See also first additional provision Decree Law 12/2021 of 30 September, adopting tax, organisational and management measures as a consequence of the volcanic eruption on the island of La Palma (BOC 01-10-2021 - BOE 25-11-2021).

La Palma volcanic eruption:*in accordance with the first additional provision of Decree Law 12/2021, the right to the deductions made in the full regional tax liability of IRPF for the amounts paid for this concept will NOT be lost, despite the fact that the habitual dwellings*

have been destroyed by the volcanic eruption on La Palma, and the deduction may continue to be applied for the amounts that may continue to be paid.

Amount of the deduction

12 percent of the amounts for energy rehabilitation works in the taxpayer's primary residence.

Deduction ceilings

- The amount of this deduction **may not exceed 10% of the regional tax liability,** box ***[0546]*** of the tax return.
- **Furthermore,**, the sum of the amount of this deduction together with the amount of the regional deductions "For amounts allocated by their holders to the restoration, rehabilitation or repair of property declared to be of Cultural Interest", "For investment in the main residence" and "For works to adapt the main residence by disabled persons" **may not exceed 15% of the total regional tax liability,** box [***0546***] of the tax return.

Requirements and other conditions for the application of the deduction

- Regular housing must be the property of the taxpayer.

  Note: *work carried out on parking spaces, gardens, parks, swimming pools and sports facilities and other similar elements shall not give entitlement to this deduction.*

- For the purposes of this deduction **, energy rehabilitation works** shall be understood as those aimed at **improving the energy performance** of buildings by reducing their energy demand, at **increasing the performance of thermal systems and installations** or at incorporating **equipment using renewable energy sources**.

  This will also include, improvements to supply installations and the installation of **mechanisms that favour water saving**, as well as the implementation of **separate sanitation networks in the building** and other systems that favour the reuse of grey water and rainwater in the same building or on the plot or that reduce the volume of discharge into the public sewage system.

  Attention: *no entitlement to this deduction shall arise in respect of furniture or household appliances.*

- In the case of **buildings in horizontal property regime** in which the energy refurbishment work is contracted by the community of owners, the amount of the expenditure will be allocated to the different owners entitled to deduction **according to their share of participation**.
- The energy refurbishment work **must be accredited by means of the energy qualification**

certificates, in the terms established in Royal Decree 390/2021, of 1 June, which approves the basic procedure for the certification of the energy efficiency of buildings, duly registered in the Register of energy efficiency certificates for buildings of the competent Regional Ministry for Industry, in which the certificate obtained before the energy refurbishment work was carried out and the one issued after the same must be stated.

Deduction base

- The basis for the deduction will be constituted by the amounts paid, **by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions**, to the persons or entities carrying out the works.

  In no case shall give entitlement to this deduction to sums paid by means of **deliveries of legal tender**.

- The **maximum annual base** for this deduction will be **7,000 euros** per taxpayer.

Documentary justification

- Expenditure on energy rehabilitation works **must be justified by means of an invoice** which must comply with all the conditions established in the Regulation governing invoicing obligations approved by Royal Decree 1619/2012, of 30 November.

- In the case of **buildings in horizontal property regime** in which the energy refurbishment work is contracted by the community of owners, the community of owners will certify the amount of the expenditure attributable to each dwelling and which has been effectively paid by the owner in the tax period.

- The invoice received by the taxpayer or, where applicable, the certificate issued by the homeowners' association, **must be kept during the limitation period**, a copy of which is accepted in the event that two or more taxpayers are entitled to the deduction and do not opt, or cannot opt, for joint taxation.

Incompatibility

The present deduction is incompatible with the autonomous deduction “for amounts intended by their owners for the restoration, rehabilitation or repair of declared real property of Cultural Interest” and with the autonomous deduction “for investment in habitual housing”, both deductions cannot be applied on the same amounts.

For the adaptation of the primary residence for persons with disabilities

Regulations:Fourth additional provision.Eleven Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos, aprobado por Decreto legislativo 1/2009, de 21 de abril.

Attention:*the conditions and amounts indicated below for this deduction will be applicable in the 2022 and 2023 tax periods, replacing those provided for in Article 14b of the Consolidated Text.*

See also first additional provision Decree Law 12/2021, of 30 September, adopting tax, organisational and management measures as a consequence of the volcanic eruption on the island of La Palma (BOC 01-10-2021).

La Palma volcanic eruption:*from in accordance with the first additional provision of Decree Law 12/2021, the right to the deductions made in the full regional tax liability of IRPF for the amounts paid for this concept will NOT be lost, despite the fact that the habitual dwellings have been destroyed by the volcanic eruption on La Palma, and the deduction may continue to be applied for the amounts that may continue to be paid.*

Amount of the deduction

The **14 per 100 of the amounts paid** in the tax period, for works and installations to adapt the home for reasons of disability.

Requirements and other conditions for the application of the deduction

The concept of works or installations for the adaptation of the main residence due to disability, as well as the maximum deduction base and the remaining requirements for the practice of the deduction are those contained in **article 68.1 of Law 35/2006, of 28 November, of the IRPF, in the wording in force on 1 January 2012**.

Joint deduction limit

The sum of the amount of this deduction together with that of the regional deductions "For amounts allocated by their owners to the restoration, rehabilitation or repair of properties declared to be of Cultural Interest", "For investment in the main residence" and "For energy rehabilitation work on the main residence" **may not exceed 15% of the total regional tax liability,** box ***[0546]*** of the tax return.

For rental of primary residence

Regulations:Fourth additional provision.Twelve Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos, aprobado por Decreto legislativo 1/2009, de 21 de abril

Attention:*The conditions and amounts indicated below for this deduction will be applicable in the 2022 and 2023 tax periods, replacing those provided for in Article 15 of the Consolidated Text.*

Amount and maximum limit of the deduction

- **24 per cent of the amounts paid** in the tax period for the rental of the main residence.
- **The maximum amount** of the deduction shall be **720 euros per year**.

In order to qualify for this deduction, the taxpayer is required to pay rent as a tenant in respect of his main residence during the tax period.Therefore, in the case of marriage, whatever the matrimonial property regime, only the amounts paid by the spouse who signs the lease contract will be deductible, without prejudice to the fact that the contract has internal effects between the spouses.See in this respect Supreme Court Judgment no. 220/2009, of 3 April (Civil Chamber), handed down in appeal no. 1200/2004 (ROJ:STS 2464/2009)

Requirements and other conditions for the application of the deduction

- **The sum of the general tax base and the savings tax base,** boxes ***[0435]*** and ***[0460]***of the tax return corresponding to the year in which the right to the deduction arises, **must not exceed**:

  - 22,000 euros per year in individual taxation.

  - 33,000 euros per year in joint taxation.

- That the amounts paid as rent **exceed 10% of the general taxable base** obtained by the taxpayer in the tax period, deducting, if applicable, the amount of any subsidies received by the lessee in this respect.
- The concept of habitual residence will be the one contained in the Law of IRPF.
- The application of the deduction is subject to the declaration by the taxpayer of the NIF **lessor**, of the **cadastral identification** of the main residence and of the **annual rental fee**.

Note: *taxpayers entitled to the deduction must state the cadastral reference of the dwelling and, if it exists, that of the second dwelling rented, or, if applicable, if it does not have a cadastral reference, an "X" must be marked in the corresponding boxes.They must also complete the section "Additional information to the regional deduction for leasing" in Annex B.8 of the tax return.*

For renting a primary residence linked to certain dation in payment operations

Regulations:Art. 15 bis Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos, approved by Decreto-legislativo 1/2009, de 21 de abril

Amount and maximum limit of the deduction

- The **25 per cent of the amounts paid** during the corresponding financial year for the rental of

the main residence.

- The maximum amount of deduction will be **1,200 euros per year**, both in individual and joint taxation.

Requirements and other conditions for the application of the deduction

- The deduction shall only apply in the case of the transmission of the habitual housing made by its owner in favor of the creditor financial institution, or of a real estate subsidiary of its group, because it cannot cope with the payment of the loans or mortgage loans granted for its acquisition, provided that the transferor continues to occupy the house by lease with purchase option signed with the financial institution.

  See in this respect the leasing assumptions related to certain payment transactions referred to in Article 35-bis of the Consolidated Text of the current legal provisions of the Autonomous Community of the Canary Islands concerning the levied taxes, approved by Legislative Decree 1/2009.

- **That the sum of the general taxable base and the savings taxable base,** boxes ***[0435]*** and ***[0460]*** of the tax return corresponding to the year in which the right to the deduction arises, **does not exceed**:

  - 24,000 euros per year in individual taxation.

  - 34,000 euros per year in joint taxation.

> ***Note:*** *taxpayers entitled to the deduction must complete the section "Additional information on the regional deduction for the rental of the main residence linked to certain dation in payment transactions in Aragón, the Canary Islands and Castilla La Mancha" in Annex B.9 of the tax return.*

For expenses on credit insurance premiums to cover unpaid rent for housing (lessor's deduction)

Regulations:Art. 15 quáter Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos, approved by Decreto-legislativo 1/2009, de 21 de abril

Amount and maximum limit of the deduction

- The **75 per 100** of the expenses paid by the taxpayer during the year for **credit insurance premiums** that totally or partially cover **the non-payment of the rents** to which the taxpayer is entitled due to the lease of a property, located in the Canary Islands, to a third party for use as a dwelling.

- The maximum amount of this deduction is **150 euros per year for both individual and joint taxation**.

Requirements for the application of deductions

- That the **duration of the rental contract** with the same tenant is **equal to or more than one year**.
- **That the deposit of the bond** referred to in Article 36.1 of Law 29/1994, of 24 November, on Urban Leases, has been made in favour of the competent body of the Administration of the Autonomous Community of the Canary Islands, within the period established for this purpose.
- That the taxpayer **declares in the IRPF the income derived from the rental income** of the dwelling as income from real estate capital.
- That the lessor is up to date with his tax obligations and indicates in his declarations of IRPF the NIF **of the lessee and the cadastral reference number of the leased property**.
- That the **monthly amount** of the lease **no** is **more than 800 euros**.

> ***Note:*** *Taxpayers entitled to the deduction must complete the section "Additional information to the regional deduction for expenses on credit insurance premiums to cover unpaid rent for housing (lessor's deduction) in the Canary Islands" in Annex B.9 of the tax return.*

By taxpayers unemployed

Regulations:Fourth additional provision.Thirteen Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos, aprobado por Decreto legislativo 1/2009, de 21 de abril

> ***Attention:*** *the conditions and amounts set out below for this deduction shall apply in the 2022 and 2023 tax periods, replacing those laid down in Article 16a of this Consolidated Text.*

Amount and requirements for the application of the deduction

120 euros for taxpayers receiving unemployment benefits.

Requirements and other conditions for the application of the deduction

- Have **habitual residence in the Canary Islands**.
- **Be unemployed** for **more than six months of the tax period** corresponding to the year 2022.

  > ***Note:*** *in the case of joint taxation, each of the taxpayers making up the family unit who is in the aforementioned situation of unemployment and whose habitual residence is in the Canary Islands may benefit from this deduction.*

- The **sum of the total income from work,** boxes ***[0012]*** of the tax return, must be in the financial year 2022 **more than 11,200 euros and equal to or less than 22,000 euros** both in

individual and joint taxation.

These amounts will be for each tax period the equivalent amounts in the regulations governing the IRPF for the purposes of the obligation to declare.

- **The sum of the general tax base and the savings tax base**, excluding the part corresponding to earned income, **may not exceed the sum of 1,600 euros**.

  This amount will be determined by adding the amounts in boxes ***[0435]*** and ***[0460]*** of the tax return and subtracting from the result the amount entered in box ***[0025]*** of Section A corresponding to "Income from Work" of the tax return.

For sickness expenditure (general)

Regulations:Fourth additional provision.Fourteen Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos, aprobados por Decreto legislativo 1/2009, de 21 de abril

Attention:*the following conditions and amounts for this deduction shall apply exclusively for the tax periods 2022 and 2023, replacing those provided for in Article 16b of the Consolidated Text.*

Amount of the deduction

- **12 percent** of the **professional fees and expenses** paid during the tax period **for the provision of services** performed by those who have the status of **medical or health professionals, except pharmaceutical professionals,** in accordance with Articles 2 and 3 of Law 44/2003, of 21 November, on the management of health professions, **due to the prevention, diagnosis and treatment of diseases, dental health, pregnancy and birth of children, accidents and disability, both their own and of those who are included in the family minimum**.

  Note: *in no case does it include care for aesthetic purposes, except when it constitutes reparation for damage caused by accidents or interventions affecting persons and treatment for sexual identity.*

- **12 percent** of the **expenditure on the purchase of equipment and accessories**, including prescription glasses and lenses, which by their objective characteristics can only be used to **compensate for people's physical disabilities**.

Deduction ceilings

- This deduction will have an annual limit of:

  - 600 euros in individual taxation.

  - 840 euros in joint taxation.

- These limits **will be increased by 100 euros in individual taxation** when the taxpayer is a person with a disability and accredits a degree of disability equal to or greater than 65 per cent .

Requirements and other conditions for the application of the deduction

- The **sum of the general tax base and the savings tax base,** boxes ***[0435]*** and ***[0460]*** of the tax return corresponding to the year in which the right to deduct arises, **must not exceed**:

  - 42,900 euros in individual taxation.

  - 57,200 euros in joint taxation**.**

- The joint basis for this deduction will be constituted by the amounts justified with an invoice and paid, **by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions, to the persons or entities providing the services**.

  The deduction will only the can apply the holders of invoices and which, in turn, undertake payment by the means established.However, in the case of marriages on a ganancial basis, the amounts paid will be allocated to both spouses in equal parts, so that both parents could apply the deduction over half of the amounts paid for the expenses incurred by the children, even if the invoice is in the name of only one of them.In all other cases (separation of property, de facto couples, etc.)the person who has satisfied the expenses must be credited (a priori it is understood that the expenditure has been satisfied by the holder of the invoice, but proof is admitted that it has been another parent) that it will be the person who can apply the deduction and for the totality of the quantities satisfied by it.

  Note: *in no case shall any sums paid by means of a supply of legal tender give entitlement to this deduction.*

- The invoice must comply with all the conditions established in the Regulation governing invoicing obligations approved by Royal Decree 1619/2012, of 30 November.The invoice received by the taxpayer shall be kept during the period of limitation.

Important*:Please note that the amount of this general deduction for sickness expenses is entered in box* ***[0940]*** *while the amount of the new deduction for sickness expenses for residents of the island of La Palma is entered in box* ***[0848].***

Incompatibility

The deduction "for sickness expenses for residents on the island of La Palma" regulated by the first additional provision.Cuatro of the Texto Refundido and this deduction are incompatible **with respect to the same taxpayer**, so that those taxpayers with habitual residence in La Palma in 2022 who are entitled to apply the deduction for the personal, family and disability minimum, will apply the new deduction on all the amounts paid for health expenses during the year.

As they are different deductions, in the joint return they will be compatible with each other **provided that they are generated by different taxpayers**.In other words, if one of the taxpayers fulfils the requirements to apply the deduction corresponding to La Palma, he will apply the new

deduction, while the other taxpayer fulfils the requirements of this general deduction for residents in the Canary Islands will apply this one.

For dependant relatives with disabilities

Regulations:Fourth additional provision.Fifteenth Consolidated Text of the current legal provisions issued by the Autonomous Community of the Canary Islands in the field of assigned taxes, approved by Legislative Decree 1/2009 of 21 April 2009

Attention:*the conditions and amounts set out below for this deduction shall apply exclusively in the 2022 and 2023 tax periods, replacing those provided for in Article 16b of the Consolidated Text.*

Amount of the deduction

600 euros for each ascendant or descendant with a degree of disability equal to or greater than 65%, which generates the right to the application of the disability minimum.

Requirements for the application of deductions

- **That the sum of the general taxable base and the savings taxable base,** boxes ***[0435]*** and ***[0460]*** of the tax return corresponding to the year in which the right to the deduction arises, **does not exceed**:

  - 42,900 euros in individual taxation.

  - 57,200 euros in joint taxation**.**

- **When several taxpayers are entitled** to the application of the deduction provided for in this article, **shall be subject to the rules of apportionment**, cohabitation and other limits provided for in the state regulations of IRPF.

Minimum personal, family and disability allowance for residents of the island of La Palma

Regulations:First additional provision.One and art. 2 Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos, approved by Decreto-legislativo 1/2009, de 21 de abril

Amount of the deduction

The amount of this deduction will be equivalent to the **result of applying the tax rate of the first section of the regional scale** (9 per 100), **on a base made up of 10 per 100 of each of the amounts corresponding to the minimum for the taxpayer and the minimums for descendants, ascendants and disability** referred to in articles 57, 58, 59 and 60 of the Law of IRPF.

In accordance with Article 2.3.of the recast text when the persons forming part of a family unit opt to pay tax jointly under the terms of the State regulations governing Personal Income Tax, the regional deductions provided for in this recast text which will be attributed to the family unit will be those which would have corresponded to each taxpayer if they had opted for individual taxation, although the limits provided for therein will refer to the full regional tax liability corresponding to joint taxation.

Therefore, this deduction will be calculated taking into account, with regard to the minimum amounts for **descendants, ascendants and disability**, the amounts resulting from the joint self-assessment;and with regard to the amount for the taxpayer's minimum , it must be differentiated whether the family unit is a single-parent or a two-parent unit:in the first case, the amount to be taken into account by article 57.1 and 2 of the Law of IRPF for the deduction, will be that resulting from the joint self-assessment, but in the case of two-parent families, double the amount provided for in article 57.1 of the Law of IRPF will be taken (i.e. 5,550 euros x 2 contributors = 11,100 euros) and with regard to the amounts of article 57.2 of the Law of IRPF those resulting from the joint self-assessment.

Requirements for the application of deductions

This deduction may only be applied by taxpayers with habitual residence in 2022 on the island of La Palma **in which any of the following situations apply:**

a. **Who have been permanently evicted from the properties where they resided, because they have been destroyed, rendered uninhabitable or inaccessible as a result of the volcanic eruption that started on 19 September 2021.**

   It will be necessary that, by any means of proof admitted in law, such as, for example, a census certificate or rental contract, among others, it is accredited that on 19 September 2021 the evicted taxpayers had their residence in said properties, regardless of the length of time they had been in said properties prior to said date.

b. **The properties where their places of work or livelihood were located have been destroyed, rendered uninhabitable or inaccessible as a result of the volcanic eruption that started on 19 September 2021.**

   It shall be necessary to prove, by any legally admissible means of proof, that on that date these properties constituted the taxpayer's place of work or means of subsistence, irrespective of the time prior to that date.

Temporal scope for the application of the deduction.

This deduction shall apply exclusively for the **financial years 2021 and 2022**.This is therefore the last year for which it will be applicable.

Uprooting due to volcanic eruption on the island of La Palma

Regulations:First additional provision.Two Consolidated Text of the current legal provisions issued by the Autonomous Community of the Canary Islands in the area of ceded taxes, approved by Legislative Decree 1/2009 of 21 April 2009.

Temporal scope for the application of the deduction: *this deduction is applicable exclusively for the* ***financial years 2021 and 2022****.This is therefore the last year in which this deduction will be applicable.*

Amount of the deduction

- **2,000 euros** for the home in which the taxpayer proves that on 19 September 2021 he or she was resident, irrespective of how long he or she had lived there before that date.

  Case studies:

  a. In the case of a building with several dwellings, garages, storerooms and other annexes that have a single cadastral reference because there is no horizontal division, the deduction may be applied for each dwelling, provided that the existence of each of them is accredited by any legally accepted means of proof.

  b. If the dwelling has parking spaces, storage rooms and other annexes, each with its own cadastral reference, the deduction would only apply to the dwelling, not to the garage, storage room or other annexes that have a separate cadastral reference.

  c. If the dwelling and its annexes do not have a cadastral reference, in this case the deduction may be applied for each dwelling (not for the annexes), provided that their existence is accredited by any legally accepted means of proof.

- **2,000 euros** for properties used for business or professional activities, including agricultural, livestock, forestry or fishing activities.

  In order to qualify for the deduction, the economic activities to which the property is attached must be carried out by the owner of the property or his or her spouse, either directly or through entities under the income attribution system.

- **1,000 euros** for the remaining real estate.

Requirements for the application of deductions

- The deduction can be applied by the owner, usufructuary and/or bare owner of the property.

- These must be properties that have been destroyed, rendered uninhabitable or permanently inaccessible as a result of the volcanic eruption that started on 19 September 2021 on the island of La Palma.

  The reference to the property having been lost because it is "destroyed, uninhabitable or permanently inaccessible" should be interpreted as meaning that the deduction can only be applied when the loss of the property **is total**, which occurs when the property ceases to be "usable", either because it disappears due to destruction or because it is permanently uninhabitable or inaccessible.

- In the case of the home in which the taxpayer resided, it will be necessary that, by any means of proof admitted in law, such as, for example, a census certificate, among others, it is accredited that on 19 September 2021 the taxpayers had their residence in said home, regardless of the time of residence prior to said date.

- In the case of properties used for business or professional activities, it shall be necessary to prove, by any means of evidence admitted by law, that on 19 September 2021 the said properties were used for such activities, regardless of the previous period in which they had been used for such activities.

- For the rest of the immovable property, the existence and ownership, as owner, usufructuary or bare owner, of the taxpayer on 19 September 2021 must be proven by any legally admissible means of proof.

- If the same property has different uses, only the amount of the deduction corresponding to one of them may be applied.
- The deduction is applied **for each** property that has been lost, i.e. destroyed, uninhabitable or permanently inaccessible, with the deduction being prorated, when there are several owners, in proportion to their percentage of ownership.

  When there are usufructuaries and bare owners of the property, in order to apportion the amount of the deduction corresponding to the property in question, the percentages of usufruct and bare ownership shall be computed by half their value (as the ownership is divided between the usufructuary and the bare owner) so that the sum of the percentages of ownership equals 100.

Limits to the deduction

This deduction shall be limited to **50 percent of the regional tax liability**.

For the free temporary use of real estate located on the island of La Palma

Regulations:First additional provision.Three Consolidated Text of the current legal provisions issued by the Autonomous Community of the Canary Islands in the area of ceded taxes, approved by Legislative Decree 1/2009, of 21 April 2009.

Temporal scope for the application of the deduction: *this deduction is applicable exclusively for the* ***financial years 2021 and 2022****.This is therefore the last year in which this deduction will be applicable.*

Amount of the deduction

200 euros for the year in which they make, on a precarious basis, the temporary and free use of real estate located on the island of La Palma.

Please note that "full months of the year" means calendar months, so the deduction can only be applied for the months in which the property is rented from the 1st to the 30th or 31st of the month in question.

Requirements for the application of deductions

- The transfer of use must be of the entire **property**, not of part of it, and for a minimum period of 3 months.

  The "minimum period of 3 months" is determined from date to date, as the purpose of this deduction is to facilitate rapid accommodation for the many people affected by the volcanic eruption, without them having to wait until the 1st of the calendar month.

  However, although in order to qualify for the deduction, the period of assignment must be at least 3 months, the amount of the deduction applicable is based on **for each of the full months** in which the assignment was made.Thus, for example, if a property is transferred from 20 September to 22 December 2022, the taxpayer will be entitled to the deduction as the period of transfer exceeds 3 months, but the applicable amount will only be 400 euros, as the amount of 200 euros is only applicable for the months of October and November, as these are the only two full months of the year in which the transfer has taken place.

- The beneficiary of the transfer must be any person or entity that has **lost a property**, because it has been destroyed or rendered uninhabitable or inaccessible as a result of the volcanic eruption that started on 19 September 2021.
- For this purpose, the beneficiary **must prove by any legally admissible means of proof the existence and ownership**, as owner, usufructuary or bare owner, **of the property**e which has been destroyed or rendered uninhabitable or inaccessible as a result of the volcanic eruption,
- The property whose use is transferred must be used by the beneficiary **as a dwelling or for the development of an economic, health, educational, scientific, cultural, social, sporting or religious activity**, without being transferred to third parties.
- When there are several owners of the property, whether as owners, usufructuaries or bare owners, the amount of the deduction **will be apportioned among them** in proportion to their percentage of ownership.

  When there are usufructuaries and bare owners of the property, in order to apportion the amount of the deduction corresponding to the property in question, the percentages of usufruct and bare ownership shall be computed by half their value (as the ownership is divided between the usufructuary and the bare owner) so that the sum of the percentages of ownership equals 100.

Limits to the deduction

The maximum amount of deduction is subject to a double limit:

- It cannot exceed **1,500 euros for each property**e, both in individual and joint taxation.
- It may not exceed **35% of the regional tax liability for the financial year.**

For sickness expenses for residents on the island of La Palma

Regulations:First additional provision.Four Consolidated Text of the current legal provisions issued by the Autonomous Community of the Canary Islands in the area of ceded taxes, approved by Legislative Decree 1/2009, of 21 April.

Temporal scope for the application of the deduction: *this deduction is applicable exclusively for the* ***financial years 2021 and 2022****.This is therefore the last year in which this deduction will be applicable.*

Amount of the deduction

35 per cent of the following expenses paid during the year by taxpayers resident on the island of La Palma:

- **Professional fees and expenses** paid during the tax period **for the provision of services** by those who have the status of medical or health professionals **, except pharmacists**, in accordance with the provisions of Articles 2 and 3 of Law 44/2003, of 21 November, on the organisation of the health professions, **for the prevention, diagnosis and treatment of illnesses, dental health, pregnancy and birth of children, accidents and disability, both**

their own and those of the persons included in the family minimum.

- **Expenditure on the purchase of appliances and accessories**, including prescription glasses and contact lenses, which by reason of their objective characteristics can only be used to **compensate for physical deficiencies** .

Deduction ceilings

- This deduction will have an annual limit of:

  - 500 euros in individual taxation.

  - 700 euros in joint taxation.

- These limits **will be increased by 100 euros in individual taxation** when the taxpayer is a person with a disability and accredits a degree of disability equal to or greater than 65 per cent .

Requirements and other conditions for the application of the deduction

- Only taxpayers **with habitual residence in the year 2022** on the island of La Palma who are entitled to apply the deduction for the personal, family and disability minimum, provided for in the first additional provision.One of the Consolidated Text of the current legal provisions issued by the Autonomous Community of the Canary Islands in matters of ceded taxes, approved by Legislative Decree 1/2009, of 21 April, **may benefit from this deduction due to the existence of any of the following situations**:

  a. Who have been permanently evicted from the properties where they resided, because they have been destroyed, rendered uninhabitable or inaccessible as a result of the volcanic eruption that started on 19 September 2021.

  b. The properties where their places of work or livelihoods were located have been destroyed, rendered uninhabitable or inaccessible as a result of the volcanic eruption that started on 19 September 2021.

- The **joint basis for this deduction** will be constituted by the amounts justified with an invoice and paid, **by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions, to the persons or entities providing the services**.

  The deduction will only the can apply the holders of invoices and which, in turn, undertake payment by the means established.However, in the case of marriages on a ganancial basis, the amounts paid will be allocated to both spouses in equal parts, so that both parents could apply the deduction over half of the amounts paid for the expenses incurred by the children, even if the invoice is in the name of only one of them.In all other cases (separation of property, de facto couples, etc.)the person who has satisfied the expenses must be credited (a priori it is understood that the expenditure has been satisfied by the holder of the invoice, but proof is admitted that it has been another parent) that it will be the person who can apply the deduction and for the totality of the quantities satisfied by it.

> ***Note:*** *in no case shall any sums paid by means of a supply of legal tender give entitlement to this deduction.*

- The invoice must comply with all the conditions established in the Regulation governing invoicing obligations approved by Royal Decree 1619/2012, of 30 November.The invoice received by the taxpayer shall be kept during the period of limitation.

Attention: *Please note that the amount of this new deduction for specific sickness expenses for residents of the island of La Palma is entered in box* ***[0848]*** *while the amount of deduction for general sickness expenses for residents of the Canary Islands is entered in box* ***[0940].***

Incompatibility

The general deduction "Por gastos de enfermedad" of article 16 ter of the Texto Refundido and this deduction are incompatible **with respect to the same taxpayer**, so that those taxpayers with habitual residence in La Palma in 2022 who are entitled to apply the deduction for personal, family and disability minimum, will apply the new deduction on all amounts paid for sickness expenses during the fiscal year.

As they are different deductions, in the joint return they will be compatible with each other **provided that they are generated by different taxpayers**.In other words, if one of the taxpayers fulfils the requirements to apply the deduction corresponding to La Palma, he will apply the new deduction while the other taxpayer will apply the deduction foreseen in article 16 ter of the consolidated text.

Due to rising prices

Regulations:Fourth additional provision.Sixteenth of the Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos, aprobado por Decreto legislativo 1/2009, de 21 de abril

Temporal scope for the application of the deduction: *this deduction is only applicable in the year 2022.*

Amount of the deduction

In order to mitigate the effects of the price increase, taxpayers may deduct the following amounts from their income for the shopping basket:

In individual taxation

- **225 euros** when the sum of the general tax base and the savings tax base is less than 20,000 euros.
- **175 euros** when the sum of the general tax base and the savings tax base is equal to or more than 20,000 euros and less than 25,000 euros.
- **125 euros** when the sum of the general tax base and the savings tax base is equal to or more than 25,000 euros and less than 30,000 euros.

In joint taxation

- **225 euros** when the sum of the general tax base and the savings income tax base is less than 30,000 euros.
- **175 euros** when the sum of the general tax base and the savings tax base is equal to or more than 30,000 euros and less than 35,000 euros.
- **125 euros** when the sum of the general tax base and the savings tax base is equal to or more than 35,000 euros and less than 40,000 euros.

N.B.:the sum of the amount of the general tax base and the savings tax base is the amount shown in boxes ***[0435]*** and ***[0460]*** of the tax return.

Attention: *for the purpose of determining the price increase, the expenses incurred by the taxpayer in the following groups that make up the Consumer Price Index shopping basket shall be taken into consideration:*

- *01 (food and non-alcoholic beverages),*
- *03 (clothing and footwear),*
- *04 (housing) and*
- *06 (medicine).*

Common limits and formal obligations to apply deductions

Regulations:Art. 18 Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos, approved by Decreto-legislativo 1/2009, de 21 de abril

Common limits

- The sum of the deductions applied on the autonomous full quota in no case may exceed the amount of the same.
- On the same good, no more than one of the autonomic deductions can be applied.

As a result, autonomous deductions for investment in regular housing and for works of adequacy of the usual housing cannot be applied simultaneously when the amounts originating them relate to the same dwelling, even if the amounts invested are different.

Formal obligations

- Taxpayers of the IRPF are obliged to keep, during the limitation period, the receipts and documents accrediting the right to benefit from the deductions of the quota that they have effectively applied.
- By order of the Councilor of the Autonomous Community of the Canary Islands competent in tax matters, justification and information obligations may be established for the control of deductions referred to in the previous paragraph.

Autonomous Region of Cantabria

Taxpayers whose usual place of residence in 2022 was in the Autonomous Region of Cantabria may apply the following autonomous community deductions:

For rental of primary residence by young people, older people and people with disabilities

Regulations:Art. 2.1 Texto Refundido de la Ley de Medidas Fiscales en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 62/2008, de 19 de junio, por la Comunidad Autónoma de Cantabria

Amount and maximum limits of the deduction

- **10 per cent of the amounts paid** in the tax period for the rental of the principal residence.

  The deduction shall be made by the **holder(s)** of the lease.

  In the case of marriage, whatever the matrimonial property regime, only the amounts paid by the spouse who signs the lease contract and, consequently**,** , will be deductible. The amounts paid by the spouse who does not appear in the contract are not entitled to this deduction because he/she is not a lessee.See in this respect Supreme Court Judgment no. 220/2009, of 3 April (Civil Chamber), handed down in appeal no. 1200/2004 (ROJ:STS 2464/2009).

- The maximum deduction limit is **:**

  - 300 euros per year in individual taxation.

  - 600 euros per year in joint taxation, whereby at least one of the taxpayers must meet the following requirements for the application of the deduction**.**

Requirements and other conditions for the application of the deduction

- **Be under 35 years of age, 65 or over, or be a person with a physical, mental or sensory disability** with a **degree** of disability **equal to or greater than 65%** in accordance with the scale referred to in article 354 of the revised text of the General Social Security Law, approved by Royal Legislative Decree 8/2015, of 30 October (BOE of 31 October).

  For the purposes of accrediting the degree of disability, take into account the single additional provision of Legislative Decree 62/2008, of 19 June, whose regulation is similar to that established in Article 72 of the Regulations of IRPF.

- That the **sum of the general taxable base and the savings taxable base,** sum of boxes ***[0500]*** and ***[0510]*** of the declaration, minus the personal and family minimum, box ***[0520],*** **is less than:**

  - **22,946 euros** in individual taxation.

  - **31,485 euros** in joint taxation.

- **That the amounts paid** as rent **exceed 10 per cent** of the taxpayer's income.

Deduction base

The basis for this deduction will be constituted by the amounts **justified with an invoice or receipt paid, by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions,** *to the persons or entities that are lessors of the dwelling***.**

Under no circumstances, shall amounts paid by means of cash deliveries of **be eligible for this deduction**.

> ***Note:*** *taxpayers entitled to the deduction must complete the section "Additional information on the regional deduction for renting in Andalusia, Principality of Asturias, Balearic Islands, Canary Islands, Cantabria, Castilla-La Mancha, Castilla y León, Catalonia, Extremadura, Galicia, Madrid, Region of Murcia, La Rioja and Valencia" in Annex B.8 of the return in which, in addition to the data necessary to quantify the deduction, the NIF/NIE of the lessor of the dwelling and, if there is one, of the second lessor or, if applicable, if a NIF from another country has been entered, an X must be marked in the corresponding box.*

For the care of family members

Regulations:Art. 2.2 Texto Refundido de la Ley de Medidas Fiscales en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 62/2008, de 19 de junio, por la Comunidad Autónoma de Cantabria

Amount of the deduction

150 euros for each of the following family members, either kinship by consanguinity or affinity:

- **Offspring under 3 years of age**.
- **Ancestry over 70 years of age**.
- **Ascendant, descendant, spouse or sibling with a degree of physical, mental or sensory disability equal to or greater than 65%** in accordance with the scale referred to in article 354 of the revised text of the General Social Security Act, approved by Royal Legislative Decree 8/2015, of 30 October (BOE of 31 October).

For a descendant under 3 years of age with a degree of disability equal to or greater than 65 per cent, a deduction of **100 euros per descendant and another 100 euros for disability**.**The same applies to with ascendants**.

> ***Attention:*** *Please note that the fourth additional provision of Cantabria Law 11/2022, of 28 December, on Fiscal and Administrative Measures (BOC 29-12-2022), as a result of the economic situation arising from the conflict in Ukraine, which has triggered an increase in prices, raises the limit of the right to this deduction from 100 to 150 euros for the period 2022.*

Requirements for the application of deductions

- The ascendant, descendant, spouse or sibling **lives with the taxpayer for more than 183 days of the calendar year**.**An exception to this requirement is** for **under three years of age**.
- That the descendant or ascendant **does not have a gross annual income of more than 6,000 euros**.In cases of disability of an ascendant, descendant, spouse or sibling, the limit will be 1.5 times the Public Multiple Effect Income Indicator (IPREM).

The amount of the IPREM per year for euros.

Remember: *If the above requirements are met, the deduction is applicable, even if the relationship is by affinity.*

For improvement works

Regulations:Art. 2.3 Texto Refundido de la Ley de Medidas Fiscales en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 62/2008, de 19 de junio, por la Comunidad Autónoma de Cantabria

Amount and requirements for the application of the deduction

The **15 percent of the amounts paid** for works carried out, during the tax year, in **any dwelling or dwellings owned by them**, provided that they are located in the Community of Cantabria, **or in the building in which the dwelling is located**, and which have as their purpose:

a. A **rehabilitation qualified as such by the Directorate General for Housing of the Government of Cantabria**.

b. The **improves energy efficiency, hygiene, health and environmental protection and accessibility** to the dwelling or building in which it is located.

c. The **use of renewable energies, safety and watertightness** and, in particular, the **replacement of installations** of **electricity, water, gas, heating**.

d. The **works for the installation of telecommunication infrastructures** that allow access to Internet and digital television services in the taxpayer's home.

Note: *work carried out on dwellings used for business activities, parking spaces, gardens, parks, swimming pools and sports facilities and other similar items shall not be eligible for this deduction.*

Deduction base

The basis for this deduction will be constituted by the amounts paid, **by credit or debit card,**

bank transfer, nominative cheque or deposit in accounts in credit institutions, to the persons or entities carrying out such work.

Under no circumstances, shall amounts paid by means of cash deliveries of **be eligible for this deduction**.

Deduction ceilings

- The deduction will have an annual limit of:

  - 1,000 euros in individual taxation.

  - 1,500 euros in joint taxation.

- These limits **will be increased** by **500 euros in individual taxation** when the taxpayer is a **person with an accredited degree of disability equal to or greater than 65 per cent**.

  In the case of **joint taxation, the increase will be 500 euros for each taxpayer with such a disability**.

  For the purpose of the implementation of the increase, all members of the family unit who have the degree of disability required regardless of whether they have incomes or not and whether or not they have satisfied amounts that entitle them to the deduction shall be taken into consideration.

  > ***Attention:*** *the accreditation of the degree of disability shall be carried out in accordance with the provisions of the sole additional provision of the consolidated text of the Law on tax measures in the field of taxes ceded by the State, which coincides with the provisions of Article 72 of the Regulation of the IRPF.*

- Amounts paid in the financial year and not deducted because they exceed the annual limit may be deducted in the following two financial years .

  The outstanding deduction from the 2020 tax year must be taken in the 2022 tax year, up to the maximum amount allowed according to the tax rate, so the taxpayer cannot choose to delay, in whole or in part, its application to the 2023 tax year.

  It should also be noted that the deductions pending in 2020 and 2021 are applied before the deduction generated in 2022, so that if the maximum annual limit of the deduction is used up, the amounts paid in 2022 can be deducted in the following two tax years.

Incompatibility

In no case shall the amounts paid for which the taxpayer is entitled to take the deduction for investment in the main residence referred to in the eighteenth transitory provision of the Law of IRPF be eligible for this deduction.

Attention:*The amount of the deduction generated in 2020 and 2021 which could not be applied for exceeding the annual limit shall be shown in Annex B.3 of the tax return.If the works are carried out and paid for in 2022, taxpayers entitled to the deduction must state the NIF of the person or entity carrying out the works and the amount of the deduction in the aforementioned Annex B.3.Finally, the amount of the quantities paid in 2022 not deducted for exceeding the annual limit shall be entered in the corresponding box.*

For donations to foundations or to the Cantabria Fund or to Associations whose purposes include supporting persons with disabilities

Regulations:Art. 2.4 Texto Refundido de la Ley de Medidas Fiscales en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 62/2008, de 19 de junio, por la Comunidad Autónoma de Cantabria

Amount of the deduction

- The **15 percent of the amounts donated to foundations** domiciled in the Autonomous Community of Cantabria that meet the requirements of Law 50/2002, of 26 December, on Foundations (BOE of 27 December) and that pursue cultural, welfare, health or sporting purposes or any other similar ones.
- The **12 percent of the amounts donated** to the **Cantabria Coopera Fund**.
- The **15 percent of the amounts donated** to associations domiciled in the Autonomous Community of Cantabria that meet the requirements of Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage, and whose purpose is to support people with disabilities.

Requirements and other conditions for the application of the deduction

In the case of donations to **foundations**, these must **be registered in the Register of Foundations**, submit accounts to the corresponding protectorate body and the latter must have ordered their deposit in the Register of Foundations.

Maximum limit of donations entitled to deduction

The base for this regional tax credit is subject to the limit of 10 per cent of the general taxable income and savings tax base, **limit of 10 per cent,** sum of boxes ***[0500]*** and ***[0510]*** of the tax return.

This limit operates jointly with that which affects the general deduction for donations and the deduction for actions for the protection and dissemination of Spanish Historical Heritage and the cities, sites and assets declared World Heritage.

Therefore, only this autonomous deduction may be applied for the amount of the donations entitled to it which does not exceed the amount which, where appropriate, subtract from the said

limit after practicing the above-mentioned general deductions from the tax.

For family accommodation of minors

Regulations:Art. 2.5 Texto Refundido de la Ley de Medidas Fiscales en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 62/2008, de 19 de junio, por la Comunidad Autónoma de Cantabria

Amount of the deduction

Attention: *Please note that the fourth additional provision of the Law of Cantabria 11/2022, of 28 December, on Fiscal and Administrative Measures (BOC 29-12-2022), as a result of the economic situation arising from the conflict in Ukraine, which has triggered an increase in prices, raises for the period 2022 the amount of the deduction from 240 to 360 euros and the maximum amount when there are several children in care simultaneously in the tax period from 1,200 to 1,800 euros.*

Taxpayers receiving minors in **foster care** may deduct the following amounts:

- **360 euros** in general, or
- **360 euros** for the maximum number of minors taken in simultaneously in the tax period.

  In any case, **the amount of the deduction may not exceed 1,800 euros**.

- This deduction **shall also apply to former foster parents with whom a person of legal age who has been fostered up to the age of majority lives with**, provided that the cohabitation has not been interrupted and that the cohabitation is under the approval and supervision of the public entity for the protection of minors.

  In the latter case, **the deduction is subject to the same requirements that allow the application of the minimum deduction for descendants** for children of legal age who live together in the family home.

Requirements and other conditions for the application of the deduction

- The foster care that gives right to the deduction may be **simple or permanent**, administrative or judicial, provided that the taxpayers have been previously selected for this purpose by a public entity for the protection of minors.

  Accuracy: Please note that Law 26/2015, of 28 July, which modifies the system of protection for children and adolescents (BOE of 29 July) modified, with effect from 18 August 2015, article 173 bis of the Civil Code which regulates the modalities of foster care and, in accordance with this modification, emergency and temporary foster care contemplate the cases of the previous simple foster care.

  Therefore, the deduction will be applicable to current emergency, temporary and permanent foster care.

- The taxpayers receiving the children **must not be related** to the children or adopt them during the tax period.

- In the case of foster care for minors by **married couples, unmarried couples or couples living together permanently in a similar relationship without having registered their union**, the amount of the deduction **will be apportioned in equal parts** in the individual tax return of each of them if they are taxed in this way.

For investment in the acquisition of shares in new or newly created entities

Regulations:Art. 2.6 Texto Refundido de la Ley de Medidas Fiscales en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 62/2008, de 19 de junio, por la Comunidad Autónoma de Cantabria

Amount and maximum limit of the deduction

- **15 per cent of the amounts invested** during the year in the acquisition of shares or holdings as a result of company incorporation agreements or capital increases in the companies listed below.
- **The maximum deduction limit will be 1,000 euros**, both in individual and joint taxation.

Requirements and other conditions for the application of the deduction

The following requirements and conditions must be met for the application of the deduction:

a. As a result of **the shareholding obtained by the contributor,** computed together with that held in the same entity by the contributor's spouse or persons related to the contributor by blood or marriage up to and including the third degree of kinship, should not exceed 40 percent of the total share capital of the entity or of its voting rights during any day of the calendar year .

b. **The acquired shares must be kept** in the taxpayer's assets for a minimum period of three years .

c. **The entity from which the shares or units are acquired must meet the following requirements:**

   1. It must **take the form of a public limited company, limited liability company, worker-owned limited company or worker-owned limited company**.
   2. **should be considered as an SME** according to the definition given by the European Commission Recommendation of 6 May 2003.
   3. You must **have your registered office and tax domicile in the Autonomous Community of Cantabria**.
   4. You must develop a **economic activity**.

      To this end, the management of a property or property must not be the main activity, in accordance with the provisions of Article 4.Eight.2.A) of the State Law 19/1991, of 6 June, on the Heritage Tax.

   5. In the event that the investment made corresponds to the **constitution of the entity** it must

have, from the first tax year, at least **one person employed, full-time, registered with the Social Security and resident in the Autonomous Community of Cantabria**.

6. In case the investment made corresponds to a capital increase :

   - The entity must have been incorporated within **three years prior to** to the capital increase and

   - The **average workforce** of the entity **during the two fiscal years following** that of the extension **must be increased with respect to the average workforce it had in the previous twelve months by at least one person contracted**, full-time, registered with the Social Security and resident in the Autonomous Community of Cantabria.

   - This increase **must be maintained for at least another twenty-four months**.

   For the calculation of the total average workforce of the entity and its increase, the persons employed in the terms provided for in the labour legislation shall be taken into account, taking into account the contracted working day in relation to the full working day.

d. **The taxpayer** may sit on the board of directors of the company in which the investment has been made, but **may under no circumstances perform executive or management functions.Nor can it maintain an employment relationship with the entity** that is the object of the investment.

e. **Transactions for which the deduction is applicable must be formalised in a public deed**, which must specify the identity of the investors and the amount of the respective investment.

f. The requirements set out in letters a and d and in numbers 3, 4 and 5 of letter c above, **must be met** for a minimum period of three years from the effective date of the capital increase or incorporation agreement giving rise to the right to the deduction.

Loss of entitlement to the deduction made

Failure to comply with the established requirements and conditions entails the loss of the tax benefit and the taxpayer must include in the tax return for the year in which the non-compliance occurred the part of the tax that has not been paid as a result of the deduction made, together with any interest accrued for late payment.

Note: *taxpayers entitled to the deduction must complete the section "Additional information on the regional deduction for investment in the acquisition of shares and holdings in new or recently created companies in Andalusia, Aragon, Balearic Islands, Cantabria, Castile and Leon, Catalonia, Extremadura, Galicia, Madrid, Murcia and Valencia" in Annex B.8 of the return in which, in addition to the amount of the investment entitled to the deduction, they must state the NIF of the new or recently created company and, if it exists, that of the second company, indicating the total amount of the deduction for investments in new or recently created companies.*

For illness expenses

Regulations:Art. 2.7 Texto Refundido de la Ley de Medidas Fiscales en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 62/2008, de 19 de junio, por la Comunidad Autónoma de Cantabria

Amount and maximum limits of the deduction

- The **10 percent of the professional fees and expenses**, both their own and those of the persons included in the family minimum, paid during the year for the provision of health services **due to illness, dental health, pregnancy and birth of children, accidents and disability,** provided that these fees are not covered by the Social Security or, where applicable, by the taxpayer's corresponding mutual or insurance company.
- This deduction will have an annual limit of:

  - 500 euros in individual taxation.

  - 700 euros in joint taxation.
- **These limits shall be increased** at:

  - 100 euros in individual taxation when the taxpayer is a person with a disability and accredits a degree of disability equal to or greater than 65%.

  - 100 euros for each taxpayer with such a disability in the case of **joint taxation**.

Requirements for the application of deductions

- That the **sum of the general taxable base and the savings taxable base,** sum of boxes ***[0500]*** and ***[0510]*** of the declaration, minus the personal and family minimum, box ***[0520],* is less than:**

  - **22,946 euros** in individual taxation.

  - **31,485 euros** in joint taxation.
- The joint base for this deduction will be made up of the **amounts justified with an invoice and paid, by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions**, to the persons or entities providing the services.

> ***Note:*** ***in no case shall*** *give the right to make this deduction* ***amounts paid by means of cash payments.***

For childcare expenses

Regulations:Art. 2.8 Texto Refundido de la Ley de Medidas Fiscales en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 62/2008, de 19 de junio

Amount and maximum limit of the deduction

- The **15 per cent** of the childcare costs of biological or adopted children.
- This deduction will have a limit of 450 euros per year per child under three years of age.

  If the child turns 3 years during the exercise, the deduction may be applied until the day he or she reaches that age, with the amounts paid in the month in which the circumstance is given.

> ***Attention:*** *Please note that the fourth additional provision of Cantabria Law 11/2022, of 28 December, on Fiscal and Administrative Measures (BOC 29-12-2022), as a result of the economic situation arising from the conflict in Ukraine, which has triggered an increase in prices, raises the limit of the right to this deduction from 300 to 450 euros for the period 2022.*

Requirements for the application of deductions

- That the **sum of the general taxable income and the taxable savings income,** sum of boxes ***[0500]*** and **[*0510*]** of the declaration, minus the personal and family minimum, box ***[0520],*** **is less than:**

  - **22,946 euros** in individual taxation.

  - **31,485 euros** in joint taxation.

- The **joint base of this deduction** will be constituted by the amounts **justified with invoice** and paid, by means of **credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions**, to the persons or entities providing the services.

  Under no circumstances shall give entitlement to this deduction to **amounts paid by means of cash payments.**

> ***Attention:*** *only the taxpayers in whose name the invoice justifying the expenses is issued and for the total amount paid shall be entitled to apply the deduction, except in the case of marriages in community of property, in which case the amounts paid shall be attributed to both spouses in equal shares, even if the invoice is issued in the name of only one of them.*

- If there is more than one taxpayer entitled to the deduction, **will apportion the deduction according to the expenses justified by each taxpayer**, without exceeding together the maximum amount of deduction (**450 euros** per year).

  Therefore, the amount paid by each parent or adoptive parent determines the amount of the deduction that corresponds to each of the parents or adoptive parents who have paid the expenses, prorating the maximum limit of the deduction (**450 euros**) according to the amounts paid by each one.

For single-parent families

Regulations:Art. 2.9 Texto Refundido de la Ley de Medidas Fiscales en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 62/2008, de 19 de junio, por la Comunidad Autónoma de Cantabria

Amount of the deduction

300 euros per year for the holder of the single parent family.

> ***Attention:*** *Please note that the fourth additional provision of Cantabria Law 11/2022, of 28 December, on Fiscal and Administrative Measures (BOC 29-12-2022), as a result of the economic situation arising from the conflict in Ukraine, which has triggered an increase in prices, raises the limit of the right to this deduction from 200 to 300 for the period 2022.*

Requirements and other conditions for the application of the deduction:

- In the **cases** of **legal separation or when there is no marital relationship**, a single-parent family **will be considered to be that formed by the mother or father and the children who live with one or the other** and who meet one of the following requirements :

  a. **Minor children**, with the exception of those who, with parental consent, live independently of their parents.

  b. **Children of full age** who before 1 January 2022 have been **judicially declared incapacitated, subject to extended parental authority or rehabilitated**a.

  c. **Children of full age** for whom a court has declared **representative guardianship**.

  It should be noted that, as of the entry into force of Law 8/2021 on the reform of the Civil Code, the references made to judicial incapacitation extend to judicial decisions establishing the representative guardianship of persons with disabilities.

- That the **sum of the general taxable income and the taxable savings income,** sum of the boxes **[*0500*]** and **[*0510*]** of the declaration**, minus the personal and family minimum,** box **[0520], is less than 31.485 euros.**

For birth or adoption of a child

Regulations:Art. 2.10 Texto Refundido de la Ley de Medidas Fiscales en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 62/2008, de 19 de junio, by the Autonomous Community of Cantabria

Amount of the deduction

150 euros for each child born or adopted during the tax period.

> ***Attention:*** *Please note that the fourth additional provision of Cantabria Law 11/2022, of 28*

December, on Fiscal and Administrative Measures (BOC 29-12-2022), as a result of the economic situation arising from the conflict in Ukraine, which has triggered an increase in prices, raises the limit of the right to this deduction from 100 to 150 euros for the period 2022.

Requirements for the application of deductions

1. The deduction shall be made **to the taxpayer with whom the child born or adopted at the date of accrual of tax** (normally 31 December) lives.

   There is no right to a deduction for a child who has died during the year on a day other than 31 December, as there is no cohabitation with the child on the date of accrual of the tax.

2. **That the sum of the general taxable income and the savings taxable income,** sum of boxes ***[0500]*** and ***[0510]*** of the tax return, minus the personal and family minimum, box ***[0520],*** **is less than 31,485 euros.**

3. Where more than one person is entitled to the deduction, the amount of the deduction shall be apportioned equally in the tax return of each of them.

For the rental of housing located in areas of Cantabria at risk of depopulation which constitute or will constitute the tenant's habitual residence.

Regulations:Art. 2.11.1 Texto Refundido de la Ley de Medidas Fiscales en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 62/2008, de 19 de junio, por la Comunidad Autónoma de Cantabria

Amount and limits of the deduction

- **20 per cent** of the amounts paid in the tax period for the rental of a dwelling that is or will be your main residence.

  The concept of habitual residence shall be that established by the twenty-third additional provision of the Law of IRPF and article 41 bis of its Regulations.

- The maximum amount of deduction will be:

  - **600 euros** in individual taxation.

  - **1,200 euros** in joint taxation.

Requirements for the application of deductions

- That the rented property is located in **rural area at risk of depopulation.**

  Attention: *municipalities or local councils are deemed to meet this requirement if any of*

the following objective criteria are met:

a. *Population less than 2,000 inhabitants.*

b. *Population density less than 12.5 inhabitants per square kilometre.*

c. *Ageing rate above 30 per cent.*

For this purpose, it should be taken into account the Order HAC/22/2022, of 28 November, which approves the list of municipalities that have the status of Rural Area of Cantabria at risk of depopulation for the year 2022 (BOC 07-12-2022).

- The rented property **is the taxpayer's habitual residence**.

  To determine the concept of habitual residence in the territory of an Autonomous Community, the provisions of Article 72 of the Personal Income Tax Act shall apply.

- **The sum of the general taxable base and the savings taxable base**, sum of boxes ***[0500]*** and ***[0510]*** of the declaration, minus **amount of the personal and family minimum**, box ***[520],*** **is less than**

  - **22,946 euros** in individual taxation.

  - **31,485 euros** in joint taxation.

Incompatibility

This deduction is incompatible with the application of the deduction "For renting a primary residence for young people, the elderly and the disabled" mentioned above and provided for in article 2.1 of Legislative Decree 62/2008.

Incompatibility refers to the fact that both deductions are applied for the same dwelling.

Note: *taxpayers entitled to the deduction must complete the section "Additional information on the regional deduction for renting in Andalusia, Aragon, Balearic Islands, Cantabria, Castile and Leon, Catalonia, Extremadura, Galicia, Madrid, Murcia and Valencia" in Annex B.8 of the return in which, in addition to the data necessary to quantify the deduction, the NIF/NIE of the lessor of the dwelling and, if there is one, of the second lessor must be stated or, if applicable, if a NIF from another country has been stated, an X must be marked in the corresponding box.*

For childcare expenses for taxpayers whose habitual residence is in rural areas of Cantabria at risk of depopulation.

Regulations:Art. 2.11.2 Texto Refundido de la Ley de Medidas Fiscales en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 62/2008, de 19 de junio, por la Comunidad Autónoma de Cantabria

Amount and limits of the deduction

- **30 per cent** of the amounts paid in the tax period for childcare costs for children or adopted children.
- **The deduction limit will be 900 euros per year** per child under three years of age.

> ***Attention:*** *Please note that the fourth additional provision of Cantabria Law 11/2022, of 28 December, on Fiscal and Administrative Measures (BOC 29-12-2022), as a result of the economic situation arising from the conflict in Ukraine, which has triggered an increase in prices, raises the limit of the right to this deduction from 600 to 900 euros for the period 2022.*

Requirements and other conditions for the application of the deduction

- That the taxpayer's main residence is located in one of the **rural areas of Cantabria classified as being at risk of depopulation.**

> ***Attention:*** *municipalities or local councils are deemed to meet this requirement if any of the following objective criteria are met:*
>
> a. *Population less than 2,000 inhabitants.*
>
> b. *Population density less than 12.5 inhabitants per square kilometre.*
>
> c. *Ageing rate above 30 per cent.*
>
> *For this purpose, it should be taken into account the Order HAC/22/2022, of 28 November, which approves the list of municipalities that have the status of Rural Area of Cantabria at risk of depopulation for the year 2022 (BOC 07-12-2022).*
>
> To determine the concept of habitual residence in the territory of an Autonomous Community , the provisions of Article 72 of the Law of IRPFshall apply.

- **That the sum of the general taxable base and the savings taxable base**, sum of boxes ***[0500]*** and ***[0510]*** of the declaration, reduced by the **amount of the personal and family minimum**, box ***[0520],*** **is less than:**

  - **22,946 euros** in individual taxation.

  - **31,485 euros** in joint taxation.

- The basis for the deduction will be constituted by the amounts **justified with invoices or receipts and paid, by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions**, to the persons or entities providing the childcare services.

  Under no circumstances, shall any sums paid by means of cash payments **be eligible for this deduction.**

- If there is more than one taxpayer entitled to the deduction, **will apportion the deduction according to the expenses justified by each taxpayer** without jointly exceeding the maximum deduction amount (900 euros per year), except in the case of marriages in community of property which may be deducted at 50 per cent each in their individual declarations.

Incompatibility

This deduction is incompatible with the application of the deduction "For childcare expenses" mentioned above.

> The deduction of childcare expenses depends on where the taxpayer is habitually resident in 2022:if it is in a municipality at risk of depopulation, this deduction will be applied for all the expenses of the year and if your habitual residence, as defined in the IRPF, is outside these municipalities, you can deduct for the deduction regulated in article 2.8 of Legislative Decree 62/2008.
>
> Therefore, in the exceptional case that one of the spouses resides (or has resided during the year) in an area of Cantabria at risk of depopulation and the other does not, in the joint tax return both deductions could be combined in such a way that each spouse would apply the deduction corresponding to the place where their habitual residence is located.

For expenses incurred when moving the habitual residence to an area of Cantabria at risk of depopulation for reasons of employment or self-employment.

Regulations:Art. 2.11.3 Texto Refundido de la Ley de Medidas Fiscales en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 62/2008, de 19 de junio, por la Comunidad Autónoma de Cantabria

Amount and limits of the deduction

500 euros in the tax period in which the change of residence takes place and in the following one.

Requirements for the application of deductions

- That the transfer of the habitual residence **from any point in Spain to an area at risk of depopulation in Cantabria, must be motivated by the carrying out of an employment activity either as an employee or as a self-employed person**.

> ***Attention:*** *municipalities or local councils are deemed to meet this requirement if any of the following objective criteria are met:*
>
> a. *Population less than 2,000 inhabitants.*
>
> b. *Population density less than 12.5 inhabitants per square kilometre.*
>
> c. *Ageing rate above 30 per cent.*
>
> *For this purpose, it should be taken into account the Order HAC/22/2022, of 28 November, which approves*

the list of municipalities that have the status of Rural Area of Cantabria at risk of depopulation for the year 2022 (BOC 07-12-2022).

To determine the concept of habitual residence in the territory of an Autonomous Community , the provisions of Article 72 of the Law of IRPFshall apply.

- In order to consolidate the right to the deduction, the taxpayer must remain in the new habitual residence **during the year in which the transfer takes place and the following three years.**

Note:*failure to comply with either of the above two requirements will give rise to the inclusion of the amounts deducted in the full regional tax liability for the financial year in which the non-compliance occurs, with the corresponding interest for late payment.*

- **The sum of the general tax base and the savings tax base**, sum of boxes ***[0500]*** and ***[0510]*** of the declaration, minus **amount of the personal and family minimum**, box ***[0520],*** **is less than**

  - **22,946 euros** in individual taxation.

  - **31,485 euros** in joint taxation.

Deduction limit

The amount of the deduction **may not exceed the autonomous region's share of the gross tax payable on earned income and income from economic activities** for the year in which the deduction is applicable.

In the event that both spouses are entitled to the deduction, in the case of joint taxation, the maximum limit of the deduction is the same for the tax return as a whole, so its determination will be made taking into consideration the total income from work and economic activities obtained by both spouses and will be applied to the total amount of the deduction (1,000 euros).

Special features in the case of joint taxation

In the case of joint taxation, the deduction of 500 euros **will be applied, in each of the tax periods in which the deduction is applicable, for each of the taxpayers who transfer their residence** in the terms mentioned above, **with the limit of the regional part of the total tax liability from earned income and economic activities corresponding to the taxpayers who generate the right to the application of the deduction.**

For investments or donations to Social Economy entities established in Cantabria

Regulations:Art. 2.12 Texto Refundido de la Ley de Medidas Fiscales en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 62/2008, de 19 de junio, por la Comunidad Autónoma de Cantabria

Amounts and joint limit of the deduction

- **20 per cent of the amounts invested**s during the financial year in the contributions made for the purpose of becoming a member in entities forming part of the Social Economy referred to in the following section.
- **50% of the amounts donated, irrevocably,** to entities that form part of the social economy for the development of both new economic activities and the consolidation of those already carried out.
- **25 per cent of the amounts donated, irrevocably**, to entities that form part of the Social Economy to carry out activities to promote and disseminate the Social Economy, under the terms set out in article 8 of Law 5/2011, of 29 March, on the Social Economy (BOE of 30 March).
- **Joint limit:** The maximum combined amount of the three cases of this deduction is **3,000 euros**, both in individual and joint taxation.

> ***Please note:****no amount may be deducted simultaneously under two or more of the methods of this deduction.*

Requirements and other conditions for the application of the deduction

- The application of this deduction is subject to compliance with the following requirements and conditions

  a) The share reached by the taxpayer, computed together with those of the spouse or persons united by reason of kinship, in direct or collateral line, by consanguinity or affinity up to and including the third degree, **may not exceed 40 per cent of the capital of the entity that is the object of the investment or donation.**

  b) The entity in which the investment or donation is to be made must meet the following requirements **:**

  1. **Form part of the social economy,** in the terms set out in Law 5/2011, of 29 March, on Social Economy and be registered in the established registers or catalogues that recognise the status of social economy entity.

     In accordance with Article 6 of Law 5/2011:

     "The Ministry of Labour and Immigration, following a report by the Council for the Promotion of the Social Economy, and in coordination with the Autonomous Communities, shall draw up and keep up to date a catalogue of the different types of entities comprising the social economy, taking into account the principles established in this Act and in coordination with the existing catalogues at Autonomous Community level.

     Catalogues of social economy entities shall be public.Advertising shall be effective by electronic means".

     N.B.: Please note that the Ministry of Labour and Immigration is now the Ministry of Labour and Social Economy.

2. **Have its registered office and tax domicile in Cantabria.**

3. To have, on an annual average, one person employed with **employment contract.**

The requirements set out in points 1, 2 and 3 above must be met for a minimum period of three years after the contribution or donation .

- The transactions to which the deduction **applies must be formalised in a public deed**, in which the identity of the investors and the amount of the respective investment must be stated.
- In order to qualify for this deduction **, the effectiveness of the donation and the value of the donation must be accredited by means of a certificate issued by the donating entity**.
- The supplies or donations that form the basis of this deduction**must be made by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions,** to the entities receiving the donation.

  Under no circumstances shall contributions or donations paid in cash give entitlement to this deduction .

- In the case of the deduction of 20 percent of the amounts invested during the financial year in contributions made for the purpose of being a member in entities that form part of the Social Economy, it is required that **the share in the capital acquired as a result of the investment made, must be maintained in the taxpayer's equity system for a minimum period of five years**.

Loss of entitlement to the deduction made

Failure to comply with the requirements and conditions established in the previous sections will entail the loss of the tax benefit and, in this case, the taxpayer must include in the tax return of IRPF corresponding to the financial year in which the non-compliance occurred the part of the tax that had not been paid as a result of the deduction made, together with the interest for late payment accrued.

Incompatibility

This deduction will be incompatible, **for the same investments**, with the deductions "For donations to foundations or to the Cantabria Coopera Fund".and "Deduction for investment in the acquisition of shares and equity investments in new or newly created companies".

Note: *taxpayers entitled to the deduction must complete the section "Additional information on the regional deduction for Cantabria for investments or donations to Social Economy entities established in Cantabria and the regional deduction for Aragon for investment in social economy entities" of Annex B.8 of the return in which, in addition to the amount of the investment entitled to the deduction, the tax identification number of the entity and, if it exists, of the second entity must be stated, indicating the amount of the investment entitled to the deduction in the corresponding box.*

To mitigate the impact of inflation on commodity purchases by 2022

Regulations:Art. 2.13 Revised Text of the Law on Fiscal Measures in the field of taxes ceded by the State, approved by Legislative Decree 62/2008, of 19 June, by the Autonomous Community of Cantabria

Amount of the deduction

- **100 euros** in individual taxation.
- **200 euros** in joint taxation.

Requirements for the application of the deduction.

The sum of the general taxable income and the taxable savings income, sum of boxes ***[0500]*** and ***[0510]*** of the declaration, minus the amount of the personal and family minimum, box *[520],* is less than

- **22,946 euros** in individual taxation.

- **31,485 euros** in joint taxation.

Time scope of application of the deduction

Taxpayers will be able to apply this deduction only during the 2022 tax period.

Attention: *Please note that the fourth additional provision of the Cantabrian Law 11/2022, of 28 December, on Fiscal and Administrative Measures (BOC 29-12-2022), as a consequence of the economic situation derived from the conflict in Ukraine, which has triggered an increase in prices, adds this new deduction for the period 2022.*

Autonomous Community of Castilla-La Mancha

Taxpayers who in 2022 have had their habitual residence in the territory of the Autonomous Community of Castilla-La Mancha may apply the following Autonomous Community deductions:

For birth or adoption of children

Regulations:Art. 1 and 13 Ley 8/2013, de 21 de noviembre, de la Comunidad Autónoma de Castilla-La Mancha, de Medidas Tributarias (Law 8/2013 of 21 November, of the Autonomous Community of Castilla-La Mancha, on Tax Measures).

Amount of the deduction

For each child born or adopted in the tax period, which generates the right to the application of the minimum per descendant, the following amounts:

- **100 euros** in the case of births or adoptions of **a child**.
- **500 euros** in the case of births or adoptions of **two children**.
- **900 euros** in the case of births or adoptions of **three or more children**.

What generates the right to each of these deductions is the number of children in each birth and not the number of births during the year, so that, by way of example, if there is more than one birth during the year, a deduction of 100 euros will be applicable for each one if it is of a single child and if there is a single birth of two children, a deduction of 500 euros will be applicable.

Requirements and other conditions of the deduction

- **That the sum of the general tax base and the savings tax base,** boxes ***[0435]*** and ***[0460]*** of the taxpayer **does not exceed**:

  - 27,000 euros in individual taxation.

  - 36,000 euros in joint taxation.

- For the application of this deduction, the rules for the **application of the minimum for descendants**, contained in the **Law of IRPF**.

  However, **when two or more taxpayers are entitled** to the application of this deduction in respect of the same descendants and one of them does not meet the above requirement, the amount of the deduction for the other taxpayers will be reduced to the proportion resulting from the application of the **rules for the apportionment of the minimum for descendants**.

For large families

Regulations:Art. 2 and 13 Ley 8/2013, de 21 de noviembre, de la Comunidad Autónoma de

Castilla-La Mancha, de Medidas Tributarias (Law 8/2013 of 21 November, of the Autonomous Community of Castilla-La Mancha, on Tax Measures).

Amounts of the deduction

- **In general:**

  - 200 euros, in the case of a large family of **general category**.

  - 400 euros, in the case of a large family of **special category**.

- **When any of the spouses or descendants**, to whom the personal and family minimum of the IRPF, **is applicable, have a degree of disability equal to or greater than 65% and generate the right to the application of the minimum for disability**, the deduction will be:

  - 300 euros, in the case of a large family of **general category**.

  - 900 euros, in the case of a large family of **special category**.

Requirements and other conditions

- The taxpayer must **have the status of a large family recognised**, in accordance with Law 40/2003, of 18 November, on the Protection of large Families, on the date the tax accrues (normally, 31 December).

  In accordance with article 5.1 of Law 40/2003, of 18 November, on the Protection of Large Families, the status of large family shall be accredited by means of the official certificate established for this purpose.

- **That the sum of the general tax base and the savings tax base,** boxes **[*0435*]** and ***[0460]*** of the taxpayer **does not exceed**:

  - **27,000 euros** in individual taxation.

  -**36,000 euros** in joint taxation.

- For the application of this deduction, the rules for the **application of the minimum for descendants and disability contained in the Law of IRPF** will be taken into account.

  However, **when two or more taxpayers are entitled** to the application of this deduction in respect of the same descendants and one of them does not meet the above requirement (i.e. when the sum of the general tax base and the savings tax base exceeds 27,000 euros in individual taxation or 36,000 euros in joint taxation), the amount of the deduction for the other taxpayers will be reduced to the proportion resulting from the application of the **rules for the apportionment of the minimum for descendants**.

Incompatibility

This deduction is incompatible with the deduction "For renting a main residence for large families".

For single-parent families

Regulations:Art. 2.bis and 13 Ley 8/2013, de 21 de noviembre, de la Comunidad Autónoma de Castilla-La Mancha, de Medidas Tributarias (Law 8/2013 of 21 November, of the Autonomous Community of Castilla-La Mancha, on Tax Measures).

Amount of the deduction

200 per year which may be applied by the parent who is a single parent at the date of accrual of the tax.

Requirements and other conditions for the application of the deduction

- **Concept of single-parent family for the purposes of this deduction.**

  For the purposes of this deduction, and without prejudice to the legal concept that may be established by basic state legislation or, where applicable, regional regulations, a single-parent family shall be considered to be **that formed by the mother or father who is legally separated or not married and the children who, exclusively, live with and are financially dependent on one** or the other, and who meet any of the following requirements **:**

  a. **Minors**, with the exception of those who, with parental consent, live independently of their parents.

  b. **They must be of legal age** and have one of the **support measures established for the exercise of their legal capacity** in accordance with civil legislation.

  > **Accuracy:** See Title XI of Book One of the Civil Code ("Measures to support persons with disabilities in the exercise of their legal capacity"), Articles 249 to 299a inclusive.
  >
  > This Title XI has recently been amended by Law 8/2021 of 2 June, reforming civil and procedural legislation to support persons with disabilities in the exercise of their legal capacity, with effect from 3 September 2021.
  >
  > As for the measures included, according to Article 250 of the aforementioned Title XI of the Civil Code, "the support measures for the exercise of the legal capacity of persons who need it are, in addition to those of a voluntary nature, the de facto guardianship, the curatorship and the legal defender".

  It shall be understood that there is exclusive economic dependence when the mother or father is entitled to the full minimum amount per descendant provided for in the Law of IRPF, in respect of the children making up the single-parent family and does not receive annuities for maintenance for the children.

  > For the purposes of this deduction, a single-parent family is considered to exist when the requirements of cohabitation and economic dependence are met with respect to any of the taxpayer's children.
  >
  > In the case of a legally separated or unmarried parent, some of the children may be living with and financially dependent on one parent, and the rest may be living with and financially dependent on the other parent.In that case, there would be two single-parent families for the purposes of this deduction, entitled to apply the deduction provided that they meet the requirements.

  > ***Attention:*** *in no case shall a single-parent family be considered to be a widowed person or a person in a similar situation who has been convicted, by a final judgement, for the commission of an intentional crime of homicide in any of its forms, when the victim was*

their spouse or ex-spouse or a person who had been linked to them by an analogous relationship of affectivity.

- **That the sum of the general tax base and the savings tax base,** boxes **[*0435*]** and ***[0460]*** of the taxpayer **does not exceed**:
  - **27,000 euros** in individual taxation.
  - **36,000 euros** in joint taxation.
- For the application of this deduction, the rules for the **application of the minimum for descendants** contained in the Law of IRPFwill be taken into account.

Incompatibility

This deduction is incompatible with the deduction "For renting a primary residence for single-parent families".

For expenditure on the purchase of textbooks, language tuition and other education-related costs

Regulations:Art. 3 and 13 Ley 8/2013, de 21 de noviembre, de la Comunidad Autónoma de Castilla-La Mancha, de Medidas Tributarias (Law 8/2013 of 21 November, of the Autonomous Community of Castilla-La Mancha, on Tax Measures).

Amount and maximum limits of the deduction

- **100 per cent of the amounts paid**, for expenses incurred for the purchase of **textbooks** published for the courses offered by the education system in accordance with article 3.2 of Organic Law 2/2006, of 3 May, on Education, or the regulation that replaces it.

  To this end, the aforementioned article of Organic Law 2/2006 stipulates that "The education system offers the following courses of study:a) Pre-primary education, b) Primary education, c) Compulsory secondary education, d) Baccalaureate, e) Vocational training, f) Language education, g) Artistic education, h) Sports education, i) Adult education, and j) University education.

- **15 per cent of the amounts paid** during the tax period, for each of the activities listed below, carried out by their children or descendants during the stages corresponding to the education offered by the education system in accordance with article 3.2 of Organic Law 2/2006, of 3 May, or the regulation that replaces it:

  1. For language teaching received as an extracurricular activity.

  2.º For those activities related to learning outside the educational centres as reinforcement or support for the courses in which they are enrolled.

  3. For the cost of access to new technologies necessary for the education in which the children or descendants are enrolled.For this purpose, only the amounts paid as internet registration fee and the first month's line fee will be considered, provided that it is not a

change of company and the line is not linked to an economic activity.

4. For the study and residence expenses of children or descendants outside the municipality of residence of the family unit, provided that the municipality where the studies are being carried out is in Castilla-La Mancha and that there is no such educational offer in the place of residence of the family unit.This deduction will also be applicable when the municipality where the studies are carried out is outside Castilla-La Mancha and there is no educational offer in the region for the studies taken.

- The amount to be deducted for all the above expenses **shall not exceed the maximum amounts** indicated below:

a. Joint declarations:

1. **Taxpayers who do NOT have the legal status of large family, for whom the amount resulting from the sum of the general tax base and the savings tax base minus the minimum for descendants** (boxes ***[0435]***, ***[0460]*** and ***[0514]*** of the return, respectively) is included in the brackets indicated below, will be able to deduct up to the following amounts:

(General taxable base + taxable savings base) – (minimum per descendant)	Limit per child
Up to 12,000 euros	200.00 euros
Between 12.000,01 and 20.000,00 Euros	100.00 euros
Between 20.000,01 and 25.000,00 Euros	75.00 euros

2. **Taxpayers who have the legal status of large family, for whom the amount resulting from the sum of the general tax base and the savings tax base minus the minimum for descendants** (boxes ***[0435]***, ***[0460]*** and ***[0514]*** of the return, respectively) is included in the bracket indicated below, will be able to deduct up to the following amounts:

(General taxable base + taxable savings base) – (minimum per descendant)	Limit per child
Up to 40,000 euros	300.00 euros

b. Individual declarations:

1. **Taxpayers who do NOT have the legal status of large family, for whom the amount resulting from the sum of the general tax base and the savings tax base minus the minimum for descendants** (boxes **[*0435*]**, **[*0460*]** and **[*0514*]** of the tax return, respectively) is included in the brackets indicated below, may deduct up to the following amounts:

(General taxable base + taxable savings base) – (minimum per descendant)	Limit per child
Up to 6,500 euros	100.00 euros
Between 6.500,01 and 10.000,00 Euros	75.00 euros
Between 10.000,01 and 12.500,00 Euros	50.00 euros

2. **Taxpayers who have the legal status of large family, for whom the amount resulting from the sum of the general tax base and the savings tax base minus the minimum for descendants** (boxes **[*0435*]**, **[*0460*]** and ***[0514]*** of the tax return, respectively) is included in the bracket indicated below, may deduct the following amount:

(General taxable base + taxable savings base) – (minimum per descendant)	Limit per child
Up to 30,000 euros	150.00 euros

Requirements and other conditions for the application of the deduction

- The deductions resulting from the application of the previous sections **will be reduced by the amount of the grants and aid granted** in the tax period in question from the Administration of the Junta de Comunidades de Castilla-La Mancha, or from any other Public Administration, **that cover all or part of the expenses** that give entitlement to deduction.

  Where expenditure relates to two or more children, the amount of deductions applicable to all children shall be calculated as a whole and shall be reduced by the total amount of grants and aid received by all children.

  For these purposes, note that the limits set for the calculation of the deduction do not apply individually to each of the children. instead, the deduction for expenses satisfied by all children will be subject to the limit resulting from multiplying the individual limit set by the number of children who generate the right to deduction.

- For the purposes of the application of these deductions, only the **parents or ascendants will be entitled to make the deduction in respect of those children or descendants attending school who are entitled** to the reduction provided for, in concept of minimum for descendants, in article 58 of the Law of IRPF.

- Taxpayers wishing to take advantage of this deduction must be **in possession of proof of payment** of the items subject to deduction.

  The justification of the expenses that give rise to the deduction must be made, as a matter of priority, by invoice.This is without prejudice to the possibility of admitting other forms of proof, such as tickets issued by retail trade, which, under the law, may have such character.

- **For the application of this deduction, the rules for the application of the minimum deduction for descendants contained in the Law of IRPF** will be taken into account.

For childcare expenses

Regulations:Art. 3.bis and 13 Law 8/2013, of 21 November, of the Autonomous Community

of Castilla-La Mancha, on Tax Measures.

Amount of deduction and ceiling

- **The 30 per 100** of the amounts paid in the tax period for the custody expenses of children under 3 years of age in nurseries or infant education centres.
- **Limit of deduction**

  a. **In general, the deduction will have a maximum amount of 500 euros for each child** enrolled in these nurseries or centres.

  In the case of taxpayers who died before 31 December, the deduction may be applied for the amounts paid up to the date of death, with the maximum limit of the deduction being prorated between the parents if both are living with the child on the date of death and are entitled to apply the minimum for descendants for the child.

  As regards the application of the maximum deduction limit, the surviving parent must reduce the proportional part of the deduction applied by the deceased spouse in that tax period in such a way that, in no case, the deduction limit exceeds the legal limit.

  b. **In particular**, the limit of the deduction, in the tax period **in which the child reaches the age of 3 years, shall be 250 euros**.

  The amounts paid giving entitlement to the deduction shall be those corresponding to the tax period in which the child reaches the age of three, up to a limit of 250 euros.

Basis of deduction

- These must be amounts paid **for the following custodial costs**:

  - pre-registration and enrolment of children under 3 years of age,

  - attendance, general and extended hours, and

  - food.

- The amounts benefiting from the deduction are exclusively those corresponding to expenses incurred for **full months**.
- The amounts paid must be reduced by the amount of the **grants or aid obtained from any Public Administration** that cover all or part of the custody costs.This reduction shall be applied individually for each child benefiting from a scholarship or grant.
- Also not included are the amounts that **are considered by the taxpayer as exempt income from work in kind** by application of the provisions of Article 42.3.(b) or (d) of the Personal Income Tax Act, i.e. by:
  - The direct or indirect hiring by companies or employers of the first cycle child education service for the children of their workers in authorised childcare centres or child education centres [Article 42.3 (b) Personal Income Tax Act].
  - The provision of pre-school, infant, primary, compulsory secondary, baccalaureate and

vocational training education services by authorised educational centres for the children of their employees, free of charge or for less than the normal market price [Art. 42.3.d) Law IRPF].

Requirements and other conditions for the application of the deduction

- The amounts for childcare costs are to be paid to nursery schools or kindergartens**.**

  For the purposes of applying this deduction, a nursery or infant education centre **shall be understood to be any centre authorised by the Regional Ministry responsible for education** which provides care or the first cycle of infant education for children under 3 years of age.

- For the application of this deduction, only those daughters or sons will be taken into account **that give right to the application of the minimum for descendants** in article 58 of the Law of IRPF .

- **That the sum of the general tax base and the savings tax base,** boxes **[*0435*]** and ***[0460]*** of the taxpayer **does not exceed**:
  - **27,000 euros** in individual taxation.
  - **36,000 euros** in joint taxation

- When the children entitled to the deduction live with more than one taxpayer, the amount of the deduction shall be apportioned equally, **,** provided that they entitle more than one taxpayer to the minimum amount for descendants.

  Please note:

  - Each parent may only apply the deduction for the amounts paid by him or her, although in the case of marriages in community of property regime, the amounts paid shall be deemed to be attributed to the spouses in equal shares.
  - In cases where more than one taxpayer is entitled to apply the deduction, the apportionment refers exclusively to the limit of 500 euros, as each taxpayer will apply the deduction for the amounts paid by him.
  - If the amounts have been paid by both parents and meet the requirements relating to cohabitation and entitlement to the minimum for descendants, the deduction will be prorated, even if one of the parents cannot apply it because their total taxable income exceeds 27,000 euros or because they reside in another Autonomous Community.
  - In cases of shared custody and guardianship in which both parents pay amounts and are entitled to the minimum for descendants, the deduction shall be prorated between them, even if the child does not live with both parents simultaneously, provided that the child entitles them to the application of the minimum for descendants.

Note: *taxpayers entitled to the deduction must enter in the box* ***[0210]*** *of Annex B.4 of the tax return form the NIF of the authorised day-care centre or nursery.*

For taxpayer disability

Regulations:Art. 4 and 13 Ley 8/2013, de 21 de noviembre, de la Comunidad Autónoma de Castilla-La Mancha, de Medidas Tributarias (Law 8/2013 of 21 November, of the Autonomous Community of Castilla-La Mancha, on Tax Measures).

Amount of the deduction

300 euros for each taxpayer who has a **accredited degree of disability equal to or greater than 65%** and is entitled to the application of the taxpayer's minimum disability tax.

Requirements and other conditions of the deduction

- That the **sum of the general taxable base and the taxable savings base of the taxpayer,** boxes ***[0435]*** and ***[0460]*** of the return, **does not exceed**:

  - 27,000 euros in individual taxation.

  - 36,000 euros in joint taxation.

- For the application of this deduction, the **rules for the application of the minimum for taxpayer and disability contained in the Law of IRPF**will be taken into account.

Incompatibility

- This deduction is incompatible with the disability deduction of ascendent or descendant in respect of the same person.

  Consequently, disabled descendants who integrate the family unit will generate joint taxation rights to the application of the disability deduction of descendants and not to the disability deduction of the taxpayer.

- In cases where the taxpayer is a person over 75 years of age with an accredited degree of disability equal to or greater than 65%, **this deduction will be applied and not the deduction established "For taxpayers over 75 years of age".**

For the disability of ascendants or descendants

Regulations:Art. 5 and 13 Ley 8/2013, de 21 de noviembre, de la Comunidad Autónoma de Castilla-La Mancha, de Medidas Tributarias (Law 8/2013 of 21 November, of the Autonomous Community of Castilla-La Mancha, on Tax Measures).

Amount of the deduction

300 euros for each ascendant or descendant with an accredited degree of disability **equal to or greater than 65%**, which generates the right to the application of the minimum for disability of ascendants or descendants.

Requirements and other conditions of the deduction

- **That the sum of the general tax base and the savings tax base** of the taxpayer, boxes ***[0435]*** and ***[0460]*** of the return, **does not exceed**:

- **27,000 euros** in individual taxation.

- **36,000 euros** in joint taxation.

- For the application of this deduction, the **rules for the application of the minimum for ascendants, descendants and disability contained in the Law of IRPF**will be taken into account.

  However, **when two or more taxpayers are entitled** to the application of this deduction in respect of the same ascendants or descendants **and one of them does not meet the above requirement, the amount of the deduction for the other taxpayers will be reduced to the proportion resulting from the application of the rules for apportionment of the minimum for ascendants, descendants and disability**.

- **In cases of joint taxation**, the deduction applicable for disabled descendants will always be this deduction and not the taxpayer's disability deduction.

Incompatibility

This deduction is **incompatible** with the **deduction for disability of the taxpayer in respect of the same person**.

> Consequently, disabled descendants who integrate the family unit will generate joint taxation rights to the application of the disability deduction of descendants and not to the disability deduction of the taxpayer.

In cases where the ascendant is a person over 75 years of age with an accredited degree of disability equal to or greater than 65%, **this deduction will be applied and not the deduction established "For care of ascendants over 75 years of age".**

For taxpayers over 75 years of age

Regulations:Art. 6 .1 and 13 Law 8/2013, of 21 November, of the Autonomous Community of Castilla-La Mancha, on Tax Measures.

Amount of the deduction

150 euros for taxpayers over 75 years of age.

Common requirements for this deduction and the deduction "For the care of relatives in the ascending line over 75 years of age".

- **The application of these deductions** will not be applicable when those over 75 years of age who generate the right to them, either the taxpayer or the ascendant, reside for more than 30 calendar days of the tax period in Residential Centres for the Elderly of the Junta de Comunidades de Castilla-La Mancha or in places arranged or subsidised by it in other centres, with the exception of temporary stays derived from convalescence duly accredited by the Health Service of Castilla-La Mancha.

- **That the sum of the general tax base and the savings tax base** of the taxpayer, boxes ***[0435]*** and ***[0460]*** of the return, **does not exceed**:

- **27,000 euros** in individual taxation.

- **36,000 euros** in joint taxation.

- For the application of these deductions, the rules for the application of the minimum per taxpayer and per ascendants contained in the Law of IRPFwill be taken into account.

  However, **in the case of the deduction for the care of an ascendant over 75 years of age**, when two or more taxpayers are entitled to the application of this deduction in respect of the same ascendants and one of them does not meet the above requirement, the amount of the deduction for the other taxpayers **will be reduced to the proportion resulting from the application of the rules for the apportionment of the minimum for ascendants**.

Incompatibility

The deduction for taxpayers over 75 years of age and the deduction for ascendants over 75 years of age are incompatible, respectively, with the deduction for the taxpayer's disability and with the deduction for the ascendent's disability, with respect to the same person over 75 years of age.

In cases in which the **person over 75 years of age has an accredited degree of disability equal to or greater than 65%, the deductions for disability of the taxpayer or for disability of the ascendant** which, in their capacity as taxpayer or ascendant of the taxpayer, respectively, correspond to them, will be applied.

For the care of relatives in the ascending line over 75

Regulations:Art. 6.2 and 13 Ley 8/2013, de 21 de noviembre, de la Comunidad Autónoma de Castilla-La Mancha, de Medidas Tributarias (Law 8/2013 of 21 November, of the Autonomous Community of Castilla-La Mancha, on Tax Measures).

Amount of the deduction

150 euros for the care of each ascendant **over 75 years of age**, provided that this entitles them to the application of the minimum for ascendants.

Common requirements for this deduction and the deduction "For taxpayers over 75 years of age".

- **The application of these deductions** will not be applicable when those over 75 years of age who generate the right to them, either the taxpayer or the ascendant, reside for more than 30 calendar days of the tax period in Residential Centres for the Elderly of the Junta de Comunidades de Castilla-La Mancha or in places arranged or subsidised by it in other centres, with the exception of temporary stays derived from convalescences duly accredited by the Health Service of Castilla-La Mancha.

- **That the sum of the general tax base and the savings tax base** of the taxpayer, boxes ***[0435]*** and ***[0460]*** of the return, **does not exceed**:

  - **27,000 euros** in individual taxation.

- 36,000 euros in joint taxation.

- For the application of these deductions, the rules for the application of the minimum per taxpayer and per ascendant contained in the Law of IRPF shall be taken into account.

  However, **in the case of the deduction for the care of an ascendant over 75 years of age**, when two or more taxpayers are entitled to the application of this deduction in respect of the same ascendants and one of them does not meet the above requirement, the amount of the deduction for the other taxpayers **will be reduced to the proportion resulting from the application of the rules for the apportionment of the minimum for ascendants**.

Incompatibility

The deduction for taxpayers over 75 years of age and the deduction for ascendants over 75 years of age are incompatible, respectively, with the deduction for the taxpayer's disability and with the deduction for the ascendent's disability, with respect to the same person over 75 years of age.

In cases in which the person **over 75 years of age has an accredited degree of disability equal to or greater than 65%, the deductions for disability of the taxpayer or for disability of the ascendant** which, in their capacity as taxpayer or ascendant of the taxpayer, respectively, correspond to them, will be applied.

For unpaid family accommodation of minors

Regulations:Art. 7 Ley 8/2013, de 21 de noviembre, de la Comunidad Autónoma de Castilla-La Mancha, de Medidas Tributarias (Law 8/2013, of 21 November, of the Autonomous Community of Castile-La Mancha, on Tax Measures)

Amounts of the deduction

- **500 euros** if it is the **first minor** in unpaid foster care or by delegation of guardianship for pre-adoptive cohabitation, provided that he/she lives with the taxpayer for **more than 183 days** of the tax period.

- **600 euros** if it is the **second or successive minor** in unpaid foster care or by delegation of guardianship for pre-adoptive cohabitation, provided that he/she lives with the taxpayer for **more than 183 days** of the tax period.

Requirements and other conditions of the deduction

- Foster care entitling to the deduction may be temporary, permanent or by delegation of guardianship for pre-adoptive cohabitation, by administrative or judicial agreement.

- For the purpose of determining the order number of the child in care, only children **who have been in care for more than 183 days of the tax period**.

  In no case will minors who have been **adopted** during the said tax period by the taxpayer be taken into account.

- **This deduction will not be applicable in the case of temporary foster care or by**

delegation of guardianship for pre-adoptive cohabitation when the **adoption** of the child takes place during the tax period, without prejudice to the application of the deduction for the birth or adoption of children.

- In the case of foster care of minors **by married couples or de facto unions**, the amount of the deduction **will be prorated in equal parts** in the tax return of each of them if they opt for individual taxation.

- The following requirements must be met for the deduction to be applied:

  a. **That the sum of the general tax base and the savings tax base** of the taxpayer, boxes ***[0435]*** and ***[0460]*** of the return, **does not exceed**:

     - 12,500 euros in individual taxation.

     - 25,000 euros in joint taxation.

  b. That **accredits**, by the competent regional ministry in the matter, the **formalisation of the fostering**, as well as that the contributor **has not received aid from the Administration of the Junta de Comunidades de Castilla-La Mancha linked to the fostering**.

For unpaid accommodation of persons over 65 years of age or with disabilities

Regulations:Art. 8 Ley 8/2013, de 21 de noviembre, de la Comunidad Autónoma de Castilla-La Mancha, de Medidas Tributarias (Law 8/2013, of 21 November, of the Autonomous Community of Castile-La Mancha, on Tax Measures)

Amount of the deduction

600 euros for each person over 65 years of age or with an accredited degree of disability equal to or greater than 33 per cent, who lives with the taxpayer for **more than 183 days** per year in foster care without consideration, when for this reason they have not received aid or subsidies from the Autonomous Community of Castilla-La Mancha.

Requirements and other conditions for the application of the deduction

- That **does not give rise** to obtaining **aid or subsidies** from the Autonomous Community of Castile-La Mancha.

- **This deduction may not be applied**, in the case of foster care for people over 65 years of age, when the fostered person is linked to the taxpayer by a **family relationship** of consanguinity or affinity up to and including the fourth degree.

- When the host person generates the **right to the deduction for more than one taxpayer simultaneously, the amount of the deduction shall be apportioned in equal parts** in the tax return of each of them if they opt for individual taxation.

- For the deduction to apply, the following requirements must be met :

a. **That the sum of the general tax base and the savings tax base** of the taxpayer, boxes ***[0435]*** and ***[0460]*** of the return, **does not exceed**:

- **12,500 euros** in individual taxation.

- **25,000 euros** in joint taxation.

In the case of married couples or unmarried partners, the amount of the deduction is apportioned equally in the individual tax return of each of them, even if only one of the spouses or unmarried partners has a taxable income not exceeding the amount of 12,500 euros, or one of them does not file a tax return.

b. That **accredits**, by the competent regional ministry in the matter, that **neither the taxpayer nor the fostered person has received aid** from the Administration of the Junta de Comunidades de Castilla-La Mancha linked to the fostering.

For renting a principal residence for persons under 36 years of age

Regulations:(Arts.9 and 13 Ley 8/2013, de 21 de noviembre, de la Comunidad Autónoma de Castilla-La Mancha, de Medidas Tributarias (Law 8/2013, of 21 November, of the Autonomous Community of Castile-La Mancha, on Tax Measures)

Amounts and maximum deduction limits

- **15 percent of the amounts paid for the renting** of the dwelling that constitutes or will constitute their habitual residence in Castilla-La Mancha during the tax period, **with a maximum of 450 euros**.

- **20 per cent of the amounts paid for renting** the dwelling that constitutes or will constitute their habitual residence during the tax period, **with a maximum of 612 euros** in the following cases :

  a. When the taxpayer's habitual residence is in a municipality in Castilla-La Mancha **with a population of up to 2,500 inhabitants**.

  b. When the taxpayer has his or her habitual residence in a municipality in Castilla-La Mancha **with a population of more than 2,500 inhabitants and up to 10,000 inhabitants, which is more than 30 kilometres from a municipality with a population of more than 50,000 inhabitants**.

  For these purposes, to determine the number of inhabitants of each municipality, the number established in the municipal register of inhabitants in force on 1 January of the year in which the tax accrues shall be taken.

  You can consult the list of municipalities in the following link:Municipalities

Requirements and other conditions of the deduction

- On the date on which the tax becomes chargeable, the taxpayer's habitual residence is in Castilla-La Mancha and he/she is **under thirty-six years of age**.

- That the sum of the taxpayer's general tax base and savings tax base minus the minimum for

descendants (boxes ***[0435]***, ***[0460]*** and ***[0514]*** of the return, respectively) **does not exceed** the amount of:

- 12,500 euros in individual taxation.

- 25,000 euros in joint taxation.

- That in the self-assessment of the IRPF the **tax identification number of the lessor** of the dwelling is stated.
- The concept of **habitual residence** will be the **established by the regulations governing the IRPF** in force on the date of accrual of the tax.

  It should be borne in mind that in order to be considered as the habitual residence, residence is required for **a continuous period of three years,** unless there are circumstances that necessarily require a change of residence.

Incompatibility

This deduction is incompatible with the deductions "For renting a primary residence linked to certain dation in payment operations", "For renting a primary residence for large families", "For renting a primary residence for single-parent families" and "For renting a primary residence for people with disabilities".

Note: *taxpayers entitled to the deduction must complete the section "Additional information on the regional deduction for renting in Andalucía, Principado de Asturias, Illes Balears, Canarias, Cantabria, Castilla-La Mancha, Castilla y León, Cataluña, Extremadura, Galicia, Madrid, Región de Murcia, La Rioja and Comunitat Valenciana" in Annex B.8 of the return in which, in addition to the data necessary to quantify the deduction, the NIF/NIE of the lessor of the property and, if it exists, that of the second lessor or, if applicable, if a NIF from another country has been entered, an X will be marked in the corresponding box.*

For renting a primary residence linked to certain dation in payment operations

Regulations:Art. 9 bis and 13 Ley 8/2013, de 21 de noviembre, de la Comunidad Autónoma de Castilla-La Mancha, de Medidas Tributarias (Law 8/2013, of 21 November, on Tax Measures).

Amounts and maximum deduction limits

- **15 per cent of the amounts paid** during the financial year **for the rental of the taxpayer's habitual residence** , located at **Castilla-La Mancha and constituting the habitual residence**.
- **Maximum amount of the deduction:450 euros**

  Note that the taxpayer may not deduct more than 450 euros for the sum of the amounts paid for all the contracts

made in the tax period.

Requirements and other conditions of the deduction

- At the date on which the tax becomes chargeable, the taxpayer's habitual residence is in Castilla-La Mancha .
- **That the rental contract is linked to an operation of adjudication of the habitual residence in payment of the totality of the outstanding debt of the loan or credit secured by mortgage** of the aforementioned residence.
- **That the sum of the general tax base and the savings tax base** of the taxpayer minus the minimum for descendants (boxes ***[0435]***, ***[0460]*** and ***[0514]*** of the declaration, respectively) **does not exceed** the amount of:

  - 12,500 euros in individual taxation.

  - 25,000 euros in joint taxation.
- That the tax identification number of the lessor of the dwelling is included in the self-assessment of the IRPF.
- The concept of primary residence is **set by the personal income tax** regulation in force on the tax accrual date.

  It should be borne in mind that in order to be considered as the habitual residence, it is necessary to have resided there for a continuous period of three years, unless there are circumstances that necessarily require a change of residence.
- The limit of this deduction **shall be prorated** for the number of days the lease remains in force within the tax period.

  In addition, when two or more taxpayers declaring IRPF are entitled to the application of this deduction for the same home, the limit will be apportioned equally between them.

  No apportionment will be made if one of the lessees cannot apply the deduction because their taxable income is higher than the permitted amount or because they reside in another Autonomous Community.

Incompatibility

This deduction is incompatible with the deductions "For renting a primary residence for persons under 36 years of age", "For renting a primary residence for large families", "For renting a primary residence for single-parent families" and "For renting a primary residence for persons with disabilities".

Note: *taxpayers entitled to the deduction must complete the section "Additional information on the regional deduction for the rental of the main residence linked to certain dation in payment operations in Aragon, the Canary Islands and Castile-La Mancha in Annex B.9 of the tax return in which, in addition to the data necessary to quantify the deduction, the*

NIF/NIE of the lessor of the property must be stated and, if applicable, if a NIF from another country has been entered, an X must be marked in the corresponding box.

For the rental of the usual dwelling by large families

Regulations:(Arts.9 ter and 13 Ley 8/2013, de 21 de noviembre, de la Comunidad Autónoma de Castilla-La Mancha, de Medidas Tributarias (Law 8/2013, of 21 November, of the Autonomous Community of Castile-La Mancha, on Tax Measures)

Amounts and maximum deduction limits

- **15 per cent of the amounts paid for the renting** of the dwelling that constitutes or will constitute their habitual residence in Castilla-La Mancha during the tax period, when the requirements indicated in the following section are met.
- **Maximum amount of the deduction:450 euros.**

  Note that the taxpayer may not deduct more than 450 euros for the sum of the amounts paid for all the contracts made in the tax period.

Requirements and other conditions of the deduction

- That, on the date on which the tax becomes chargeable, the taxpayer's habitual residence is in Castilla-La Mancha **.**
- **That the taxpayer is a member of a large family** that, on the date of accrual of the tax, is recognised as such in accordance with the provisions of Law 40/2003, of 18 November, on the Protection of Large Families and is in possession of the corresponding large family certificate.
- **That the sum of the general tax base and the savings tax base** of the taxpayer minus the minimum for descendants (boxes ***[0435]***, ***[0460]*** and ***[0514]*** of the declaration, respectively) **does not exceed** the amount of:

  - 12,500 euros in individual taxation.

  - 25,000 euros in joint taxation.
- That the tax identification number of the lessor of the dwelling is included in the self-assessment of the IRPF.
- The concept of **habitual residence** will be the **established by the regulations governing the IRPF** in force on the date of accrual of the tax.

  It should be borne in mind that in order to be considered as the habitual residence, it is necessary to have resided there for a continuous period of three years, unless there are circumstances that necessarily require a change of residence.
- The limit of this deduction **will be prorated** for the number of days the lease remains in force within the tax period.

In addition, when two or more taxpayers declaring IRPF are entitled to the application of this deduction for the same home, the limit will be apportioned equally between them.

No apportionment will be made if one of the lessees cannot apply the deduction because their taxable income is higher than the permitted amount or because they reside in another Autonomous Community.

Incompatibility

- This deduction is incompatible with the deductions "For rental of primary residence by persons under 36 years of age", "For rental of primary residence linked to certain dation in payment transactions", "For rental of primary residence by single-parent families" and "For rental of primary residence by disabled persons".
- Likewise, this deduction is incompatible with the deduction "For large family".

Note: *taxpayers entitled to the deduction must complete the section "Additional information on the regional deduction for renting in Andalucía, Principado de Asturias, Illes Balears, Canarias, Cantabria, Castilla-La Mancha, Castilla y León, Cataluña, Extremadura, Galicia, Madrid, Región de Murcia, La Rioja and Comunitat Valenciana" in Annex B.8 of the return in which, in addition to the data necessary to quantify the deduction, the NIF/NIE of the lessor of the property and, if it exists, that of the second lessor or, if applicable, if a NIF from another country has been entered, an X will be marked in the corresponding box.*

For renting a single-parent dwelling for single-parent families

Regulations:(Arts.9 quáter and 13 Law 8/2013 of 21 November 2013 of the Autonomous Community of Castilla-La Mancha on Taxation Measures

Amounts and maximum deduction limits

- **15 per cent of the amounts paid for the renting** of the dwelling which constitutes or is going to constitute **their habitual residence in Castilla-La Mancha during the tax period**, when the requirements indicated in the following section are met.
- **Maximum amount of the deduction:450 euros.**

Note that the taxpayer cannot deduct more than 450 euros for the sum of the amounts paid for all the contracts made in the tax period.

Requirements and other conditions of the deduction

- That, on the date on which the tax becomes chargeable, the taxpayer's habitual residence is in Castilla-La Mancha **.**
- **The taxpayer is the parent in a single-parent family**.

Remember:

In accordance with Article 2 bis of Law 8/2013, a single parent family shall be considered to be a family formed by the mother or father who is legally separated or not married and the children who, exclusively, live with and are financially dependent on one or the other, and who meet one of the following requirements:

a. Be minors, with the exception of those who, with parental consent, live independently of their parents.

b. They must be of legal age and have one of the support measures for the exercise of their legal capacity in accordance with civil legislation.

It shall be understood that there is exclusive economic dependence when the mother or father is entitled to the full minimum amount per descendant provided for in the Law of IRPF, in respect of the children making up the single-parent family and does not receive annuities for maintenance for the children.

Without prejudice to the foregoing, **in no case** shall a single parent family be considered to be a widow or widower or a person in a similar situation who has been convicted, by final judgement, of committing an intentional crime of homicide in any of its forms, when the victim was their spouse or ex-spouse or a person who had been linked to them by an analogous relationship of affectivity.

- **That the sum of the general tax base and the savings tax base** of the taxpayer minus the minimum for descendants (boxes ***[0435]***, ***[0460]*** and ***[0514]*** of the declaration, respectively) **does not exceed** the amount of:

  - 12,500 euros in individual taxation.

  - 25,000 euros in joint taxation.

- That the tax identification number of the lessor of the dwelling is included in the self-assessment of the IRPF.

- The concept of **habitual residence** will be the **established by the regulations governing the IRPF** in force on the date of accrual of the tax.

  It should be borne in mind that in order to be considered as the habitual residence, it is necessary to have resided there for a continuous period of three years, unless there are circumstances that necessarily require a change of residence.

- The limit of this deduction **shall be prorated** for the number of days the lease remains in force within the tax period.

  In addition, when two or more taxpayers declaring IRPF are entitled to the application of this deduction for the same home, the limit will be apportioned equally between them.

  No apportionment will be made if one of the lessees cannot apply the deduction because their taxable income is higher than the permitted amount or because they reside in another Autonomous Community.

Incompatibility

- This deduction is incompatible with the deductions "For rental of primary residence by persons under 36 years of age", "For rental of primary residence linked to certain dation in payment operations", "For rental of primary residence by large families" and "For rental of primary residence by disabled persons".

- This deduction is also incompatible with the deduction "For single-parent families".

Note: *taxpayers entitled to the deduction must complete the section "Additional information on the regional deduction for renting in Andalusia, Principality of Asturias, Balearic Islands, Canary Islands, Cantabria, Castile-La Mancha, Castile and Leon, Catalonia, Extremadura, Galicia, Madrid, Region of Murcia, La Rioja and Valencia" in Annex B.8 of the return in which, in addition to the data necessary to quantify the deduction, the taxpayer must state the NIF/NIE of the lessor of the home and, if it exists, that of the second lessor or, if applicable, if a NIF from another country has been entered, an X will be marked in the corresponding box.*

For the rental of the usual dwelling by persons with disabilities

Regulations:(Arts.9 quinquies and 13 Ley 8/2013, de 21 de noviembre, de la Comunidad Autónoma de Castilla-La Mancha, de Medidas Tributarias

Amounts and maximum deduction limits

- **15 per cent of the amounts paid for the renting** of the dwelling that constitutes or will constitute their habitual residence in Castilla-La Mancha during the tax period, when the requirements indicated in the following section are met.
- **Maximum amount of the deduction:450 euros.**

  Note that the taxpayer cannot deduct more than 450 euros for the sum of the amounts paid for all the contracts made in the tax period.

Requirements and other conditions of the deduction

- That, on the date on which the tax becomes chargeable, the taxpayer's habitual residence is in Castilla-La Mancha **.**
- That the taxpayer has an accredited degree of disability equal to or greater than 65 per cent and is entitled to the application of the minimum disability of the taxpayer provided for in the Personal Income Tax Act **.**

  - **That the sum of the general tax base and the savings tax base of the taxpayer minus the minimum for descendants (boxes *[0435]*, *[0460]* and *[0514]* of the declaration, respectively) does not exceed the amount of:**

    - 12,500 euros in individual taxation.

    - 25,000 euros in joint taxation.

  - **That the tax identification number of the lessor of the dwelling is included in the self-assessment of the IRPF.**

  - **The concept of habitual residence will be the established by the regulations governing the IRPF in force on the date of accrual of the tax.**

    It should be borne in mind that in order to be considered as the habitual residence, it is necessary to have resided there for a continuous period of three years, unless there are circumstances that

necessarily require a change of residence.

- **The limit of this deduction shall be prorated for the number of days the lease remains in force within the tax period.**

In addition, when two or more taxpayers declaring IRPF are entitled to the application of this deduction for the same home, the limit will be apportioned equally between them.

No apportionment will be made if one of the lessees cannot apply the deduction because their taxable income is higher than the permitted amount or because they reside in another Autonomous Community.

Incompatibility

- **This deduction is incompatible with the deductions "For renting a primary residence for persons under 36 years of age", "For renting a primary residence linked to certain dation in payment transactions", "For renting a primary residence for large families" and "For renting a primary residence for single-parent families".**
- **This deduction is also incompatible with the deduction "For disability of the taxpayer".**

***Note:** taxpayers entitled to the deduction must complete the section "Additional information on the regional deduction for renting in Andalucía, Principado de Asturias, Illes Balears, Canarias, Cantabria, Castilla-La Mancha, Castilla y León, Cataluña, Extremadura, Galicia, Madrid, Región de Murcia, La Rioja and Comunitat Valenciana" in Annex B.8 of the return in which, in addition to the data necessary to quantify the deduction, the NIF/NIE of the lessor of the property and, if it exists, that of the second lessor or, if applicable, if a NIF from another country has been entered, an X will be marked in the corresponding box.*

For amounts donated to international development cooperation and entities for the fight against poverty, social exclusion and aid to people with disabilities

Regulations:Art. 10 Ley 8/2013, de 21 de noviembre, de la Comunidad Autónoma de Castilla-La Mancha, de Medidas Tributarias (Law 8/2013, of 21 November, of the Autonomous Community of Castile-La Mancha, on Tax Measures)

Amount and maximum limit of the deduction

- **15 per cent of the monetary donations** made during the tax period **destined to non-governmental organisations, foundations, associations for people with disabilities and other entities**, provided that these are considered non-profit entities in accordance with the provisions of articles 2 and 3 of Law 49/2002, of 23 December, on the tax regime for non-profit entities and tax incentives for patronage, **that their main purposes include international cooperation, the fight against poverty and help for people with disabilities and social exclusion**.

- The **deduction base may not exceed 10% of the taxpayer's taxable income**.

Requirements and other conditions for the application of the deduction

- Non-governmental organisations, foundations, associations for people with disabilities and other entities that are considered non-profit entities **must be registered in the corresponding registers of the Autonomous Community of Castilla-La Mancha**.
- **In the case of foundations, it will be necessary that**, in addition to their registration in the Castile-La Mancha Foundations Register, **render accounts to the corresponding Protectorate body and that the latter has ordered their deposit in the Foundations Register**.
- The effectiveness of the contribution made **must be accredited** by means of **certification from the competent body of the donor organisation**.

For donations for purposes of scientific research and development and business innovation

Regulations:Art. 11 Ley 8/2013, de 21 de noviembre, de la Comunidad Autónoma de Castilla-La Mancha, de Medidas Tributarias (Law 8/2013, of 21 November, of the Autonomous Community of Castile-La Mancha, on Tax Measures)

Amount and requirements for the application of the deduction

- **15 per cent of the monetary donations** made during the tax period in favour of any of the following entities:
  a. The **Administration of the Junta de Comunidades de Castilla-La Mancha and the public bodies and entities dependent on it** whose purpose is scientific research and development and business innovation.
  b. The **non-profit entities** referred to in articles 2 and 3 of **Law 49/2002, of 23 December**, on the tax regime for non-profit entities and tax incentives for patronage, provided that:
     - its main purposes include **scientific research and development and business innovation** and
     - are **registered in the corresponding registers** of the Autonomous Community of Castile-La Mancha.
- The effectiveness of the contribution made must be accredited by means of **certification from the donating entity**.

Deduction limit

The amount of the deduction **may not exceed 10% of the regional tax liability,** box ***[0546]*** of the tax return.

For donations of cultural goods and contributions for the conservation, repair and restoration of goods belonging to the cultural heritage of Castilla-La Mancha, and for cultural purposes, included in the cultural patronage plan of Castilla-La Mancha.

Regulations:11 bis and 13 Law 8/2013 of Law 8/2013, of 21 November, of the Autonomous Community of Castilla-La Mancha, on Tax Measures

Amount and requirements for the application of the deduction

- **15 per cent of pure and simple donations**s made during the tax period of assets which, forming part of the cultural heritage of Castilla-La Mancha, are registered in the Inventory of Cultural Heritage of Castilla-La Mancha, in accordance with Law 4/2013, of 16 May, on Cultural Heritage of Castilla-La Mancha, provided that they are made **in favour of any of the following entities:**

  a. The **Junta de Comunidades de Castilla-La Mancha and the Local Corporations** of the Region, as well as the **Public Entities of a cultural nature** dependent on any of them.

  b. The **universities** that carry out their teaching and research activity in the Region, the **Research Centres and the Higher Centres of Artistic Education** of the Region.

  c. **Non-profit entities** (foundations and associations declared to be of public utility) regulated in Article 2 (a) and (b) of **Law 49/2002, of 23 December**, on the Tax Regime for Non-Profit Entities and Tax Incentives for Patronage, **provided that**:

     - Pursue aims of an exclusively cultural nature and

     - Are registered in the corresponding registers of Castilla-La Mancha.

- **15 percent of the amounts earmarked** for the conservation, repair and restoration of assets belonging to the cultural heritage of Castilla-La Mancha, registered in the Inventory of the Cultural Heritage of Castilla-La Mancha.

- **15 percent of the amounts donated** for cultural purposes established in **Law 9/2019, of 13 December**e, on Cultural Patronage of Castilla-La Mancha, made to the entities established in article 3.1 of said law, included in the cultural patronage plan of Castilla-La Mancha.

  The entities established in article 3.1 of Law 9/2019, of 13 December, on Cultural Patronage of Castilla-La Mancha are the following:

  a) The Junta de Comunidades de Castilla-La Mancha and the Local Corporations of the region, as well as the Entities and Bodies that make up the Regional Public Sector, as defined in Article 4 of the revised text of the Finance Law of Castilla-La Mancha, approved by Legislative Decree 1/2002, of 19 November, and the Local Public Sector of Castilla-La Mancha.

  b) Non-profit entities domiciled for tax purposes in Castilla-La Mancha.Non-profit entities are understood to be those that are characterised as such by the regulations governing them in accordance with their corresponding

legal status.

c) The universities that carry out their teaching and research activities in the Region, the Research Centres and the Higher Centres for Artistic Education in the Region.

d) Natural or legal persons with tax domicile in Castilla-La Mancha who habitually carry out any of the activities listed in Article 2 of the Cultural Patronage Law of Castilla-La Mancha.

Joint ceiling of the deduction

The sum of the bases of the deductions established in the previous sections **may not exceed 10% of the taxpayer's general net taxable income and savings net taxable income.**This amount is the result of adding the boxes ***[0500]*** and ***[0510]*** of the declaration.

Incompatibility

These deductions will be incompatible with the **tax credit referred to in Law 9/2019**, of 13 December, on Cultural Patronage of Castilla-La Mancha, as long as the aforementioned tax credit remains in force.

The tax credit is regulated in Chapter 2 of Title IV ("Tax Measures"), articles 21 to 24, both inclusive, of the aforementioned Law 9/2019, of 13 December, on Cultural Patronage of Castilla-La Mancha.

Article 21 of Law 9/2019 defines tax credit as "those amounts recognised by the regional administration in favour of taxpayers that can be used by them to satisfy the payment of taxes, public prices and fees, managed directly by the Junta de Comunidades de Castilla-La Mancha, as well as the levy established in Law 9/2001, of 21 March, which creates the Wind Energy levy and the fund for the Technological Development of Renewable Energies and the rational use of Energy in Castilla-La Mancha".

It is the responsibility of the Consejería competente en materia de hacienda de Junta de Comunidades de Castilla-La Mancha to recognise a tax credit in favour of the donors for 25 per cent of the business collaboration agreements or of the amounts of money donated to the recipients and for the following purposes:

a. Donations made to the Junta de Comunidades de Castilla-La Mancha and to the Entities and Bodies that make up the Regional Public Sector, provided that they are used to finance expenditure programmes or actions aimed at promoting any cultural activity.

b. Donations made to Universities established in Castilla-La Mancha, to Research Centres and to Higher Centres for Artistic Education in Castilla-La Mancha, when they are used to finance expenditure programmes or actions aimed at research activities in the field of services and products with cultural content.

c. Donations made to the public universities of Castilla-La Mancha and to the public centres of higher artistic education in the region for the financing of spending programmes or actions for the establishment of scholarships for access to higher education in studies related to services and products of cultural content.

For interest expenses for the acquisition of a primary residence by persons under 40 years of age.

Regulations:Art. 12 of Law 8/2013, of 21 November, of the Autonomous Community of Castilla-La Mancha, on Tax Measures.

Amount and maximum limits of the deduction

- The **100 per cent** of the amounts paid during the tax period in respect of interest on external financing arranged for the purchase of the first main residence.

  With regard to the concept of principal residence, it should be noted that the concept of principal residence established by the state personal income tax regulations in force on 31 December 2012 is discussed in the section "General conditions and requirements" under the heading "Deduction for investment in principal residence.Transitional arrangements" in Chapter 16.

- **The amount of the deduction may not exceed the limits indicated below**, depending on the amount resulting from the sum of the general tax base and the savings tax base in boxes ***[0435] and [0460]*** of the tax return:

  a) At **individual declarations**

General taxable base + Savings tax base	Limit per taxpayer
Up to 12,500 euros	150.00 euros
Between 12,500.01 and 27,000.00 euros	100.00 euros

  b) In the **joint declarations**

General taxable base + Savings tax base	Limit per taxpayer
Up to 25,000 euros	150.00 euros
Between 25,000.01 and 36,000.00 euros	100.00 euros

Requirements and other conditions for the application of the deduction

- Only taxpayers who, at the date of accrual, are **under 40 years of age**.
- The deduction will correspond to the ascendant **who has paid the amounts of interest** for the external financing arranged for the purchase of the first main residence, provided that the loan or credit is at a variable interest rate .
- **That the amount resulting from the sum of the general taxable base and the savings taxable base in boxes [0435] and [0460] of the tax return, does not exceed the following**

amounts:

- **27,000 euros** in individual taxation.

- **36,000 euros** in joint taxation.

For habitual residence in rural areas

Regulations:Art. 12 bis and second additional provision of Law 8/2013, of 21 November, of the Autonomous Community of Castilla-La Mancha, on Tax Measures.

See also the sixth additional provision of Law 2/2021 of 7 May on Economic, Social and Tax Measures against Depopulation and for the Development of the Rural Environment in Castilla-La Mancha.

Amount of the deduction

A distinction must be made between:

A) Habitual residence in a municipality included in an area of intense depopulation:

- **20 per cent** of the regional tax, if the municipality has a population of less than 2,000 inhabitants.
- **15 per cent** of the regional tax, if the municipality has a population equal to or greater than 2,000 and less than 5,000 inhabitants.

B) Usual residence in a municipality included in an area of extreme depopulation:

- **25 per cent** of the regional tax, if the municipality has a population of less than 2,000 inhabitants.
- **20 per cent** of the regional tax, if the municipality has a population equal to or greater than 2,000 and less than 5,000 inhabitants.

C) Usual residence in a municipality included in an area at risk of depopulation:

- **15 per cent** of the regional tax, if the municipality has a population of less than 2,000 inhabitants.
- **10 per cent** of the regional tax, if the municipality has a population equal to or greater than 2,000 and less than 5,000 inhabitants.

D) Usual residence in municipalities included in one of the intermediate rural areas with a predominance of agricultural activity referred to in the sixth additional provision of Law 2/2021:

- **15 per cent** of the regional tax liability, if it is a municipality in an intermediate rural area with a predominance of agricultural activity, with a population of less than 2,000 inhabitants, which has lost population during the five years prior to 1 January 2021.

Requirements for the application of deductions

- Taxpayers must have their habitual residence in one of the municipalities included in the following zones:

  a) The sparsely populated areas referred to in Article 12 of Law 2/2021, of 7 May, on Economic, Social and Tax Measures to Combat Depopulation and for the Development of the Rural Environment in Castilla-La Mancha

  According to Article 12 of Law 2/2021, sparsely populated areas are classified as those groupings of municipalities or population centres made up mainly of small municipalities, with a combined population density of less than 12.5 inhabitants per km2, high rates of ageing and intense population loss, with a significant geographical isolation from municipalities with more than 30,000 inhabitants, a high percentage of land used for forestry, and a high significance of agricultural activity.

  In consideration of the degree of depopulation, the following categories of sparsely populated areas are established:

  a. **Areas of intense depopulation**:Those groupings of municipalities with a density of more than 8 inhabitants per km2.

  b. **Areas of extreme depopulation**:Those groupings of municipalities with a population density of less than 8 inhabitants per km2.

  Attention: *For the application of this deduction, the population of the municipalities shall be taken as that which, according to their respective municipal register, they had on 1 January of each year.*

  For the purposes indicated in the previous paragraph, variations in population with respect to the 2021 municipal census that entail a reduction or non-application of the deductions that would be applicable in accordance with the same shall not be taken into consideration.In such cases, these deductions may continue to be applied under the conditions and in the amounts that are appropriate according to the population of the municipal register.

  However, in exceptional cases in which one of the spouses resides in an area that gives rise to the right to the deduction and the other does not, or in which the spouses reside in municipalities included in different rural areas, the amount of the deduction in joint taxation shall be the sum of the deductions corresponding to each of the taxpayers included in that return.

List of Sparsely Populated Areas

See Decree 108/2021 of 19 October, which determines the rural areas of Castilla-La Mancha, in accordance with the typology established in article 11 of Law 2/2021 of 7 May, on Economic, Social and Tax Measures against Depopulation and for the Development of the Rural Environment in Castilla-La Mancha (DOCM 25-10-2021).

b) Areas at risk of depopulation as referred to in Article 13 of Law 2/2021, of 7 May, on Economic, Social and Tax Measures to Combat Depopulation and for the Development of the Rural Environment in Castilla-La Mancha.

According to Article 13 of Law 2/2021, areas at risk of depopulation are classified as those groupings of municipalities or population centres with a population density of less than 20 inhabitants per km^2, but more than 12.5 inhabitants per km^2, high ageing rates and a negative evolution of their population, with a medium or low accessibility with respect to municipalities with more than 30,000 inhabitants, with high significance of agricultural employment, with more than 75 % of their population residing in municipalities with less than 2,000 inhabitants, with both agricultural and forestry land uses.

List of Areas at risk of depopulation

You can check if your municipality is included in one of the zones indicated in the following link:Municipalities

c) Intermediate rural areas with predominantly agricultural activity, with a population of less than 2,000 inhabitants, which have lost population during the five years preceding 1 January 2021.

Article 14 of Law 2/2021 of 7 May on Economic, Social and Tax Measures against Depopulation and for the Development of the Rural Environment in Castilla-La Mancha defines intermediate rural areas as "those groupings of municipalities or population centres, with a population density of more than 20 inhabitants per km2 and less than 50 inhabitants per km2, outside the direct sphere of influence of urban areas and with an average accessibility to them, with a population density around the regional average, stable or growing population and with more than 75% of their population residing in municipalities with more than 2,000 inhabitants.

The following categories of intermediate zones are distinguished, in consideration of economic activity:

a. With a predominance of agricultural activity.

b. With diversified economic activity.

Of these intermediate rural areas, only municipalities with a predominance of agricultural activity, with a population of less than 2,000 inhabitants, which have lost population during the five years prior to 1 January 2021, in accordance with the provisions of the sixth additional provision of Law 2/2021, of 7 May, on Economic, Social and Tax Measures against Depopulation and for the Development of the Rural Environment in Castilla-La Mancha, may benefit from the deduction, in accordance with the provisions of the sixth additional provision of Law 2/2021, of 7 May, on Economic, Social and Tax Measures to Combat Depopulation and for the Development of the Rural Environment in Castilla-La Mancha.

List of Intermediate rural areas with predominantly agricultural activity, with a population of less than 2,000 inhabitants.

See Acuerdo de 07/02/2023, del Consejo de Gobierno, por el que se determinan los municipios a los que se determina la que es de aplicación la disposición adicional sexta de la Ley 2/2021, de 7 de mayo, de Medidas Económicas, Sociales y Tributarias frente a la Despoblación y para el Desarrollo del Medio Rural en Castilla-La Mancha (DOCM de 10-02-2023)

That the taxpayer fulfils the requirement of **"effective stay" referred to in article 5** of Law 2/2021, of 7 May, on Economic, Social and Tax Measures to Combat Depopulation and for the Development of the Rural Environment in Castilla-La Mancha.

In accordance with article 5 of Law 2/2021, an "effective stay in a municipality of Castilla-La Mancha is considered to be that which can be accredited with the certification of the respective municipal registers and which coincides with the following indicators of permanence in the municipality:

- Health card certificate, attached to the health centre assigned to the basic health area of the municipality where you are registered.

- Certification, where applicable, that minors of compulsory school age are enrolled in one of the educational centres in the locality of reference, for the municipality where they are registered.

Loss of entitlement to the deduction made

Failure to comply with any of the aforementioned requirements entails the loss of the tax benefit, and the taxpayer must include the amounts deducted in the full **quota** for the year in which the non-compliance occurs, plus any interest accrued for late payment.

For the purchase or renovation of the usual dwelling in rural areas

Regulations:Art. 12 ter and second additional provision of Law 8/2013, of 21 November, of the Autonomous Community of Castilla-La Mancha, on Tax Measures.

Amount of the deduction

15 per cent of the amounts paid during the tax period by the taxpayer for the acquisition or renovation of the dwelling which is or will be his or her habitual residence.

Requirements for the application of the deduction

In order to qualify for the deduction, the following requirements must be met simultaneously:

- The property must be located in one of the municipalities included in **the sparsely populated areas referred to in article 12** of Law 2/2021, of 7 May, on Economic, Social and Tax Measures to Combat Depopulation and for the Development of the Rural Environment in Castilla-La Mancha, and **the population of the municipality must be less than 5,000 inhabitants**.

According to Article 12 of Law 2/2021, sparsely populated areas are classified as those groupings of municipalities or population centres made up mainly of small municipalities, with a combined population density of less than 12.5 inhabitants per km2, high rates of ageing and intense population loss, with a significant geographical isolation from municipalities with more than 30,000 inhabitants, a high percentage of land used for

forestry, and a high significance of agricultural activity.

In consideration of the degree of depopulation, the following categories of sparsely populated areas are established:

a) **Areas of intense depopulation**:Those groupings of municipalities with a density of more than 8 inhabitants per km2.

b) **Areas of extreme depopulation**:Those groupings of municipalities with a population density of less than 8 inhabitants per km2.

Attention: *For the application of this deduction, the population of the municipalities shall be taken as that which, according to their respective municipal register, they had on 1 January of each year.*

For the purposes indicated in the previous paragraph, variations in population with respect to the 2021 municipal census that entail a reduction or non-application of the deductions that would be applicable in accordance with the same shall not be taken into consideration.In such cases, these deductions may continue to be applied under the conditions and in the amounts that are appropriate according to the population of the municipal register.

List of Sparsely Populated Areas

See Decree 108/2021 of 19 October, which determines the rural areas of Castilla-La Mancha, in accordance with the typology established in Article 11 of Law 2/2021 of 7 May, on Economic, Social and Tax Measures against Depopulation and for the Development of the Rural Environment in Castilla-La Mancha (BOCL 25-10-2021).

- The acquisition or renovation of the dwelling **must have taken place on or after 1 January 2021**.
- Applying this deduction will require that the verified value of the assets held by the taxpayer upon termination of the tax period is greater than the value obtained upon verification at the beginning of that same period, at least in terms of the value of investments made, without taking into account any interest or other financing expenses.

  For these purposes, shall not be the increases or decreases of value experienced during the tax period for assets that at the end of the same remain part of the taxpayer's assets.

Basis of deduction and maximum basis of deduction

- ### Deduction base

  It shall be constituted by the amounts paid for the purchase or renovation of the dwelling, including the expenses incurred which have been borne by the purchaser.

  When the acquisition or refurbishment is carried out with external financing, the amortisation,

interest, the cost of the hedging instruments for the variable interest rate risk of the mortgage loans regulated in article nineteen of Law 36/2003, of 11 November, on Economic Reform Measures, and other expenses derived from the same, will form part of the base of the deduction.In the case of application of the instruments of coverage, interest paid by the taxpayer will be lowered by the amounts obtained by the application of the aforementioned instrument.

- **Total maximum deduction base**

(a) For all years in which the deduction applies:

She will be the youngest of:

- **180,000 euros**, or

> ***Attention:*** *in the case of dwellings acquired by several taxpayers, the amount of 180,000 euros refers to the dwelling, so this amount must be distributed among the purchasers in proportion to the percentage of ownership they have in the dwelling.*

- **The amount of the acquisition or refurbishment of the home that gives rise to the deduction, minus** the amounts received from the Junta de Comunidades de Castilla-La Mancha as **subsidies for the acquisition or refurbishment of the home.**

(b) For each financial year:

The maximum base to be applied in each financial year shall be **12,000 euros**.

This maximum annual deduction base will be 12,000 euros for both individual and joint taxation.That is, in joint taxation, the maximum annual base (12,000 euros) is applied regardless of the number of members of the family unit who pay the amounts that give the right to apply the deduction.

(c) Other conditions

- When a new main residence is acquired **having already benefited from this same deduction**, **the total maximum base of the deduction** will be reduced by the amounts invested in the acquisition of the previous dwellings, insofar as these amounts have been subject to deduction.

- When, on the disposal of a primary residence for which this deduction has been applied, an exempt capital gain is generated by reinvestment, **the deduction base** for the acquisition or refurbishment of the new home will be reduced by the amount of the capital gain to which the reinvestment exemption applies.In this case, you will not be able to apply the deduction for the acquisition of the new when the amount invested in it does not surpass both the price of the previous year, to the extent that it has been subject to deduction as capital gains exempt due to reinvestment.

- In the **cases of marriage annulment, divorce or legal separation**, the taxpayer may continue to take this deduction, under the terms provided for in the State Personal Income Tax regulations, for the amounts paid in the tax period for the purchase of the home that

was their main residence during the marriage, provided that it continues to be their main residence for the common children and the parent in whose company they remain.

Concepts giving entitlement to the deduction

For the application of the deduction provided for in this article, the following concepts shall be taken into account:

- ### Main residence

  In general, the taxpayer's main residence is considered to be the building that constitutes his residence for a continuous period of at least three years.Nevertheless, even before these three years elapse, it is understood to be a main residence when the taxpayer dies, or when other circumstances arise that require a change of address, such as a marriage, divorce, work relocation, getting a first job or changing job, as well as other similar, justified motivesIn order for the dwelling to constitute the taxpayer's habitual residence, it must be effectively and permanently inhabited by the taxpayer within a period of twelve months from the date of acquisition or completion of the works.However, it shall be understood that the dwelling does not lose its character of habitual residence when the death of the taxpayer occurs or other circumstances occur that necessarily prevent the occupation of the dwelling, in the terms set out in the previous paragraph.Where the exceptions provided for in the two preceding paragraphs apply, the deduction for the purchase of a home shall be applied until the moment when the circumstances necessarily require a change of home or prevent the occupation of the home.

- ### Acquisition of a principal residence

  The acquisition of a primary residence shall be understood to be the acquisition in the legal sense of the right of ownership or full ownership of the property, even if this is shared, regardless of the legal transaction that gives rise to it.

- ### Construction and extension

  Is inherent in the acquisition of housing construction or extension of the same, in the following terms:

  House extension: When the living area is increased by enclosing part of it in the open or by any other means, on a permanent basis and at all times of the year.

  Construction: When the taxpayer pays directly the expenses derived from the execution of the works, or pays amounts on account to the promoter of the works, provided that the final works certificate is issued within a period not exceeding four years from the start of the investment.

- ### Renovation work on the main residence

  The main purpose of the renovation work on the main dwelling is the reconstruction of the dwelling by means of the consolidation and treatment of the structures, façades or roofs and other similar work, provided that the overall cost of the renovation work exceeds 25 per cent of

the purchase price if the purchase was made during the two years immediately prior to the start of the renovation work or, otherwise, the market value of the dwelling at the time the renovation work was started.For these purposes, it will be deducted from the acquisition price or market value of the residence the proportional part corresponding to the land.

Relocation of habitual residence

Regulations:Art. 12 quater and second additional provision of Law 8/2013, of 21 November, of the Autonomous Community of Castilla-La Mancha, on Tax Measures.

Amount and limits of the deduction

- **500 euros** for expenses incurred when moving the habitual residence.

  This amount shall be applied **in the tax period in which the change** of residence takes place **and in the following period.**

  > ***Important:*** *taxpayers who moved their residence in 2021 to sparsely populated areas of Castilla-La Mancha for work reasons can apply this deduction in 2022, as this is the tax period following the one in which the change of residence took place, provided that the remaining requirements and conditions for its application are met, including the limits on the taxable base (22,946 euros in individual taxation or 31,485 euros in joint taxation) indicated in the section "Requirements for the application of the deduction".*

- **Limit**:the amount of the deduction **may not exceed** of the autonomous community part of the total tax liability arising from the **income from work and economic activities** of the financial year in which the deduction is applicable.

  In the event that both spouses generate the right to the deduction, in joint taxation, the maximum limit of the deduction **is unique** for the declaration as a whole, so its determination will be made taking into consideration the **joint of the income from work and economic activities obtained by both spouses** and will be applied to the total amount of the deduction which, according to the following point, will be 500 euros for each taxpayer (therefore, 1,000 euros in joint taxation).

- **In the case of joint taxation**, the deduction of 500 euros will be applied, in each of the tax periods in which the deduction is applicable, **for each of the taxpayers** who transfer their residence in the terms mentioned above, **with the limit** of the regional part of the total tax liability from earned income and economic activities corresponding to the taxpayers who generate the right to the application of the deduction.

Requirements for the application of the deduction

- The transfer of the habitual residence must take place **for work-related reasons**.

  Provided that the transfer is for employment purposes, the deduction is applicable both to employees and to employers or self-employed professionals.

- The transfer of the habitual residence must be to a municipality of Castilla-La Mancha included in the **sparsely populated areas referred to in Article 12 of Law 2/202**1, of 7 May, on

Economic, Social and Tax Measures to Combat Depopulation and for the Development of the Rural Environment in Castilla-La Mancha,

According to Article 12 of Law 2/2021, sparsely populated areas are classified as those groupings of municipalities or population centres made up mainly of small municipalities, with a combined population density of less than 12.5 inhabitants per km2, high rates of ageing and intense population loss, with a significant geographical isolation from municipalities with more than 30,000 inhabitants, a high percentage of land used for forestry, and a high significance of agricultural activity.

In consideration of the degree of depopulation, the following categories of sparsely populated areas are established:

1. **Areas of intense depopulation**:Those groupings of municipalities with a density of more than 8 inhabitants per km2.

2. **Areas of extreme depopulation**:Those groupings of municipalities with a population density of less than 8 inhabitants per km2.

Attention: *For the application of this deduction, the population of the municipalities shall be taken as that which, according to their respective municipal register, they had on 1 January of each year.*

For the purposes indicated in the previous paragraph, variations in population with respect to the 2021 municipal census that entail a reduction or non-application of the deductions that would be applicable in accordance with the same shall not be taken into consideration.In such cases, these deductions may continue to be applied under the conditions and in the amounts that are appropriate according to the population of the municipal register.

List of Sparsely Populated Areas

See Decree 108/2021 of 19 October, which determines the rural areas of Castilla-La Mancha, in accordance with the typology established in Article 11 of Law 2/2021 of 7 May, on Economic, Social and Tax Measures against Depopulation and for the Development of the Rural Environment in Castilla-La Mancha (BOCL 25-10-2021).

- The taxable base of the tax period in which the deductions referred to in the previous point began to be applied, **must be less than:**

  - **22.946 euros** in individual taxation or

  - **31,485 euros** in joint taxation.

- In order to consolidate the right to the deduction, it is necessary that the taxpayer **remains in the new habitual residence during the year in which the transfer takes place and the following three years**.

Loss of entitlement to the deduction made

Failure to comply with any of the above requirements will give rise to the refund of the amounts **deducted** from the full regional tax liability for the year in which the non-compliance occurs, with the corresponding interest for late payment.

Exceptions to the loss of the right to the deduction are made in cases where the non-compliance is due to the death of the taxpayer.

To offset the effects of inflation

Regulations:Art. 12 quinquies of Law 8/2013, of 21 November, of the Autonomous Community of Castile-La Mancha, on Tax Measures

Temporal scope of application of the deduction:*this deduction will only be applicable in the 2022 tax period and for taxpayers whose combined general and savings tax base is less than 30,000 euros.*

Amount and maximum limits of the deduction

- The **100 percent of the amounts paid** during the 2022 tax period for the purchase of the goods and services that make up the shopping basket referred to by the National Statistics Institute.
- **The amount of the deduction may not exceed the following limits**, depending on the amount resulting from the sum of the general taxable base and the taxable base for savings in boxes **[*0435*] and [*0460*]** of the tax return:

General tax base + taxable savings base	Limit per taxpayer	Increase for dependent children
Less than 12.500 euros	200.00 euros	50.00 euros
Between 12,500 and less than 21,000 euros	150.00 euros	37.50 euros
Between 21,000 and less than 30,000 euros	100.00 euros	25.00 euros

Note: Both the deduction limit and the increase per dependent child of the deduction limit apply per taxpayer.

Requirements and other conditions for the application of the deduction

- The deduction shall only be applicable in respect of amounts paid in 2022 by the taxpayer for goods and services belonging to the following groups that make up the Consumer Price Index shopping basket:01 (food and non-alcoholic beverages), 03 (clothing and footwear), 04 (housing, water, electricity, gas and other fuels) and 06 (health).
- For the application of the increase in the limits of this deduction, only those children or descendants that give **right to the application of the minimum for descendants** in article 58 of the Law of IRPFwill be taken into account.

For investment in the acquisition of company stocks and shares as a result of corporate articles of association or capital expansion in commercial companies

Regulations:Art. 12 sexies of Law 8/2013, of 21 November, of the Autonomous Community of Castilla-La Mancha, on Tax Measures.

Amount and maximum limit of the deduction

- **20 percent of the amounts invested during the financial year** in the acquisition of shares or company holdings as a result of company incorporation agreements or capital increases in trading companies in the form of **Sociedad Anónima or Sociedad de Responsabilidad Limitada, Sociedad Anónima Laboral, Sociedad de Responsabilidad Limitada laboral and Sociedad Cooperativa**.
- The **limit** for the applicable deduction is **4,000 euros per year per taxpayer.**

Requirements and other conditions for the application of the deduction

The following requirements must be met for the deduction to apply:

- **The shareholding acquired** by the taxpayer as a result of the investment, together with that held in the same entity by his spouse or persons related to the taxpayer by blood or marriage up to and including the third degree of kinship, in a straight or collateral line, **, may not exceed 40 percent of the total share capital of the entity or of its voting rights on any day of the calendar year**.
- Such an interest **must be held in the taxpayer's assets for at least three years** following incorporation or extension**.**
- The taxpayer must not exercise executive or management functions in the entity during this minimum period of three years **.**
  - **The entity from which the shares or units are acquired must meet the following requirements:**

    1. **has its registered office and tax domicile in the Community of Castilla-La Mancha.**
    2. **That you carry out an economic activity .**

       For this purpose, it shall not be considered to carry out an economic activity when it has as its main activity the management of a movable or real estate property, in accordance with the provisions of Article 4.Ocho.dos(a) of Law 19/1991, of 6 June, of the Heritage Tax.
    3. **In the event that the investment made corresponds to the constitution of the entity, that the entity has at least one person contracted with a full-time employment contract or two persons with a part-time employment contract, provided that the total**

number of hours in the case of a part-time employment contract is equal to or greater than that established for a person with a full-time employment contract.In any case, the workers must be registered in the corresponding social security scheme and the conditions of the contract must be maintained for at least 24 months.

4. **If the investment has been made by means of a capital increase of the entity, that the entity has been incorporated within the three years preceding the capital increase and that the average number of employees of the entity during the two fiscal years following the capital increase is increased in comparison with the average number of employees in the previous twelve months by at least one person with the above requirements, and that this increase is maintained for at least another twenty-four months.**

   For the calculation of the total average workforce of the entity and its increase, the persons employed shall be taken into account, in the terms provided for in the labour legislation, taking into account the contracted working day in relation to the full working day.

- **The transactions giving rise to the right to deduct must be formalised in a public deed, in which the identity of the investors and the amount of the respective investment must be specified.**

Loss of entitlement to the deduction made

Failure to comply with the above requirements entails the integration of the amounts deducted in the regional tax liability for the year in which the non-compliance occurs, with the corresponding interest for late payment.

Incompatibility

This deduction shall be incompatible, for the same investments, with the deduction "For investment in social economy entities".

Note: ***taxpayers entitled to the deduction must complete the section "Additional information on the regional tax credit for investment in the acquisition of shares and holdings in companies as a result of company incorporation agreements or capital increases in commercial companies" in Annex B.8 of the tax return in which, in addition to the amount of the investment entitled to the deduction, the entity's NIF must be stated, indicating the total amount of the deduction.***

For investment in social economy entities

Regulations:Art. 12 septies of Law 8/2013, of 21 November, of the Autonomous Community of Castile-La Mancha, on Tax Measures

Amount and maximum limit of the deduction

- **20 per cent of the amounts invested during the financial year** in contributions made for the purpose of becoming a member of entities forming part of the social economy.
- The **limit** for the applicable deduction is **4,000 euros per year per taxpayer.**

Requirements and other conditions for the application of the deduction

The following requirements and conditions must be met for the application of the deduction:

- **The shareholding reached** by the contributor as a result of the contribution made, calculated together with that held in the same entity by the contributor's spouse or persons related to the contributor by blood or marriage up to and including the third degree of kinship, in a straight or collateral line, **, may not exceed 40 percent of the total share capital of the entity in which the investment is made or of its voting rights**.
- **The entity in which the investment is to be made must meet the following requirements:**
  1. That **forms part of the social economy,** in the terms set out in Law 5/2011, of 29 March, on Social Economy.
  2. **has its registered office and tax domicile in the Community of Castilla-La Mancha**.
  3. It must have, **, at least one person employed with a full-time employment contract and registered** in the general Social Security system.
- The transactions giving rise to the right to the deduction must **be formalised in public deed,** in which the identity of the investors and the amount of the respective investment must be stated.
- Such contributions **must be maintained in the contributor's assets** for **for at least five years from the date of the contribution**.
- **The requirements to be met by the entity** in which the investment is to be made must be fulfilled for **a minimum period of five years** from the time of the contribution.

Loss of entitlement to the deduction made

Failure to comply with the above requirements and conditions, with the exception of that relating to the formalisation of the transactions in a public deed, entails the loss of the tax benefit and, in this case, the taxpayer must include in the tax return of IRPF corresponding to the year in which the non-compliance occurred the part of the tax that has not been paid as a result of the deduction made, together with the late payment interest accrued.

Incompatibility

This deduction shall be incompatible, for the same investments, with the deduction "For investment in the acquisition of shares and holdings in companies as a result of company incorporation agreements or capital increases in commercial companies" mentioned above.

Note: *taxpayers entitled to the deduction must complete section "Additional information on the regional deduction for investments or donations to Social Economy entities established in Aragon, Cantabria and Castile-La Mancha" in Annex B.8 of the return in which, in addition to the amount of the investment entitled to the deduction, the tax identification number of the entity and, if it exists, of the second entity, must be stated, indicating the amount of the investment entitled to the deduction in the corresponding box.*

Community of Castilla y León

Taxpayers who in 2022 had their habitual residence in the territory of the Autonomous Community of Castilla y León will be able to apply the following regional deductions:

For large families

Regulations:Art. 3 and 10 Texto Refundido de las disposiciones legales de la Comunidad de Castilla y León en materia de tributos propios y cedidos, aprobado por Decreto Legislativo 1/2013, de 12 de septiembre.

Amounts of the deduction

- **500 euros, in general**, for having the status of large family on the last day of the tax period (normally 31 December).The concept of a large family for this purpose is that laid down in the State legislation on the subject.

  See Law 40/2003 of 18 November 2003 on the protection of large families (BOE of 19 November).

- **1,000 euros** when **any of the spouses or descendants** who are counted for the purpose of calculating the minimum for descendants, have a degree of disability equal to or greater than 65% .

  For these purposes, the degree of disability, which shall be determined in accordance with the scale currently established in article 354 of the revised text of the General Social Security Act, approved by Royal Legislative Decree 8/2015, of 30 October (BOE of 31 October), shall be accredited by means of a certificate issued by the competent body in the matter.

  Likewise, a degree of disability equal to or greater than 65% will be considered accredited in the case of persons whose incapacity has been declared by the courts, even if they do not reach that degree.

  It should be noted that, as of the entry into force of Law 8/2021 on the reform of the Civil Code, the references made to judicial incapacitation extend to judicial decisions establishing the representative guardianship of persons with disabilities.

Increase in deduction

The amount of the deduction **will be increased by 820 euros for each descendant, from the fourth inclusive**, to whom the minimum for descendants is applicable.

Requirements and other conditions for the application of the deduction

- If the right to deduction is generated in 2022 the **total taxable income** (boxes [***0435***] and [***0460***] of the declaration), **minus the personal and family minimum** (box [***0520***] of the declaration) **cannot exceed** the following amounts:

  - 18,900 euros in individual taxation.

- 31,500 euros in joint taxation.

- This deduction shall be applied by the taxpayer who is a member of a large family and with whom the other members of the large family live.**When they live with more than one taxpayer, the amount of the deduction**, in the case of individual taxation **, shall be apportioned equally** in the tax return of each of them.

  If only one of the spouses is entitled to the deduction because the other spouse exceeds the taxable amount minus the personal and family allowance, the deduction applicable to that spouse shall be half of the total amount.Half of the total amount of the deduction shall also be paid to the taxpayer whose spouse has not resided in the Region of Castile and Leon in 2022.

- In order to apply this deduction, **the taxpayer must be in possession of the document accrediting their status as a large family** issued by the competent body of the Community of Castilla y León.

- In the event that the taxpayer does not have sufficient regional tax liability to apply the total amount of the deduction in the tax period in which the right to the deduction arises, **the amount not deducted may be applied in the following three tax periods until the total amount of the deduction is used up, where applicable**.

Balances to be implemented

Taxpayers who have not used up the full amount of the deduction both in the tax period in which the right to the deduction arises and in the following three periods may request payment of the amount remaining to be applied.

For birth or adoption of children

Regulations:(Arts.4.1 to 3, and 10 Texto Refundido de las disposiciones legales de la comunidad de Castilla y León en materia de tributos propios y cedidos, aprobado por Decreto Legislativo 1/2013, de 12 de septiembre.

Amounts of the deduction

a. **Birth or adoption in general**

For each child born or adopted in the tax period, which generates the right to the application of the minimum for descendants, the following amounts:

- **1,010 euros** if it is the **first child**.
- **1,475 euros** for **second child**.
- **2,351 euros** for **third or subsequent children**.

b. **Birth or adoption in rural areas**

Taxpayers resident in municipalities of less than 5,000 inhabitants may deduct the following

amounts for each child born or adopted during the tax period that generates the right to the application of the minimum amount per descendant:

- **1,420 euros** if it is the **first child.**
- **2,070 euros** for **second child.**
- **3,300 euros** for the third or subsequent children **.**

> ***Attention:*** *Please note that the amounts that taxpayers residing in municipalities of less than 5,000 inhabitants can deduct for each child born or adopted during the tax period are added, with effect from 1 January 2022, by Article 1.2 of Law 2/2022, of 1 December, on tax reductions in the Community of Castilla y León (BOCyL 12-12-2022).*

c. Birth or adoption with a disability

The amounts foreseen in paragraphs a and b above **shall be doubled** in the event that the **born or adopted** has **recognised a degree of disability equal to or greater than 33 per cent**.

> ***Note:*** *if the disability is recognised after the tax period corresponding to the birth or adoption and before the child reaches the age of five, the deduction shall be made in the tax period in which the recognition is made.In order to determine the right to apply the deduction in that year and its amount, the circumstances of the year of birth and the regulations applicable in that year must be taken into account.*

Requirements and other conditions for the application of deductions

- In order to be able to apply this deduction **the total taxable base** (boxes ***[0435]*** and *[**0460**]* of the declaration) **minus the personal and family minimum** (box ***[0520]*** of the declaration) **cannot exceed** the following amounts:

  - 18,900 euros in individual taxation.

  - 31,500 euros in joint taxation.

- For the purposes of determining **the order number** of the child born or adopted, the child born and the other children of either parent living with the taxpayer on the date on which the tax is due (normally 31 December) will be taken into account, with both natural and adopted children being taken into account for this purpose.

  If the death of a child occurs during the year, the child would not be counted for the purpose of determining the order number of children born or adopted in the financial year, but shall give the right to apply the deduction of EUR 1.010. although there is no coexistence on the date of the tax accrual.

- **When both parents or adoptive parents** are entitled to the application of the deduction, the

amount of the deduction, in the case of an individual declaration, **shall be apportioned equally** in the declaration of each of them.

If only one of the spouses is entitled to the deduction because the other spouse exceeds the taxable amount minus the personal and family allowance, the deduction applicable to that spouse shall be half of the total amount.Half of the total amount of the deduction shall also be paid to the taxpayer whose spouse has not resided in the Region of Castile and Leon in 2022.

- In the event that the taxpayer does not have sufficient regional tax liability to apply the total amount of the deduction in the tax period in which the right to the deduction arises, **the amount not deducted may be applied in the following three tax periods until the total amount of the deduction is used up, where applicable**.

Balances to be implemented

Taxpayers who have not used up the full amount of the deduction both in the tax period in which the right to the deduction arises and in the following three periods may request payment of the amount remaining to be applied.

For multiple births or adoptions

Regulations:Art. 4.4 and 10 Texto Refundido de las disposiciones legales de la Comunidad de Castilla y León en materia de tributos propios y cedidos, aprobado por Decreto Legislativo 1/2013, de 12 de septiembre.

Amounts of the deduction

- The **50 per 100** of the amount corresponding to the application of the deduction for birth or adoption if the multiple birth or simultaneous adoption has been of **two children** that generate the right to the application of the "minimum per descendant".

- The **100 per 100** of the amount corresponding to the application of the deduction for birth or adoption, if the multiple birth or adoption **simultaneous** has been of **three or more children**s, which generate the right to the application of the "minimum per descendant".

- The same deduction shall be made in the case of births or adoptions **independent** occurring in **a period of twelve months**.

  In the case of the birth of two children within a 12-month period, one in 2021 and one in 2022, only the parents who live with the children in 2021 and 2022 can apply the deduction.

Additional deduction for multiple births or simultaneous adoptions occurring in 2020 and/or 2021

901 euros during the two years following the year of the last birth or adoption that is counted for the purposes of the multiple birth or simultaneous adoption that gives the right to apply the deduction.

Requirements and other conditions for the application of the deduction

- To be able to apply this deduction **the total taxable base** (boxes **[*0435]*** and ***[0460]*** of the declaration) **minus the personal and family minimum** (box ***[0520]*** of the declaration) **cannot exceed** the following amounts:

  - 18,900 euros in individual taxation.

  - 31,500 euros in joint taxation.

- For the purpose of determining the **order number of the child born or adopted**, the child born and the other children of either parent who live with the taxpayer on the date on which the tax is due (normally 31 December) shall be taken into account, with both natural and adopted children being taken into account for this purpose.

- **When both parents or adoptive parents** are entitled to the application of the deduction, the amount of the deduction, in the case of an individual declaration, **shall be apportioned equally** in the declaration of each of them.

  If only one of the spouses is entitled to the deduction because the other spouse exceeds the taxable amount minus the personal and family allowance, the deduction applicable to that spouse shall be half of the total amount.Half of the total amount of the deduction shall also be paid to the taxpayer whose spouse has not resided in the Region of Castile and Leon in 2022.

  In the event that a multiple birth or simultaneous adoption occurred during the 2021 period, and those born in that year were not part of a new multiple birth together with a child born in the 2022 period, the additional deduction amount of €901 (apportioned on the basis of the number of contributors entitled to it) must be entered in the appropriate box, provided that the requirement of the income limit is met.

- In the event that the taxpayer does not have sufficient regional tax liability to apply the total amount of the deduction in the tax period in which the right to the deduction arises, **the amount not deducted may be applied in the following three tax periods until the total amount of the deduction is used up, where applicable**.

Balances to be implemented

Taxpayers who have not used up the full amount of the deduction both in the tax period in which the right to the deduction arises and in the following three periods may request payment of the amount remaining to be applied.

Compatibility

This deduction is compatible with the birth or adoption deduction regulated in the previous article.

For the care of young children

Regulations:Art. 5.1 and 10 Texto Refundido de las disposiciones legales de la Comunidad de Castilla y León en materia de tributos propios y cedidos, aprobado por Decreto Legislativo 1/2013, de 12 de septiembre.

Amounts and maximum deduction limits

Taxpayers who, **for reasons of work**, self-employed or employed, have to **leave their minor children in the care** of a person employed as a domestic worker or in day-care centres or nurseries may choose to deduct **any of the following amounts**:

a. The **30 percent of the amounts paid in the tax period to the person employed in the household**, with the maximum limit of 322 euros , both in individual and joint taxation.

b. **100% of the expenses paid for pre-registration and enrolment, as well as the costs of attendance during general and extended hours and the cost of meals**, provided that they have been incurred for full months, in schools, centres and nursery schools in the Community of Castile and Leon, registered in the Register of Centres for the reconciliation of family and working life, with the maximum limit of 1,320 euros , both for individual and joint taxation.

Basis of deduction

- In case a) of the deduction for childcare (per person employed in the household) the basis shall be the amounts paid to the person employed in the household.

  However, in the event of having received public subsidies in this respect, the total amount of the deduction plus the amount of such subsidies may not exceed the actual expenditure, in which case the maximum amount of the deduction shall be reduced by the necessary amount.If the sum does not exceed the expenditure, the grant should not be subtracted.

- In case b) of the childcare deduction (for childcare expenses), the basis for the deduction shall be the amounts paid to nursery schools, childcare centres and day-care centres in the terms indicated above, reduced, where applicable, by the amount of any subsidies received for this purpose.

  However, in the event that the taxpayer is entitled to an increase in the state deduction for maternity referred to in Article 81.2 of the Personal Income Tax Act, **the amount of this deduction will reduce the amount of this deduction** determined in accordance with the above points.In this case, the limit of 1,320 euros **will be reduced** by the amount to which the taxpayer was entitled by the state deduction.

Requirements and other conditions for the application of the deduction

- On the date on which the tax becomes chargeable (normally 31 December), the children to whom the minimum for descendants applies are under 4 years of age .

- **That both parents carry out an activity as self-employed or employed persons, for which they are registered** in the corresponding Social Security or Mutual Insurance scheme.

- That, in the event that the deduction is applicable for custody expenses for a **person employed as a domestic worker**, this person is registered in the Special System for Domestic Workers of the General Social Security Scheme .

> ***Note:*** *taxpayers entitled to the deduction must state the NIF of the person employed in*

the household, school, centre or nursery in Annex B.4 of the tax return.

- **In order to be able to apply this deduction, the general taxable base plus the savings taxable base minus the personal and family minimum** (boxes ***[0435]***, ***[0460]*** and ***[0520]*** of the declaration, respectively) **should not exceed** the following amounts:
  - **18,900 euros** in individual taxation.
  - **31,500 euros** in joint taxation.
- When **more than one taxpayer is entitled to the application** of this deduction in respect of the same descendants, **the amount of the amounts paid shall be apportioned between them in equal parts, respecting, in any case, the maximum limit of the deduction**.
- The total amount of the deduction applied **by both parents**, **plus the amount, if applicable, of the increase in the state deduction for maternity, plus the amount of public aid** received for this concept **may not exceed, for the same financial year, the total amount of the actual expenditure**or in nursery schools, centres and crèches.

  If the amount of all the above-mentioned deductions and public subsidies exceeds the cost of childcare, the maximum amount of the deduction will be reduced by the necessary amount.This reduction must be made in proportion to the deduction applied for each parent, irrespective of which parent the support is attributed to.

  For these purposes, the calculation to reduce the maximum amount of the deduction by the necessary amount is carried out separately for each of the children if they come from different parents.
- In the event that the taxpayer does not have sufficient regional tax liability to apply the total amount of the deduction in the tax period in which the right to the deduction arises, **the amount not deducted may be applied in the following three tax periods until the total amount of the deduction is used up, where applicable**.

Balances to be implemented

Taxpayers who have not used up the full amount of the deduction both in the tax period in which the right to the deduction arises and in the following three periods may request payment of the amount remaining to be applied.

For expenses of adoption

Regulations:Art. 4.5 and 10 Texto Refundido de las disposiciones legales de la Comunidad de Castilla y León en materia de tributos propios y cedidos, aprobado por Decreto Legislativo 1/2013, de 12 de septiembre.

Amounts of the deduction

- **784 euros for each adoption** made in the tax period of children who generate the right to the application of the "minimum per descendant".

- **3,625 euros** in the case of **international adoption**.

Requirements and other conditions for the application of the deduction

- In order to be able to apply this deduction, the total taxable base (boxes ***[0435]*** and ***[0460]*** of the declaration) **minus the personal and family minimum** (box ***[0520]*** of the declaration) **cannot exceed** the following amounts:

  - 18,900 euros in individual taxation.

  - 31,500 euros in joint taxation.

- Adoption shall be understood to be of an international nature when it is carried out in accordance with the legislation in force and in accordance with the treaties and conventions signed by Spain.

- The deduction shall be applicable to the **tax period corresponding to the time of registration in the Civil Register**.

- **When there is more than one taxpayer entitled** to this deduction, **the amount** of the same **will be apportioned equally** in the tax return of each of them.

  If only one of the spouses is entitled to the deduction because the other spouse exceeds the taxable amount minus the personal and family allowance, the deduction applicable to that spouse shall be half of the total amount.

- In the event that the taxpayer does not have sufficient regional tax liability to apply the total amount of the deduction in the tax period in which the right to the deduction arises, **the amount not deducted may be applied in the following three tax periods until the total amount of the deduction is used up, where applicable**.

Balances to be implemented

Taxpayers who have not used up the full amount of the deduction both in the tax period in which the right to the deduction arises and in the following three periods may request payment of the amount remaining to be applied.

Compatibility

This deduction is compatible with the deductions "For birth or adoption of children" and "For multiple births and adoptions".

For Social Security contributions of domestic employees.

Regulations:(Arts.5.2 and 10 Texto Refundido de las disposiciones legales de la Comunidad de Castilla y León en materia de tributos propios y cedidos, aprobado por Decreto Legislativo 1/2013, de 12 de septiembre.

Amount of the deduction

- **15 per cent of the amounts** paid by them in the tax period for the social security contributions of a worker included in the Special System for Domestic Employees of the General Social Security Scheme.

- The **maximum deduction** limit is **300 euros**.

  The deduction ceiling applies to both individual and joint taxation.

> ***Note:*** *taxpayers entitled to the deduction must state the NIF of the person employed in Annex B.4 of the return.*

Requirements and conditions for the application of the deduction

- The deduction will be applicable only for taxpayers who, at the date of accrual of the tax **, have a child under 4 years of age**, to whom the "minimum per descendant" regulated in the regulations of IRPF applies.

  The assessed contributions paid shall be attributed in full to the employer's taxpayer except in the case of marriage on the basis of ganancies in which case they shall be attributed to the spouses in equal parts.

- To apply this deduction **the total taxable base** (boxes ***[0435]*** and ***[0460]*** of the declaration) **minus the personal and family minimum** (box ***[0520]*** of the declaration) **cannot exceed** the following amounts:

  - 18,900 euros in individual taxation.

  - 31,500 euros in joint taxation.

- In the event that the taxpayer does not have sufficient regional tax liability to apply the total amount of the deduction in the tax period in which the right to the deduction arises, **the amount not deducted may be applied in the following three tax periods until the total amount of the deduction is used up, where applicable**.

Balances to be implemented

Taxpayers who have not used up the full amount of the deduction both in the tax period in which the right to the deduction arises and in the following three periods may request payment of the amount remaining to be applied.

For taxpayers affected by disability

Regulations:Art. 6 and 10 Texto Refundido de las disposiciones legales de la Comunidad de Castilla y León en materia de tributos propios y cedidos por el Estado, approved by Decreto Legislativo 1/2013, de 12 de septiembre.

Amount of the deduction

- **300 euros for each contributor,** of age **equal to or more than 65 years,** affected by a degree of disability **equal to or more than 33 per cent**.
- **656 euros for each taxpayer, aged 65 or over,** affected by a degree of disability **equal to or greater than 65%**.
- **300 euros for each taxpayer under 65 years of age** affected by a degree of disability **equal to or greater than 65%.**

Requirements and other conditions for the application of the deduction

- That the **sum of the general taxable base and the taxable base for savings** of the taxpayer **minus the personal and family minimum** (boxes ***[0435]***, ***[0460]*** and ***[0520]*** of the declaration, respectively) **does not exceed** the following amounts:

  - 18,900 euros in individual taxation.

  - 31,500 euros in joint taxation.

- **That the taxpayer is not a user of public or subsidised residences** of the Community of Castilla y León.
- **That the degree of disability** is accredited by means of **certification** issued by the competent body in the matter.This degree shall be determined in accordance with the scale currently referred to in article 354 of the revised text of the General Social Security Act, approved by Royal Legislative Decree 8/2015 of 30 October (BOE of 31 October).

  A degree of disability equal to or greater than 65% shall be considered accredited in the case of persons whose incapacity is judicially declared, even if this degree is not reached.

  > It should be noted that, as of the entry into force of Law 8/2021 on the reform of the Civil Code, the references made to judicial incapacitation extend to judicial decisions establishing the representative guardianship of persons with disabilities.

  A degree of disability equal to or greater than 33 per cent shall also be considered accredited in the case of Social Security pensioners who have a recognised total permanent disability, absolute disability or severe disability pension and in the case of passive class pensioners who have a recognised retirement pension due to permanent incapacity for service or uselessness.

For the acquisition or rehabilitation of housing for young people in rural areas

Regulations:Art. 7.1 and 10 Texto Refundido de las disposiciones legales de la Comunidad de Castilla y León en materia de tributos propios y cedidos, aprobado por Decreto Legislativo 1/2013, de 12 de septiembre.

Amount of the deduction

The **15 percent of the amounts paid** in the tax period for the **acquisition or rehabilitation** of the dwelling that is to be the taxpayer's habitual residence in the territory of the Community of Castilla

y León. The deduction is also applicable to **in the case of the construction of the dwelling** which is to be the taxpayer's habitual residence.

The deduction for **construction of properties** that it will constitute the primary residence of the taxpayer is also applicable.

Requirements for the application of deductions

- The taxpayer must have **his habitual residence in the Community of Castilla y León** and, at the date of accrual of the tax (normally 31 December), must be **less than 36 years old**.

- **It must be your first habitual residence**.The taxpayer is considered to acquire his first home when he does not have or has not had **any freehold rights equal to or greater than 50 percent of another home**.

- **That the property is located in a municipality or in a smaller local entity of Castilla y León** that, at the time of acquisition or renovation, does not exceed:

  - 10,000 inhabitants, generally, or

  - 3,000 inhabitants if dista less than 30 kilometers of the capital of the province.

  To this end, Order HAC/197/2015, of 3 March (BOCyL 20-03-2015) provides that on 1 January **each year** will update the lists of municipalities that meet the requirements set out in the regional regulations for the application of tax benefits in the taxes assigned to the Community of Castilla y León over which the Community of Castilla y León has regulatory powers.These lists are published in the web portal of the board of Castile-Leon.See https://tributos.jcyl.es

  Note: Until 31 December 2015, the term "municipality" was used.From that date onwards it is amended by the term "población" and from 26 February 2021 it is again replaced by the terms "municipio" or "entidad local menor".

  Note: *this requirement must be met at the time of acquisition or renovation of the main residence.In the case of the construction of a principal residence, this requirement must be met at the time of the first payment of the expenses derived from the execution of the works or, where applicable, the first payment of amounts on account to the developer of the dwelling.*

- That for acquisitions that have taken place **on or after 1 January 2016**, the value of the property, for the purposes of the tax levied on the acquisition, must be **less than 135,000 euros**.

- It must be a newly built **dwelling or a refurbishment classified as a protected action** under the corresponding state or regional housing plans.

  A newly constructed dwelling is considered to be a dwelling whose acquisition represents the first transfer of the dwelling after the declaration of new construction, provided that three years have not elapsed since the declaration of new construction.New construction housing is also considered when the taxpayer directly meets the costs of carrying out the works.

- That the acquisition or renovation of the dwelling takes place **on or after 1 January 2005**.
- **That the general taxable base plus the savings taxable base minus the personal and family minimum** (boxes [***0435***], [***0460***] and ***[0520]*** of the declaration, respectively) **does not exceed** the following amounts:

  - 18,900 euros in individual taxation.

  - 31,500 euros, in joint taxation.

Maximum basis for deduction

The maximum base for this deduction will be **9,040 euros per year** and will be made up of the amounts paid for the purchase or refurbishment of the home, including the expenses incurred that have been borne by the purchaser and, in the case of third-party financing, the amortisation, interest, the cost of the hedging instruments for the variable interest rate risk of the mortgage loans regulated in article nineteen of Law 36/2003, of 11 November, on Economic Reform Measures, and other expenses derived from the same.

In the case of application of the instruments of coverage, interest paid by the taxpayer will be lowered by the amounts obtained by application of the aforementioned instrument.

Other conditions for the application of the deduction

- **The concept of housing renovation is that set out in Article 20.One.22.B of Law 37/1992, of 28 December 1992, on Value Added Tax**, or any regulation replacing it.

  For the purposes of Article 20.One.22.B of the **Ley 37/1992, de 28 de diciembre**, del Impuesto sobre el Valor Añadido are works of rehabilitation of buildings which meet the following requirements :

  1. That their main purpose is the reconstruction of the same, this requirement being understood to be met when more than 50 per cent of the total cost of the rehabilitation project corresponds to works of consolidation or treatment of structural elements, façades or roofs or to works analogous or related to the rehabilitation works.

  2. The total cost of the work to which the project refers must exceed 25 per cent of the purchase price of the building if the building was acquired during the two years immediately prior to the start of the renovation work or, otherwise, the market value of the building or part of the building at the time of the start of the renovation work.For these purposes, it will be deducted from the acquisition price or market value of the building the proportional part corresponding to the land.

- The application of the deduction is conditional on the taxpayer's assets at the end of the tax period **exceeding the value ascertained at the beginning of the tax period by at least the amount of the investments made**, excluding interest and other financing costs.For these purposes, shall not be the increases or decreases of value experienced during the tax period for assets that at the end of the same remain part of the taxpayer's assets.

Loss of entitlement to the deduction made

Regulations:See Art. 10 of the Consolidated Text.

When in tax periods subsequent to that of its application the right to the deductions made is lost, in whole or in part, the taxpayer will be obliged to add the amounts unduly deducted, plus the interest for late payment referred to in Article 26.6 of the LGT.

For LGT see Ley 58/2003, de 17 de diciembre, General Tributaria.

For investment in environmental facilities and adaptation to persons with disabilities in primary residence

Regulations:Art. 7.2 and 10 Texto Refundido de las disposiciones legales de la Comunidad de Castilla y León en materia de tributos propios y cedidos, aprobado por Decreto Legislativo 1/2013, de 12 de septiembre.

Amount of the deduction

15 per cent of the investments that are made in the housing rehabilitation actions listed below, provided that the property is located in the Community of Castilla y León and constitutes or is going to constitute the taxpayer's habitual residence:

a. **Installation of solar panels**, in order to contribute to the production of domestic hot water demanded by the dwellings, in a percentage of at least 50% of the minimum contribution required by the applicable technical building regulations.

b. Any **improvement in the thermal installation systems** that increases their energy efficiency or the use of renewable energies.

c. The **improvement of the supply installations and the installation of mechanisms that favour water saving**, as well as the creation of separate sanitation networks in the building that favour the reuse of grey water in the building itself and reduce the volume of discharge into the public sewage system.

d. The **adaptation works and installations necessary for accessibility and sensory communication** to facilitate the dignified and adequate development of one or more occupants of the dwelling who are persons with disabilities, provided that these are the taxpayer or their spouse or a relative, in direct or collateral line, by blood or by affinity, up to the third degree inclusive.

Requirements and other conditions for the application of the deduction

- The rehabilitation of the home must comply with the requirements established in the regulations governing the IRPF (Law and Regulations) in their wording in force on 31 December 2012, for the application of the deduction for investment in primary residence in the modality of rehabilitation of primary residence (See the section "Deduction for investment in primary residence.Transitional regime").

- The adaptation works referred to in letter d) of the section "Amount of the deduction" above, shall comply with the requirements laid down in the State personal income tax regulations (Act

and Regulation) of its wording in force as of 31 December 2012.

> ***Attention:*** *this regional deduction is applicable to housing rehabilitation and adaptation works for people with disabilities carried out both before and after 1 January 2013.*

- The deduction will require **prior recognition by the competent body** that the rehabilitation action has been classified or declared as a protected action in the field of housing rehabilitation, under the terms set out in the state or regional regulations governing the plans for the promotion of building rehabilitation.

  See Decree 54/2010, of 2 December, which regulates the procedure for the prior recognition of rehabilitation actions included in housing rehabilitation plans for the purpose of the deduction for investment in renewable energy resources and water saving installations in the primary residence and for the application of such deduction (BOCyL 3-12-2010).

  The mere granting of the grant does not imply having carried out the works that allow the application of the autonomic deduction.Once the works have been carried out, the beneficiary of the grant must justify the completion of these works for further verification by the Administration.

Maximum deduction base

The basis for this deduction shall be the **amounts actually paid** by the taxpayer for the acquisition and installation of the investments referred to in the previous section, **up to a maximum limit of 20,000 euros**.

Loss of entitlement to the deduction made

When in tax periods subsequent to that of its application the right to the deductions made is lost, in whole or in part, the taxpayer will be obliged to add the amounts unduly deducted, plus the interest for late payment referred to in Article 26.6 of the LGT.

For LGT see Ley 58/2003, de 17 de diciembre, General Tributaria.

For investment in rehabilitation of housing for rent in rural areas

Regulations:Art. 7.3 and 10 Texto Texto Refundido de las disposiciones legales de la Comunidad de Castilla y León en materia de tributos propios y cedidos, aprobado por Decreto Legislativo 1/2013, de 12 de septiembre.

Amount of the deduction

The **15 percent of the amounts invested** in housing rehabilitation actions.

Requirements for the application of deductions

- **The concept of rehabilitation of dwellings is that set out in Article 20.Uno.22.B of Law 37/1992, of 28 December 1992, on Value Added Tax**, or the rule that replaces it.

For the purposes of the provisions of Article 20.Uno.22.B of Law 37/1992, of 28 December, on Value Added Tax, building renovation works are those that meet the following requirements :

1. That their main purpose is the reconstruction of the same, this requirement being understood to be met when more than 50 per cent of the total cost of the rehabilitation project corresponds to works of consolidation or treatment of structural elements, façades or roofs or to works analogous or related to the rehabilitation works.

2. That the total cost of the works to which the project relates exceed 25 per cent of the purchase price of the building if it had been carried out during the two years immediately preceding the start of the rehabilitation works or, in another case, of the market value that the building had or part of it at the time of that start.For these purposes, it will be deducted from the acquisition price or market value of the building the proportional part corresponding to the land.

- **The property must be located in a municipality or in a smaller local entity in Castilla y León** which, at the time of acquisition or renovation, does not exceed:

  - 10,000 inhabitants, generally, or

  - 3,000 inhabitants if dista less than 30 kilometers of the capital of the province.

  As stated in the Order HAC/197/2015, of 3 March (BOCyL 20-03-2015), the lists of municipalities (from 1 January 2016, the towns) that meet the requirements set out in the regional regulations for the application of tax benefits in the transferred taxes over which the Community of Castilla y León has regulatory powers will be updated on 1 January each year.These lists are published in the web portal of the board of Castile-Leon.See https://tributos.jcyl.es

- **The value of the property**, for acquisition tax purposes, **must be less than 135,000 euros**.

Other conditions for the application of the deduction

a. **That during the five years following** to the completion of the rehabilitation actions **the dwelling is rented** to persons other than the spouse, ascendants, descendants or relatives up to the third degree of kinship (both collateral by blood and by affinity) of the owner of the dwelling.

b. That, **if during the five years foreseen in the previous letter, there are periods in which the property is not effectively rented, the property is offered for rent** in accordance with the requirements established by order of the competent Regional Ministry of Finance.

With effect from 12 July 2019, the Order EYH/668/2019, of 4 July (BOCyL of 11 July), determines when a rehabilitated dwelling in a rural population is offered for rent, and must meet the following requirements:

1º. Taxpayers interested in applying this deduction must have the property actually rented or offered for rent.

2º. They shall have the status of properties offered for the rent those whose lease is announced or publicite through one or more of the following means:

a. By means of posters in the property subject to the lease.
b. Through different advertising media, including specific Internet portals.
c. Through real estate agencies, including also the advertisements that these may incorporate in their own real estate portals.
d. Through real estate agents.

3º. The properties offered for the rent may not be effectively occupied during the period of time they are offered for the rent.The consumption of supplies associated with the use of housing, such as electricity, water, gas and/or telephone, should show that the dwelling is not occupied during this period of time.

c. That the amount of the monthly rent **does not exceed 300 euros**.The amount of the monthly rent will be the income that freely as stipulated between the parties, and by the items that are pacten.

   If no provision is made in the contract to the contrary, the general housing costs, such as IBI, municipal fees, community expenses, etc., shall be borne by the lessor, in accordance with the civil regulations governing the matter.If in the rental contract is PACTA Presentation the impact of these expenses, the following will be on account of the tenant and form part of the rental amount.

d. That the **legal rental deposit is deposited** in accordance with the provisions of the applicable regulations.

Maximum deduction base

The basis for this deduction will be constituted by the amounts actually paid by the taxpayer to carry out the refurbishment work, **with a maximum limit of 20,000 euros**, both in individual and joint taxation.

Loss of entitlement to the deduction made

When in tax periods subsequent to that of its application the right to the deductions made is lost, in whole or in part, the taxpayer will be obliged to add the amounts unduly deducted, plus the interest for late payment referred to in Article 26.6 of the LGT.

For LGT see Ley 58/2003, de 17 de diciembre, General Tributaria.

For rental of primary residence for young people

Regulations:Art. 7.4 and 10 Texto Refundido de las disposiciones legales de la Comunidad de Castilla y León en materia de tributos propios y cedidos, aprobado por Decreto Legislativo 1/2013, de 12 de septiembre.

Amounts and maximum deduction limits

- **20 per cent of the amounts paid** in the tax period for the rental of the main residence in Castilla y León, with a limit of 459 euros .
- **25 percent of the amounts paid**, with the **limit of 612 euros**, when the habitual residence is located in **a municipality or in a smaller local entity** of Castilla y León **that does not exceed**:

  - 10,000 inhabitants, generally, or

  - 3,000 inhabitants if it is less than 30 kilometres away from the capital of the province

As stated in the Order HAC/197/2015, of 3 March (BOCyL 20-03-2015), the lists of municipalities (from 1 January 2016, the towns) that meet the requirements set out in the regional regulations for the application of tax benefits in the transferred taxes over which the Community of Castilla y León has regulatory powers will be updated on 1 January each year.These lists are published in the web portal of the board of Castile-Leon.See https://tributos.jcyl.es

Requirements and other conditions for the application of the deduction

- The taxpayer must be **less than 36 years old** on the date on which the tax becomes chargeable (normally 31 December).
- **That the general taxable base plus the savings taxable base minus the personal and family minimum** (boxes ***[0435]***, ***[0460]*** and ***[0520]*** of the declaration, respectively) **does not exceed** the following amounts:

  - 18,900 euros in individual taxation.

  - 31,500 euros in joint taxation.

- The deduction shall be made by the **holder(s)** of the lease.

  The amounts paid by the spouse who is not a party to the contract - even if there is a community of property - do not entitle him/her to the deduction because he/she is not a tenant.See in this respect Supreme Court Judgment no. 220/2009, of 3 April (Civil Chamber), handed down in appeal no. 1200/2004 (ROJ:STS 2464/2009).

Note: *taxpayers entitled to the deduction must complete the section "Additional information on the regional deduction for renting in Andalucía, Principado de Asturias, Illes Balears, Canarias, Cantabria, Castilla-La Mancha, Castilla y León, Cataluña, Extremadura, Galicia, Madrid, Región de Murcia, La Rioja and Comunitat Valenciana" in Annex B.8 of the return in which, in addition to the data necessary to quantify the deduction, the NIF/NIE of the lessor of the property and, if it exists, that of the second lessor or, if applicable, if a NIF from another country has been entered, an X should be marked, respectively, in the corresponding boxes.*

For entrepreneurship development

Regulations:Art. 8 and 10 Texto Refundido de las disposiciones legales de la Comunidad de Castilla y León en materia de tributos propios y cedidos por el Estado, approved by Decreto Legislativo 1/2013, 12 September.

Amount and maximum limit of the deduction

- The **20 per cent of the amounts invested** during the year in the acquisition of shares or holdings as a result of agreements to incorporate companies or increase the capital of the commercial companies detailed below.

- The **maximum deduction amount will be 10,000 euros, both for individual and joint taxation**.

Note: *taxpayers entitled to the deduction shall complete the "Supplementary information for regional deduction for investment in the acquisition of company stocks and shares in new or newly-created entities" section in Annex B.8 of the tax return in which, in addition to the amount of the investment entitled to deduction, the tax identification number of the new or newly-created entity must be recorded and, if there is a second entity, indicating the total amount of the deduction for investments in new or newly-created companies.*

Requirements and other conditions for the application of the deduction

The following requirements and conditions must be met for the application of the deduction:

- **Destination of the investment:** acquisition of shares or holdings as a result of company formation agreements or capital increases in the following companies:

  - Public limited companies, limited liability companies or worker-owned companies when the company uses the financing received for investment projects carried out in the territory of Castilla y León.

  - Companies whose sole corporate purpose is the contribution of capital to public limited companies, limited liability companies or labour companies whose registered office and tax domicile is in Castilla y León, provided that the following conditions are met :

  a. That the company whose stock and shares are acquired use in a period of six months the financing received in order to provide capital to a limited company, limited or labor whose registered social and fiscal found in Castile-Leon.

     For these purposes, the percentages of 1 per cent minimum and 40 per cent maximum of the company's capital required for the deduction to apply shall be calculated in respect of the whole of the capital contribution.

  b. That the limited, limited or working company whose shares and interests are acquired fulfill the requirement of generation of employment that is set out below and does not reduce its workforce in Castilla y León.

- **Location of registered office and tax domicile**:public limited companies, limited liability companies or worker-owned companies must have their registered office and tax domicile in the **Community of Castilla y León**.

- **Percentage of capital acquired:** Only acquisitions of shares or holdings **amounting to at least 0.5 per cent and a maximum of 45 per cent of the company's capital**, which are held by the acquirer for at least three years, shall qualify for this deduction.

- **Job creation:** companies in respect of which shares or units are acquired must increase in the year in which the investment is made or in the following year and in respect of the preceding year:

  - Its overall number of employees, in terms of person/years regulated in the labour regulations, and maintain this number of employees for at least three years, and/or

- The number of contracts signed with self-employed workers economically dependent on the company, and maintaining these contracts for at least three years, and/or
- The number of persons joining the scheme for self-employed persons who have the status of collaborating family members of holders of shares or holdings, and maintaining these registrations for at least three years.

- **Maximum investment:** the maximum investment of the project that is eligible for the application of the deduction shall be the sum of the following amounts:
  - **100,000 euros** for each increase of one person/year in the workforce.
  - **50,000 euros** for each contract with self-employed workers who are economically dependent on the company.
  - **50,000 euros** for each registration of self-employed workers who have the status of collaborating family members.

    The concept of collaborating family member is that set out in article 35 of Law 20/2007, of 11 July, on the Statute of Self-Employment, or the regulation that replaces it.
- **Formal requirements:** In order to take this deduction, it will be necessary to obtain a certificate issued by the entity whose shares or holdings have been acquired, stating that, in the tax period in which the acquisition took place, the requirements relating to the purpose of the investment and, where applicable, compliance with the specific conditions, the location of the registered office and tax domicile, the percentage of capital acquired and, finally, the requirement to create employment, have been met.

Loss of entitlement to the deduction made

When in tax periods subsequent to that of its application the right to the deductions made is lost, in whole or in part, the taxpayer will be obliged to add the amounts unduly deducted, plus the interest for late payment referred to in Article 26.6 of the LGT.

For LGT see Ley 58/2003, de 17 de diciembre, General Tributaria.

For amounts invested in the recovery of the historical, cultural and natural heritage of Castilla y León.

Regulations:(Arts.9.a) and b) and 10 Texto Refundido de las disposiciones legales de la Comunidad de Castilla y León en materia de tributos propios y cedidos, aprobado por Decreto Legislativo 1/2013, de 12 de septiembre.

Amount and requirements for the application of the deduction

- The **15 per 100** of the **amounts invested** for the following **purposes**:

  a. The amounts allocated by the owners of immovable property located in the territory of Castilla y León to the **restoration, rehabilitation or repair of the same**, provided that the following conditions are met :

- That these assets are registered in the General Register of Assets of Cultural Interest or affected by the declaration of an Asset of Cultural Interest, or inventoried in accordance with the Law of Cultural Heritage of Castile and Leon, being necessary, in this case, that the properties meet the conditions determined in Article 61 of Royal Decree 111/1986, of 10 January, of partial development of the Law of Spanish Historical Heritage or those determined in the Law of Cultural Heritage of Castile and Leon.
- That the restoration works, restoration or repair have been authorised by the competent body of the Autonomous Community, of the State Administration or, where applicable, by the municipality corresponding.

b. The amounts allocated by the owners of natural assets located in Natural Spaces and sites included in the Natura 2000 Network located in the territory of Castilla y León, provided that these actions have been authorised and favourably reported by the competent body of the Autonomous Community.

- To apply this deduction **the total taxable base** (boxes ***[0435]*** and ***[0460]*** of the declaration) **minus the personal and family minimum** (box ***[0520]*** of the declaration) **cannot exceed** the following amounts:

  - 18,900 euros in individual taxation.

  - 31,500 euros in joint taxation.

Joint ceiling of deductions for the recovery of cultural and natural heritage and for donations to foundations and for the promotion of research, development and innovation

The maximum joint base of the three regional deductions **may not exceed 10% of the sum of the general taxable base and the savings taxable base** of the taxpayer or of the family unit in the case of a joint tax return.This amount is the result of adding the boxes ***[0500]*** and ***[0510]*** of the declaration.

This limit **acts separately and independently from the limit of 10 percent**, applicable to the same general deductions for donations and other contributions, provided for in the state regulations of IRPF.

For amounts donated to Foundations of Castilla y León and for the recovery of historical, cultural and natural heritage

Regulations:Art. 9 c), d) and e) and 10 Texto Refundido de las disposiciones legales de la Comunidad de Castilla y León en materia de tributos propios y cedidos, aprobado por Decreto Legislativo 1/2013, de 12 de septiembre.

Amount and requirements for the application of the deduction

- The **15 percent** of the amounts donated for the following purposes :

  a. Rehabilitation or conservation of assets that are located in the territory of Castilla y León,

that form part of the **Spanish Historical Heritage or of the Cultural Heritage of Castilla y León** and that are registered in the General Register of Assets of Cultural Interest or included in the General Inventory referred to in Law 16/1985, of 25 June, on Spanish Historical Heritage (BOE of 29 June), or in the equivalent registers or inventories provided for in Law 12/2002, of 11 July, on Cultural Heritage of Castilla y León, **when carried out in favour of the following entities**:

- Public Administrations, as well as the Entities and Institutions dependent on them.
- The Catholic Church and churches, confessions or religious communities that have signed cooperation agreements with the Spanish State.
- Foundations or associations which, meeting the requirements established in Title II of Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage (BOE of 24 December), include among their specific purposes, the repair, conservation or restoration of Historical Heritage.

b. Recovery, conservation or improvement of natural areas and sites included in the Natura 2000 Network, located in the territory of Castilla y León, when carried out in favour of the Public Administrations, as well as the entities and institutions dependent on them.

c. Amounts donated to Foundations registered in the Register of Foundations of Castilla y León, provided that by reason of their purposes they are classified as cultural, welfare or ecological.

- To apply this deduction **the total taxable base** (boxes ***[0435]*** and ***[0460]*** of the declaration) **minus the personal and family minimum** (box ***[0520]*** of the declaration) **cannot exceed** the following amounts:

  - 18,900 euros in individual taxation.

  - 31,500 euros in joint taxation.

- The taxpayer must be in possession of **documentary justification** of the donation made with the requirements established in article 24 of the aforementioned Law 49/2002.

Joint ceiling of deductions for the recovery of cultural and natural heritage and for donations to foundations and for the promotion of research, development and innovation

The maximum joint base of the three regional deductions **may not exceed 10% of the sum of the general taxable base and the savings taxable base** of the taxpayer or of the family unit in the case of a joint tax return.This amount is the result of adding the boxes ***[0500]*** and ***[0510]*** of the declaration.

This limit **acts separately and independently from the 10 percent limit**, applicable to the same general deductions, provided for in the state regulations of IRPF.

See deduction for donations and other contributions in Chapter 16.

For amounts donated for the promotion of research, development and innovation

Regulations:Art. 9.f) Texto Refundido de las disposiciones legales de la Comunidad de Castilla y León en materia de tributos propios y cedidos, aprobado por Decreto Legislativo 1/2013, de 12 de septiembre.

Amount of the deduction

15 per cent of the amounts donated in favour of the following entities:

- **Public universities** of the Community of Castilla y León.
- **Foundations and other institutions** whose main activity is research, development and business innovation for the financing of projects developed in Castilla y León with one of these purposes.

Joint ceiling for deductions for donations to foundations and for the promotion of research, development and innovation and for the restoration of cultural and natural heritage

The maximum joint base of the three regional deductions **may not exceed 10% of the sum of the general taxable base and the savings taxable base** of the taxpayer or of the family unit in the case of a joint tax return.This amount is the result of adding the boxes ***[0500]*** and ***[0510]*** of the declaration.

This limit **acts separately and independently from the limit of 10 percent**, applicable to the same general deductions for donations and other contributions, provided for in the state regulations of IRPF.

For the promotion of sustainable mobility

Regulations:Art. 9.g) and 10Texto Refundido de las disposiciones legales de la Comunidad de Castilla y León en materia de tributos propios y cedidos, aprobado por Decreto Legislativo 1/2013, de 12 de Septiembre

Amount and maximum limit of the deduction

1. The **15 per 100** d**e the amounts destined** by the taxpayer to the **acquisition of a new passenger car** which has any of the following considerations:
    - Pure electric vehicle.
    - Electric vehicle with extended range.
    - Plug-in hybrid vehicle with electric mode autonomy of more than 40 kilometers.

2. The maximum amount of the deduction will be **4,000 euros** for each vehicle, both in individual and joint taxation.

Requirements and other conditions for the application of the deduction

- The **purchase value of the vehicle, including taxes, may not exceed 40.000 euros.**

  - **The vehicle purchased may not be used for professional or business activities , whoever the owner of these activities may be.**

  - **The deduction will only apply toin the tax period in which the vehicle whose acquisition generates the right to apply the deduction is registered .**

  - **The acquired vehicle must be kept in the taxpayer's estate for at least four yearss from its acquisition.**

  - **The range in electric mode of the vehicles whose acquisition generates the right to apply the deduction shall be determined by applying the WLTP procedure (Worldwide harmonised Light vehicles Test Procedure) or the procedure that replaces it for the purposes of the Special Tax on Certain Means of Transport.**

  - **The acquisition by the taxpayer of a vehicle giving rise to the right to apply the deduction, the date of this acquisition and the amount actually paid by the taxpayer shall be evidenced by factura.**

***Note:** the deduction may only be applied by the person in whose name the invoice is issued.*

Loss of entitlement to the deduction made

When in tax periods subsequent to that of its application the right to the deductions made is lost, in whole or in part, the taxpayer will be obliged to add the amounts unduly deducted, plus the interest for late payment referred to in Article 26.6 of the LGT.

For LGT see Ley 58/2003, de 17 de diciembre, General Tributaria.

***Note**: taxpayers entitled to the deduction shall enter in the box [0943] of Annex B.4 the registration number of the vehicle".*

For the purchase of new construction property for primary residence

Regulations:Fifth Transitional Provision Consolidated text of the legal provisions of the Community of Castile and Leon on own and transferred taxes, approved by Legislative Decree 1/2008 of 25 September 2008

Amount and requirements for the application of the deduction

The **7.5 percent of the amounts paid** during the 2022 financial year for the purchase of the home that is to be their habitual residence, provided that the following requirements are met simultaneously :

a. That the taxpayer's habitual residence is in the Community of Castilla y León .

b. That it is **your first home**.

   The taxpayer is considered to acquire a first home when he does not have, and has not had, any freehold rights equal to or greater than 50 per cent of another home.

c. That the property is **located in Castilla y León**.

d. **new housing**.

   Newly constructed dwellings will be those located in buildings for which the approval of the new construction project referred to in article 2.a) of Royal Decree 1000/2010, of 5 August, on compulsory collegiate approval, or the regulation that replaces it, has been obtained between 1 September 2011 and 31 December 2012.

Basis of deduction

- The **base of this deduction** will be constituted by:
  - The sums paid for the acquisition, including the costs incurred which have been borne by the purchaser.
  - In the case of external financing, the amortisation, interest, the cost of hedging instruments for the variable interest rate risk of mortgage loans regulated in article nineteen of Law 36/2003, of 11 November, on economic reform measures, or the rule that replaces it, and other expenses derived therefrom.
  - In the case of application of the instruments of coverage, interest paid by the taxpayer will be lowered by the amounts obtained by the application of the aforementioned instrument.
- The **maximum deduction base** will be **9,040 euros** per year.

> ***Note:*** *the deduction is applicable to the amounts paid both for the purchase of the dwelling itself and for the amounts paid while the dwelling is under construction, and is not applicable to cases of extension or renovation.Taxpayers entitled to the deduction must state the date of approval of the project in Annex B.4 of the tax return.*

Other conditions for the application of the deduction

- When a main residence is acquired having benefited from this deduction for the acquisition of other previous main residences, no deduction may be made for the acquisition of the new one as long as the amounts invested in it do not exceed those invested in the previous ones,

insofar as they have been subject to deduction.

- When the disposal of a habitual residence have been generated a capital gain exempt due to reinvestment, the deduction base for the acquisition of the new will be reduced by the amount of the capital gain that qualify for the exemption for reinvestment.In this case, you will not be able to apply the deduction for the acquisition of the new when the amount invested in it does not surpass both the price of the previous year, to the extent that it has been subject to deduction as capital gains exempt due to reinvestment.

Time scope of application of the deduction

The deduction may be applied in the tax year in which the first amount is paid for the purchase of the dwelling **and in the following four tax years**.

Loss of entitlement to the deduction made

When in tax periods subsequent to that of its application the right, in whole or in part, to the deductions made is lost, the taxpayer will be obliged to add the amounts unduly deducted, plus the late payment interest referred to in Article 26.6 of the LGT, or the rule that replaces it, to the net regional tax liability accrued in the year in which the requirements for the deduction were not met.

For LGT see Ley 58/2003, de 17 de diciembre, General Tributaria.

Order of application of the deductions on the total regional quota

The regional deductions will be applied in the following order to the total regional tax liability for 2022:

1. The amount of the **deductions for 2022 that cannot be transferred to subsequent**years .
2. The amount of the **deductions "For large family", "For birth or adoption of children", "For multiple births or simultaneous adoptions", "For adoption expenses", "For care of minor children", and "For Social Security contributions for household employees" pending** of application of previous years **(2019, 2020 and 2021) and** the amount of **the deduction for paternity pending application for the years 2019 and 2020.**

> ***Note:*** *the amounts to be deducted in 2019, 2020 and 2021 shall be entered in boxes* ***[0981], [0982] and [0983] respectively*** *and the amount to be deducted in the year in box* ***[0984]*** *(the deduction generated in 2019, box [0981], shall be applied first, followed by the deduction generated in 2020, box* ***[0982],*** *and finally the deduction generated in 2021, box* ***[0983]).*** *The difference, if any, between the deduction to be made for the fiscal years 2020 and 2021 and the amount applied shall be transferred to boxes* ***[0997]*** *and* ***[0998] respectively***
>
> *The refund of deductions generated in 2019 and not applied in 2022 will be requested from the Junta de Castilla y León in accordance with the procedure established in the Order EYH/706/2015, of 24 August (BOCyL of 1 September).*

The amount of these deductions generated in 2019 and not applied in 2022 cannot be applied in subsequent years

*The amount of the deduction generated in 2020, box **[0982],** not applied in 2022, if any, shall be transferred to box **[0997]** for amounts to be applied in the following year.Similarly, the amount of the deduction generated in 2021, box **[0983],** not applied in 2022, if any, shall be transferred to box **[0998]** for amounts to be applied in the following*year .

3. The amount of the **deductions "For large families", "For birth or adoption of children", "For multiple births or simultaneous adoptions", "For adoption expenses", "For care of minor children", and "For Social Security contributions for household employees"** generated in the financial year **2022.**

Note: *the amount to be applied in this financial year shall be transferred to box **[0995].** The difference, if any, between the deductions to which you are entitled (sum of boxes **[0985] to [0988];[0990] to [0992] and [0994])** and the amount applied in box **[0995],** shall be transferred to box **[0999]** for amounts generated on 2022 but still to be applied for the following year.*

*Furthermore, it should be borne in mind that the deduction for multiple births or simultaneous adoptions determines the right to deduct 901 euros during the two years following the year of the last birth or adoption that is calculated for the purposes of understanding the multiple birth or simultaneous adoption that gives the right to apply the deduction.Therefore, the tax return form IRPF distinguishes between multiple births or simultaneous adoptions occurring in 2020 or 2021 (box **[0988]**) which give rise in 2022 to the deduction of 901 euros, and multiple births or simultaneous adoptions occurring in 2022 (box **[0987]**).*

Autonomous Community of Catalonia

Taxpayers whose usual place of residence in 2022 was in the Autonomous Region of Catalonia may apply the following autonomous community deductions:

For birth or adoption of a child

Regulations:Art. 1.3 Law 21/2001, of 28 December, on fiscal and administrative measures, of the Autonomous Community of Catalonia

(*) This article has been amended by Article 39 of Law 2/2021, of 29 December, on fiscal, financial, administrative and public sector measures (DOGC 31-12-2021- BOE 21-01-2022).

Amount of the deduction

For the birth or adoption of a child during the tax period:

- **150 euros** in the declaration **individual** of each of the parents.
- **300 euros** in case of a joint declaration of both parents.
- **300 euros** in case of declaration of the parent of a single parent family **.**

In accordance with article 4 of Decree 151/2009, of 29 September, on the partial development of Law 18/2003, of 4 July, on support for families (DOCG 01-10-2009), single-parent families are considered to be single-parent families:

- Single-parent families are families with one or more children who meet the requirements set out in Article 4(3) and who live with and are financially dependent on a single person.
- In any case, the following are considered to be single-parent families:

  a. One in which the parent, with dependent children, cohabits at the same time with another person or persons and does not have a marital or stable partnership relationship with either of them, in accordance with Catalan civil legislation.

  b. A person who is widowed or in a similar situation, with children who are financially dependent on him or her, without taking into account the receipt of a widow's or orphan's pension).

  c. One in which the parent who has guardianship of the children does not receive a court-established maintenance allowance for them or, even if he or she does, it is less than half the amount of the current monthly Catalan Sufficiency Income Indicator (IRSC) for each child.

  d. One in which the parent with dependent children has suffered violence according to Law 5/2008, of 24 April, on the right of women to eradicate male violence, by the other parent or cohabitant.

  e. One in which the parent with dependent children has suffered abandonment of the family by the other parent or cohabitant.

  f. That in which one of the cohabiting parents has been in a situation of deprivation of liberty, hospitalisation or

other similar causes for a period of one year or more.

According to article 4.5 of Decree 151/2009, a single-parent family loses this status when the head of the family unit marries another person or enters into a stable partnership in accordance with Catalan civil legislation, or when the family unit ceases to meet any of the conditions established in the aforementioned Decree for having the status of single-parent family.

Furthermore, it should be taken into account that, in accordance with article 6 of Decree 151/2009, recognition of the status of single-parent family to those families residing in Catalonia that meet the established requirements is carried out by means of the issuing of the certificate that accredits it.

For rental of primary residence

Regulations:Art. 1.1 Law 31/2002, of 30 December, on Fiscal and Administrative Measures, of the Autonomous Community of Catalonia

(*) This article has been amended by Article 40 of Law 2/2021, of 29 December, on fiscal, financial, administrative and public sector measures (DOGC 31-12-2021- BOE 21-01-2022).

Amounts and maximum deduction limits

A. In general

- **10 percent** of the amounts paid in the tax period for the rental of the main residence, when the taxpayer **is in one of the following situations**:
  - Have **32 years of age or less** on the date of accrual of the tax (normally 31 December).
  - Have been **unemployed for 183 days or more** during the financial year.
  - Have a degree of disability equal to or greater than 65 per cent .
  - Be **widow or widower** and be **65 years of age or older**.

    In the case of marriages in the community of property regime, and in the event that the tenancy of the main residence is only in the name of one of the spouses, only the spouse named in the tenancy agreement is entitled to the deduction for the rental of the main residence if he/she fulfils the requirements.
- **The maximum limit will be 300 euros per year,** provided that the requirements indicated in the section "Requirements for the application of the deduction" are met.

B. For large and single-parent families

- **10 per cent** of the amounts paid in the tax period for the rental of the main residence, provided that on the date of accrual of the tax (normally 31 December) the taxpayer belongs to a large or single-parent family **.**
- **The maximum limit will be 600 euros per year**, provided that the requirements indicated in the section "Requirements for the application of the deduction" are met.

Regarding the concept of large family, see Law 40/2003, of 18 November, on the protection of large families (BOE of 19 November).

Regarding the concept of single-parent families, see Article 2 of Law 18/2003 of 4 July 2003 on support for families and Article 4 of Decree 151/2009 of 29 September 2009 partially implementing the aforementioned Law.See commentary on single parent family in the deduction "For the birth or adoption of a child".

Requirements for the application of deductions

- **That the sum of the taxpayer's general and savings tax bases minus the personal and family minimum**, sum of boxes ***[0435]*** and ***[0460]*** minus the amount in box ***[0520]*** of the return, **does not exceed the following amounts**:

  - 20,000 euros, in individual taxation.

  - 30,000 euros, in joint taxation.

- **That the amounts paid** as rent exceed 10% of the taxpayer's net income.

Other conditions for the application of the deduction

- **This deduction can only be applied once**, irrespective of the fact that more than one of the circumstances set out in the first point of point A ("In general") of the section "Amounts and maximum limits of the deduction" may apply to the same taxpayer.

- **The same dwelling cannot give rise to the application of a deduction of more than 600 euros**.Accordingly, if more than one taxpayer is entitled to the deduction for the same home, each of them may apply in their tax return the amount obtained by dividing the amount resulting from the application of **10 per 100 of the total expenditure** or the **maximum limit of 600 euros**, if applicable, by the number of taxpayers entitled to the deduction.

- The application of this deduction is conditional on **documentary justification** adequate and sufficient of the factual assumptions and of the requirements that determine its applicability.

Note: *taxpayers entitled to the deduction must complete the section "Additional information on the regional deduction for renting" in Annex B.8 of the tax return in which, in addition to the data necessary to quantify the deduction, the NIF/NIE of the lessor of the dwelling must be stated and, if there is one for the second lessor or, if applicable, if a NIF from another country has been entered, an X must be marked in the corresponding boxes.*

For the payment of interest on loans for master's and doctoral studies

Regulations:Article 1. 3 Law 31/2002, of 30 December, on Fiscal and Administrative Measures, of the Autonomous Community of Catalonia

Amount of the deduction

The **amount of interest paid** in the tax period corresponding to the **loans granted through the Agency for the Management of University and Research Grants** for the financing of **masters and doctoral studies**.

> ***Note:*** the application of this deduction is conditional upon adequate and sufficient documentary justification of the factual assumptions and requirements determining its applicability.

For taxpayers who were widowed in 2020, 2021, 2022

Regulations:Art. 1 Law 7/2004, of 16 July, on fiscal and administrative measures, of the Autonomous Community of Catalonia

Amount of the deduction

- **150 euros**, as a general rule **when the taxpayer is widowed**.
- **300 euros,** if the widowed person has **one or more dependent descendants** that qualify for the application of the minimum for descendants.

Scope of the deduction

The deduction is applied in the corresponding tax return **for the year in which the taxpayer is widowed and in the following two years.** Notwithstanding the above, the deduction of 300 euros will be applied **in the following two financial years** provided that the descendants **maintain the requirements** to be counted for the purposes of the minimum for descendants.

Taxpayers who have been widowed during the 2020 and 2021 years may apply this deduction with the same requirements and conditions as previously stated in the 2022 tax return.

Similarly, those who have remained widowed in the 2022 tax year may also apply it in tax returns for the 2023 and 2024 tax years.

For donations to entities that promote the use of Catalan or Occitan languages

Regulations:Art. 14.1 Law 21/2005, of 29 December, on financial measures, of the Autonomous Community of Catalonia

> (*) This article was amended by article 140 of Law 5/2017 of 28 March (DOGC 30-03-2017).

Amount and maximum limit of the deduction

- **15 per 100 of the amounts donated** in favor of:
  - **The Institute of Catalan Studies** .

- **The Institute of Aranese Studies - Aranesa Academy of the Occitan Language** .
- **Private non-profit entities, trade union and business organizations or professional colleges or other public law corporations** that they aim to promote the catalan language or occitana and that they appear in the census of these entities that the department responsible for linguistic policy develops.

- The **maximum limit** of this deduction is **10 per 100 of the regional tax liability**, box ***[0546]*** of the tax return.

Important:*the application of this deduction is conditional upon adequate and sufficient documentary justification of the factual assumptions and requirements determining its applicability.To this end, the entities benefiting from the donations are required to report the list of the natural persons who have made donations, indicating the amounts donated by each of these persons.*

For donations to entities that promote scientific research and technological development and innovation

Regulations:Art. 14.2 Law 21/2005, of 29 December, on financial measures, of the Autonomous Community of Catalonia

Amount and maximum limit of the deduction

- **25 percent of the amounts donated** in favour of:
  a. The **university institutes and other research centers integrated or attached to catalan universities** .
  b. **Research centers promoted or participated by the Generalitat** , with the aim of promoting scientific research and technological development and innovation.
- The **maximum limit** of this deduction is **10 per 100 of the regional tax liability**, box ***[0546]*** of the tax return.

Note:*The application of the deductions for donations previously related “by donations to entities that promote the use of the Catalan language or Occitana” and “by donations to entities that promote scientific research and technological development and innovation”, it is conditioned on the adequate and sufficient documentary justification of the budgets in fact and the requirements that determine their applicability.To this end, the entities benefiting from the donations are obliged to communicate the relationship of the natural persons who have made donations, with indication of the amounts donated by each of these persons.*

Rehabilitation of primary residence

Regulations:Art. 3 Decree Law 1/2008 of 1 July on urgent fiscal and financial measures, of the Autonomous Community of Catalonia

Maximum amount and base of the deduction

- **1.5 per cent of the amounts paid** in the tax period for the refurbishment of the dwelling that constitutes or will constitute the taxpayer's main residence.

  The concept of rehabilitation of primary residence is discussed in Chapter 16.

- **The maximum base** for this deduction is set at **9,040 euros per year**.

For donations to certain entities for the benefit of the environment, the conservation of the natural heritage and of the custody of the territory

Regulations:Art. 34 Law 16/2008, of 23 December, on fiscal and financial measures, of the Autonomous Community of Catalonia

Amount, maximum limit and requirement for the application of the deduction

- **15 per cent** of the amounts donated to foundations or associations that appear in the census of environmental organisations linked to ecology and the protection and improvement of the environment of the department responsible for this area, **with the limit of 5 per cent of the regional tax liability,** box ***[0546]*** of the tax return.

- The application of the deduction is conditional on **documentary justification** adequate and sufficient justification of the factual assumptions and requirements that determine its applicability.

> ***Note:***the organisations receiving donations are obliged to notify the Catalan Tax Agency of the list of individuals who have made donations, indicating the amounts donated by each of these individuals.

For investment by an angel investor for the acquisition of shares or equity

Regulations:Art. 20 Law 26/2009, of 23 December, on fiscal, financial and administrative measures, of the Autonomous Community of Catalonia

> (*) This article has been amended by Article 52 of Law 7/2011, of 27 July, on Fiscal and Financial Measures (DOGC 29-07-2011- BOE 16-08-2011).

Amounts and maximum deduction limits

- **30 per cent of the amounts invested** during the year in the acquisition of shares or holdings as a result of company incorporation agreements or capital increases in the commercial companies listed below, **with a maximum deduction limit of 6,000 euros.**
- **50 per cent of the amounts invested** during the financial year, **with a limit of 12,000 euros, in the case of companies created or owned by universities or research centres**.

Note: *in the case of a joint return these limits apply to each of the taxpayers.*

Requirements and other conditions for the application of the deduction

a. **The shareholding obtained by the taxpayer, calculated together with those of the spouse or persons related by direct or collateral kinship**, by consanguinity or affinity up to and including the third degree, **may not exceed 35 per cent of the share capital** of the company in which the investment is made or of its voting rights.

b. The entity in which the investment should be realized must meet the following requirements:

1. Must be in the nature of **Sociedad Anónima, Sociedad Limitada, Sociedad Anónima Laboral or Sociedad Limitada Laboral**.
2. **must have its registered office and tax domicile in Catalonia**.
3. You must carry out an economic activity .

   To this end, the management of a property or property must not be the main activity, in accordance with the provisions of Article 4.Eight.2.A) of the State Law 19/1991, of 6 June, on the Heritage Tax.
4. **It must have at least one person** employed with a full-time employment contract and registered with the general Social Security system.
5. If the investment is made by means of a capital increase, the company **must have been incorporated within the three years prior to the date of the capital increase and may not be listed** on the national stock market or on the alternative stock market.
6. The annual turnover **must not exceed one million euros**.

c. **The taxpayer** may sit on the board of directors of the company in which the investment has been made, but **may under no circumstances perform executive or management functions.Nor can it maintain an employment relationship with the entity** that is the object of the investment.

d. **Transactions for which the deduction is applicable must be formalised in a public deed**, which must specify the identity of the investors and the amount of the respective investment.

e. **The acquired shares must be kept** in the taxpayer's assets for a minimum period of three years **.**

Attention: *the requirements set out in* ***numbers 2, 3 and 4 of point b above****, and the maximum limit of 35 per cent holding referred to in point a above, must be complied with* ***for a minimum period of three years*** *from the effective date of the resolution on the increase in capital or incorporation giving rise to the right to the deduction.*

Loss of entitlement to the deduction made

The requirements and conditions for entitlement to the deduction must be maintained for a minimum period of three years as from the effective date of the capital increase or incorporation resolution referred to in the previous paragraph.Failure to comply will result in the loss of the right to the deduction made, so the taxpayer must include the part of the tax that has not been paid as a result of the deduction made, together with the late payment interest accrued, in the tax return of **IRPF** corresponding to the year in which the non-compliance occurred.

Note: *taxpayers entitled to the deduction must complete the section "Additional information to the regional tax credit for investment in the acquisition of shares and equity investments in new or recently created companies" in Annex B.8 of the tax return in which, in addition to the amount of the investment entitled to the deduction, the taxpayer must state the NIF of the new or recently created company and, if it exists, that of the second company, indicating the total amount of the deduction for investments in new or recently created companies in the corresponding box.*

Autonomous region part of the deduction for investment in a primary residence

Regulations:Art. 119 Law 2/2014, of 27 January, on fiscal, administrative, financial and public sector measures, of the Autonomous Community of Catalonia

For taxpayers to whom the transitional regime of the deduction for investment in primary residence is applicable, as regulated by the eighteenth transitional provision of the Law of IRPF, the percentages in the regional tranche for residents of the Autonomous Community of Catalonia are those established by Article 1.2 of Law 31/2002, of 30 December, on fiscal and administrative measures, in the wording in force on 31 December 2012:

- **7.5 per 100 per cent**, as a general rule.
- **15 per 100 per cent**, in the case of work to adapt the habitual residence of people with disabilities.

Likewise, the sixth transitory provision of Law 7/2011, of 27 July, on Tax and Financial Measures, which maintains for taxpayers who acquired their main residence before 30 July 2011 or paid amounts for the construction of the main residence before that date (not including the refurbishment or extension of the main residence) the application of an increased percentage of 9 per 100 per cent when they are in any of the following situations, will also be applicable to these taxpayers:

a. Have **32 years of age or less** on the date of accrual of the tax (normally 31 December).

b. Have been **unemployed for 183 days or more** during the financial year.

c. Have a degree of disability equal to or greater than 65% .

d. Be part of a **family unit that includes at least one child** on the date of accrual of the tax.

In order to benefit from the **9 per 100** deduction percentage, it is necessary that the **total taxable base, minus the personal and family minimum**, in the taxpayer's IRPF return for the year in which the deduction is applied does not exceed **30,000 euros**.

In the case of joint taxation, this limit is calculated individually for each of the taxpayers entitled to the deduction for having made investments in the main residence during the tax year.

For the obligation to file a personal income tax return on the grounds of having more than one payer

Regulations:Art. 2 Decree Law 36/2020, of 3 November, on urgent measures in the field of the tax on stays in tourist establishments and personal income tax, of the Autonomous Community of Catalonia.

Amount of the deduction

The amount of the deduction will be the result of subtracting from the regional tax liability (box ***[0546]*** of the tax return) the national tax liability (box ***[0545]*** of the tax return), provided that the difference is positive.

Requirements for the application of deductions

- This deduction may only be applied by taxpayers who, because they obtain full earned income of between 14,000 and 22,000 euros from more than one payer, are obliged to file a personal income tax return for this circumstance, in accordance with the provisions of Article 96 of the Law of IRPF.

  Remember that:

  Taxpayers with earned income from more than one payer are only obliged to file a tax return for this circumstance if the total earned income exceeds 14,000 euros and the amounts received from the second and other payers exceed 1,500 euros.

  If the amount of the total income from work exceeds 22,000 euros, a tax return must be filed in any case.

- This deduction is not applicable to taxpayers receiving passive benefits (pensioners) who have benefited or can benefit from the special withholding procedure regulated in Article 89 A) of the Regulations of IRPF.

Therefore, this deduction does not apply to pensioners whose only income from work consists of the passive benefits referred to in Article 17.2.a) of the Law of IRPF from two or more payers, provided that the amount of the withholdings made by the latter has been determined by the Tax Agency, following an application by the taxpayer to that effect, using form 146 and, in addition, the following requirements are met:

- That the number of passive benefit payers has not increased over the course of the financial year in respect of those initially communicated in the formulation of the application.
- That the amount of benefits actually paid by the payers does not differ by more than EUR 300 per year from the initial notice in the application.
- None of the other circumstances that determine an increase in the withholding tax rate provided for in Article 87 of the Regulations of IRPF have occurred during the financial year.

Attention: *in accordance with Article 96 of the Law of IRPF which regulates the obligation to file a tax return, the following must be taken into account for the purposes of the application or not of this deduction:*

This deduction is applicable *when the taxpayer with income from work is obliged to file a tax return as a result of having more than one payer, regardless of whether any of the circumstances envisaged in letters b) c) and d) of Article 96.3 of the Law of IRPF.That is:*

- Compensatory pensions from the spouse or alimony payments other than those provided for in Article 7 of the Personal Income Tax Act have been received.

- That the payer of any employment income is not obliged to withhold tax.

- That some of the earned income received is subject to a fixed withholding tax rate.

On the other hand, no will apply *this deduction in the following circumstances:*

a. *If you receive full income from movable capital and capital gains subject to withholding or payment on account in excess of 1,600 euros.*

   The provisions of this point shall not apply in respect of capital gains arising from transfers or redemptions of shares or units of collective investment undertakings in which the basis of withholding, in accordance with the provisions of the regulations, should not be determined by the amount to be included in the tax base.

b. *If the sum of the amounts of imputed real estate income, full income from Treasury Bills not subject to withholding tax, subsidies for the purchase of subsidised housing or subsidised housing and other capital gains derived from public aid, exceeds 1,000 euros.*

c. *If income from movable capital, other than the above-mentioned Treasury Bills, not subject to withholding tax, income from real estate capital, income from economic activities or capital gains not subject to withholding tax, irrespective of the amount, is received.*

Autonomous Community of Extremadura

Taxpayers whose usual place of residence in 2022 was in the Autonomous Region of Extremadura may apply the following autonomous community deductions:

For dependent work

Regulations:Art. 2 Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Extremadura en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2018, de 10 de abril

Amount and requirements for the application of the deduction

- **75 euros** for each taxpayer who meets the following requirements:

  - **who receives income from work** the full amount of which **does not exceed 12,000 euros per year**, and

  - **that the sum of the remainder** of net income, capital gains and losses and imputed income **does not exceed 300 euros**.

- In a joint declaration the deduction will be applicable for each taxpayer who receives income from dependent work and individually fulfils the requirements.

For multiple births

Regulations:Art. 3 and 12 bis Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Extremadura en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2018, de 10 de abril

Amount of the deduction

300 euros per child born in the tax period, provided that the child lives with the parent on the date on which the tax becomes chargeable (normally 31 December) and in the case of multiple births.

Requirements and other conditions for the application of this deduction

- The application of the deduction is subject to the condition that the sum of the general and savings tax bases , boxes ***[0435]*** and ***[0460]*** of the tax return, **does not exceed** the following amounts:

  a. **In general:**

  - 19,000 euros in individual taxation.

  - 24,000 euros in joint taxation.

b. In the event that the taxpayer **habitually resides in municipalities and smaller local entities with a population of less than 3,000 inhabitants:**

> ***Attention:*** *in this case, if the taxpayer* ***belongs to a large family****, there is no limit.*
>
> *The conditions necessary to be considered a large family and its classification by category shall be determined in accordance with the provisions of Law 40/2003, of 18 November, on the Protection of Large Families (BOE of 19 November).*

- 28,000 euros in individual taxation.

- 45,000 euros in joint taxation.

In the case of marriage, this limit of 45,000 euros shall apply provided that at least one of the spouses has had his/her habitual residence during the tax period in one of the municipalities or smaller local entities with a population of less than 3,000 inhabitants.

Habitual residence will be determined on the basis of the criteria defined in Article 9 of the Personal Income Tax Act, but limited to the area of the municipality or small local authority.

You can consult the municipalities and smaller local entities with a population of less than 3,000 inhabitants at the following link:"Municipalities and smaller local entities with a population of less than 3,000 inhabitants".

- When the children born **live with both parents, the amount of the deduction will be apportioned in equal parts** in the tax return of each parent if they opt for individual taxation.

For foster care of minors

Regulations:Art. 4 Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Extremadura en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2018, de 10 de abril

Amount of the deduction

- **250 euros for each child in foster care temporary, permanent or emergency**, provided that the taxpayer **lives with the child for a period of 183 days or more** during the tax period.
- **125 euros for each child in foster care**, under the terms mentioned above, **if the period of cohabitation** during the tax period **is less than 183 days and more than 90 days**.

Requirements for the application of deductions

- **In the case of foster care of children by married couples, the amount of the deduction will be apportioned equally** in the tax return of each of the spouses if they are taxed individually.
- If the **fostering is carried out by unmarried couples**, in accordance with article 8 of Law 5/2003, of 20 March, on Unmarried Couples of the Autonomous Community of Extremadura, **the deduction will be prorated equally** in the tax return of each of its members.

Important: *in the cases of simple, permanent and pre-adoptive foster care referred to in Article 6 of the Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Extremadura en materia de tributos cedidos por el Estado, approved by Decreto Legislativo 1/2013, de 21 de mayo, which subsist on 24 May 2018, the corresponding deduction will be made, in the terms established in the aforementioned article.*

For this purpose, it should be remembered that the aforementioned article 6 of Legislative Decree 1/2013 allowed a deduction of 250 euros for each child in foster care ***simple, permanent or pre-adoptive****,* ***administrative or judicial,*** *provided that they live with the child for 183 days or more during the tax period and 125 euros if the time of cohabitation during the tax period is less than 183 days and more than 90 days.*

See in this respect the single additional provision Legislative Decree 1/2018, of 10 April, approving the consolidated text of the legal provisions of the Autonomous Community of Extremadura in respect of taxes given by the State.

For caring for relatives with disability

Regulations:(Arts.5, 12 bis and 13 Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Extremadura en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2018, de 10 de abril

Amount of the deduction

For each ascendant or descendant with a degree of disability at **equal to or greater than 65 per cent or or who is judicially incapacitated:**

Attention: *It should be noted that, as of the entry into force of Law 8/2021 on the reform of the Civil Code, the references made to judicial incapacitation extend to judicial decisions establishing the representative guardianship of persons with disabilities.*

- **150 euros**, as a general rule.

  The degree of disability or incapacity shall be recognised or declared by the competent administrative or judicial body, in accordance with the applicable regulations.

  Regarding the form of proof of disability, see Article 72 of the Regulation of the IRPF.

  With regard to incapacitation, with the entry into force of Law 8/2021 reforming civil and procedural legislation to support persons with disabilities in the exercise of their legal capacity, judicial incapacitation disappears and is replaced by a judicial decision determining the acts for which the person with disabilities requires support for the exercise of their legal capacity.

- **220 euros** if the ascendant or descendant with a disability has been assessed by the social services and **has been recognised as entitled to a dependency allowance**, but has not yet received it on 31 December.

Requirements and other conditions for the application of the deduction

- **The ascendant or descendant with a disability must live with the taxpayer uninterruptedly for at least half of the tax period**.
- **That effective cohabitation is accredited** by the basic Social Services or by any other competent public body.
- **That the general income and savings income of the ascendant or descendant with a disability is not more than double the public multiple effects income indicator (IPREM),** including exemptions, and that he/she is not legally obliged to file a Wealth Tax return.For the financial year 2022, this amount is 16,212.56 euros (8,106.28 x 2).
- The application of the deduction is subject to the condition that the sum of the general and savings tax bases , boxes ***[0435]*** and ***[0460]*** of the tax return, **does not exceed** the following amounts:

  a. **In general:**

  - 19,000 euros in individual taxation.

  - 24,000 euros in joint taxation.

  b. In the event that the taxpayer **habitually resides in municipalities and smaller local entities with a population of less than 3,000 inhabitants:**

  > ***Attention:*** *in this case, if the taxpayer* ***belongs to a large family****, there is no limit.*
  >
  > *The conditions necessary to be considered a large family and its classification by category shall be determined in accordance with the provisions of Law 40/2003, of 18 November, on the Protection of Large Families (BOE of 19 November).*

  - 28,000 euros in individual taxation.

  - 45,000 euros in joint taxation.

  In the case of marriage, this limit of 45,000 euros shall apply provided that at least one of the spouses has had his/her habitual residence during the tax period in one of the municipalities or smaller local entities with a population of less than 3,000 inhabitants.

  Habitual residence will be determined on the basis of the criteria defined in Article 9 of the Personal Income Tax Act, but limited to the area of the municipality or small local authority.

  You can consult the municipalities and smaller local entities with a population of less than 3,000 inhabitants at the following link:"Municipalities and smaller local entities with a population of less than 3,000 inhabitants".

> ***Note:*** *if there is more than one taxpayer living with the person with a disability, and if only one of them meets the income limit requirement, he/she may apply the full deduction .*

- When two or more taxpayers **with the same degree of kinship** are entitled to the application of this deduction in respect of the same person, **the amount shall be apportioned equally between them**.

  When the taxpayers **have different degrees of kinship** with respect to the disabled person, **the deduction will correspond to the closest degree.**

For the care of minor children up to and including 14 years of age

Regulations:Art. 6 and 12 bis Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Extremadura en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2018, de 10 de abril

Amount and maximum limit of the deduction

- **10 per cent of the amounts paid** in the tax period for the care of children up to the age of 14 when the following circumstances apply:

  1ª. The taxpayer has to leave his children up to and including 14 years of age in the care of other persons or entities **for reasons of employment or self-employment**.

  2ª. **Care for minors up to 14 years of age should be provided by**:

  a. By a person employed in the household or

  b. In nurseries, leisure centres, urban camps, sports centres, toy libraries or similar, **authorised** by the competent regional or local administration.

- **The maximum limit** of this deduction is **400 euros per year per family unit.**

  For the purposes of applying the deduction, the family unit is not the one defined in article 82 of the Personal Income Tax Act but the **cohabitation unit** (married couples, registered or not), taking into account the pro-rata criteria indicated in the following section on requirements.

Requirements and other conditions for the application of the deduction

- On the date on which the tax becomes chargeable **the children are 14 years of age or younger**.
- That **both parents** carry out an activity for **self-employed or employed** for which **are registered** in the corresponding Social Security or mutual insurance scheme.

  Precisions:

  - The activity must be remunerated.

  - The deduction may be made in respect of amounts paid when both parents are simultaneously employed or self-employed for all or part of the year.

  - In the case of self-employed activities, the exercise of the economic activity may be carried out through an entity under the income attribution system.

- That, in the event that the deduction is applicable for the expenses of a domestic employee,

this person **is registered in the corresponding Social Security scheme**.

- That in the event that the deduction is applicable for expenses in nurseries, leisure centres, urban camps, sports centres, toy libraries or similar, **the corresponding invoice is available**.

  The total amount of the sums paid shall be attributed in full to the parent who is the invoice holder, except in the case of marriage in community of property regime in which the amount paid shall be distributed equally between the spouses, irrespective of which of them is the invoice holder.

- The right to apply the minimum per descendant regulated in article 58 of the Personal Income Tax Act **for each of the children for whom the autonomous deduction is to be applied**.

- **That the sum of the general and savings tax bases** (boxes ***[0435]*** and ***[0460]*** of the declaration) **does not exceed** the following amounts:

  - **28,000 euros** in individual taxation.
  - **45,000 euros** in joint taxation.

  > ***Attention:*** *when the taxpayer habitually resides in a municipality or smaller local entity in Extremadura with a population of less than 3,000 inhabitants and belongs to a large family , this requirement will not be observed.*
  >
  > *For these purposes, the conditions necessary for consideration as a large family and its classification by category shall be determined in accordance with the provisions of Law 40/2003, of 18 November, on the Protection of Large Families (BOE of 19 November).*

- When **more than one taxpayer** is entitled to the application of this deduction in respect of the same descendants, the amount will be **pro rata** between them.

  The apportionment of the deduction in respect of the same offspring shall only apply where both parents meet the expenses and are entitled to the deduction because they fulfil all the requirements.

  On the other hand, for the purposes of applying the deduction, the family unit **is understood to be the cohabitation unit**.Therefore, in the case of married couples, registered partnerships, whether registered or not, the limit of 400 euros is applied to the sum of the deduction applicable to all members of the family, the amount being prorated according to the amounts paid by each of the parents.

  If one of the parents dies during the year (having lived with the family up to the date of death), a pro rata share is also payable.Likewise, in the case of separated or divorced parents who have joint custody of the children, if both parents pay the expense, the maximum limit is also pro rata.

Example

Marriage formed by Mr A.R.T. and Mrs B.S.S. with one child only of Mr A.R.T., for whom he is entitled to 100% of the minimum for descendants, and one child in common.

The spouse Mr. A.R.T. has paid 1,600 euros in expenses for his son.3,600 euros have been paid for the common child between the spouses.

You would like to know the amount of the deduction applicable for each of the spouses.

Solution

Preliminary note: This is a single family unit, in which Mr A.R.T. is entitled to 100% of the minimum for descendants for his son, and for the common child, Mr A.R.T. and Mrs B.S.S. are entitled to half.

Don A.R.T (160 + 180) **= 340 euros**

- For one's own child:10% s/1.600 = 160
- For the common child:10% s/(3.600 ÷ 2) = 180

Mrs B.S.S: For the common child:10% s/(3.600 ÷ 2) = 180

Total (160 + 180 + 180) = 520

Maximum limit:

Apportionment

- Deduction of Mr. A.R.T:(400 x 340) ÷ 520 = 261.54
- Deduction of Mrs B.S.S:(400 x 180) ÷ 520 = 138,46

Total deduction applied (261,54 + 138,46) = 400

For widowed taxpayers

Regulations:Art. 7 and 12 bis Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Extremadura en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2018, de 10 de abril (Revised text of the legal provisions of the Autonomous Community of Extremadura regarding taxes ceded by the State, approved by Legislative Decree 1/2018, of 10 April).

Amount of the deduction

- **100 euros, as a general rule**, for widowed taxpayers.
- **200 euros, if the widowed taxpayer is responsible for one or more descendants** That, in accordance with article 58 of the Law IRPF , compute for the purpose of applying the **minimum per descendant** .

  The deduction of EUR 200 may be applied provided that any of the descendants entitle to apply the minimum for descendants and does not receive any income.

Requirements for the application of deductions

- **That the sum of the general and savings tax bases**, boxes ***[0435]*** and ***[0460]*** of the declaration, **does not exceed** the following amounts:

  a. **In general:**

- 19,000 euros in individual taxation.

- 24,000 euros in joint taxation.

b. In the event that the taxpayer **habitually resides in municipalities and smaller local entities with a population of less than 3,000 inhabitants:**

> ***Attention:*** *in this case, if the taxpayer* ***belongs to a large family****, there is no limit.*
>
> *The conditions necessary to be considered a large family and its classification by category shall be determined in accordance with the provisions of Law 40/2003, of 18 November, on the Protection of Large Families (BOE of 19 November).*

- 28,000 euros in individual taxation.

- 45,000 euros in joint taxation.

In the case of marriage, this limit of 45,000 euros shall apply provided that at least one of the spouses has had his/her habitual residence during the tax period in one of the municipalities or smaller local entities with a population of less than 3,000 inhabitants.

Habitual residence will be determined on the basis of the criteria defined in Article 9 of the Personal Income Tax Act, but limited to the area of the municipality or small local authority.

You can consult the municipalities and smaller local entities with a population of less than 3,000 inhabitants at the following link:"Municipalities and smaller local entities with a population of less than 3,000 inhabitants".

- **Taxpayers who have been convicted, by virtue of a final judgement, of crimes of gender violence against the deceased spouse shall not be entitled to the application of this deduction** .

Incompatibility

This deduction is incompatible with the application of the "deduction for dependant work" for widowed taxpayers.

Acquisition or rehabilitation of principal residence for young people and victims of terrorism

Regulations:(Arts.8, 12 bis and 13 Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Extremadura en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2018, de 10 de abril

Amount of the deduction

A. **For young people:**

- **3 per 100 of the quantities satisfied** during the tax period, excluding interest, **for the acquisition or rehabilitation of new housing by young people** Located in the territory of

the Autonomous Community of Extremadura which constitutes or will constitute its first habitual residence.

- **5 percent** in the case of acquisition or rehabilitation by young people of their habitual residence in any of the **municipalities or smaller local entities in Extremadura with a population of less than 3,000 inhabitants**, provided that the acquisition or rehabilitation has been carried out **as of 1 January 2015**.

B. **For victims of terrorism:**

They may also apply this deduction, **whatever your age** , those who have the condition **of victims of terrorism or, failing that, and by this order, the spouse or partner in fact or the children coming together with them** .

Maximum basis for deduction

The maximum base for the deduction will be **9,040 euros**, the annual amount established as the limit for the deduction for the main residence contemplated by the state regulations of the IRPF in the version in force on 31 December 2012.

> ***Accuracy:*** *The items established in the state regulations of IRPF,* ***will form part of the deduction base, with the exception of interest paid.***

Requirements and other conditions for the application of the deduction

The application of the deduction is **subject to compliance with the same requirements and conditions as those established in relation to the general deduction** for the acquisition and refurbishment of the main residence, deduction base and maximum limit established by the state regulations in force on 31 December 2012, including that relating to the verification of the taxpayer's financial situation **and, in addition, the following**:

- **It must be a new home**.

  A new dwelling is considered to be a dwelling whose acquisition represents the first transfer of the same after the declaration of new construction, provided that 3 years have not elapsed since the declaration of new construction.

- The new housing must be included **in the modalities of public protection** contemplated in article 23 of Law 3/2001, of 26 April, on the Quality, Promotion and Access to Housing in Extremadura, referring to publicly or privately promoted subsidised housing and public housing.**This requirement does not apply where the applicable deduction rate is 5 per 100 per cent**.

> ***Note:***
>
> *Law 3/2001, of 26 April, on the Quality, Promotion and Access to Housing in Extremadura, referring to publicly or privately promoted subsidised housing and publicly*

*promoted housing **was repealed** with effect from 7 May 2019, by the sole repealing provision of Law 11/2019, of 11 April, on the promotion and access to housing in Extremadura (DOE 17-04-2019 - BOE - 15-05-2019).*

*According to article 27.2 of the aforementioned Law 11/2019, of 11 April, the following are **viviendas protegidas de promoción pública:***

- *Non-profit housing promoted by the Public Administration or any of its dependent public bodies or companies, in order to satisfy the housing needs of the sectors of the population determined by regulation.*
- *Those dwellings whose ownership or usufruct is acquired, without profit and for the same purpose, by the Public Administration or its dependent bodies, entities, companies and companies.*

In the event that the usufruct is extinguished, the publicly subsidised housing will lose its status as such.

- The purchasers **must be young people habitually resident in Extremadura**, whose age at the date of accrual of the tax (normally 31 December) is **less than 36 years**.

  The age requirement shall not apply to those who have the status of victims of terrorism or, failing that and in that order, their spouse or common-law partner or the children who have been living with them.

- That it is your **first home**.
- **The sum of the general tax base and the savings tax base**, boxes ***[0435]*** and ***[0460]*** of the declaration, **must not exceed** the following amounts:

  a. **In general:**

  - 19,000 euros in individual taxation.

  - 24,000 euros in joint taxation.

  b. In the event that the taxpayer **habitually resides in municipalities and smaller local entities with a population of less than 3,000 inhabitants:**

  Attention: *in this case, if the taxpayer **belongs to a large family**, there is no limit.*

  The conditions necessary to be considered a large family and its classification by category shall be determined in accordance with the provisions of Law 40/2003, of 18 November, on the Protection of Large Families (BOE of 19 November).

  - 28,000 euros in individual taxation.

  - 45,000 euros in joint taxation.

  In the case of marriage, this limit of 45,000 euros shall apply provided that at least one of the spouses has

had his/her habitual residence during the tax period in one of the municipalities or smaller local entities with a population of less than 3,000 inhabitants.

You can consult the municipalities and smaller local entities with a population of less than 3,000 inhabitants at the following link:"Municipalities and smaller local entities with a population of less than 3,000 inhabitants".

Note: *this deduction may not be doubled in cases where the persons who are considered to be victims of terrorism are also under 36 years of age.*

Incompatibility

This deduction shall be incompatible, for the same taxpayer, with the deduction "For acquisition or rehabilitation of the main residence in rural areas".

Attention: *this deduction is not incompatible with the deduction "For interest on third-party financing for investment in primary residence for young people" without, as a result, the net tax liability becoming negative.*

For lease of the primary residence

Regulations:(Arts.9, 12 bis and 13 Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Extremadura en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2018, de 10 de abril

Amounts and maximum deduction limits

- The **5 percent of the amounts paid** by the taxpayer in the tax period for the rental of their main residence, **with the limit of 300 euros per year**.
- The **10 per 100 per cent of the amounts paid** by the taxpayer in the tax period in the case of **renting the main residence in rural areas, with the limit of 400 euros per year .**

Please note*: housing in rural areas shall be considered to be that which is located in municipalities and smaller local entities with a population of less than 3,000 inhabitants.*

Requirements and other conditions for the application of the deduction

- The taxpayer must be **in one of the following circumstances**:

  a. Who is less than 36 years of age on the date on which the tax becomes chargeable .In the case of joint taxation, the age requirement must be met by at least one of the spouses, or, where appropriate, the parent.

b. That he/she is part of a **family that has the legal status of a large family**.

c. Who suffers from a physical, mental or sensory disability, provided that he/she is legally considered a person with a disability with a degree of disability equal to or greater than 65% , in accordance with the scale referred to in article 354 of the revised text of the General Law on Social Security, approved by Royal Legislative Decree 8/2015, of 30 October (BOE of 31 October).

However, shall be considered as accredited **a degree of disability equal to or greater than 65%, in the case of persons or persons who have been judicially declared, even if they do not reach this degree.**

Attention: ***It should be noted that, as of the entry into force of Law 8/2021 on the reform of the Civil Code, the references made to judicial incapacitation extend to judicial decisions establishing the representative guardianship of persons with disabilities.***

- **That it is the rental of the taxpayer's habitual residence, effectively occupied by the taxpayer and located within the territory of the Autonomous Community of Extremadura.**

- **That the following tax has been paid for the lease and, where applicable, for its extensions: Tax on Property Transfer and Documented Legal Acts or, where applicable, a self-assessment for the aforementioned tax has been submitted:.**

Accuracy: It should be taken into account the new case of exemption added in article 45.1.B) of the revised text of the Law on Transfer Tax and Stamp Duty "for leases of housing for stable and permanent use referred to in article 2 of Law 29/1994, of 24 November, on Urban Leases", by article 5 of Royal Decree-Law 7/2019, of 1 March, on urgent measures regarding housing and renting (BOE of 5 March).

The exemption exempts the passive subject from fulfilling the primary tax liability, but not from the formal obligation to file the corresponding self-assessment without any debt to record.

- **That the obligatory deposit has been constituted as a deposit referred to in the Law on Urban Leases in favour of the Autonomous Community of Extremadura in accordance with the provisions of Law 3/2001, of 26 April, on the Quality, Promotion and Access to Housing in Extremadura.**

- **That the taxpayer is not entitled during the same tax period to any deduction for investment in permanent residence.**

- **Neither the taxpayer nor any of the members of his or her family unit are holders of full ownership or of a real right of use or enjoyment of another dwelling located less than 75 kilometres from the rented dwelling.**

The concept of family unit to be used is that defined in Article 82 of the Personal Income Tax Act.

In the event that the taxpayer and/or any of the members of their family unit own a percentage in full ownership or in usufruct of another dwelling located less than 75 kilometres from the rented dwelling, the deduction cannot be applied.

- **That the sum of the general and savings tax bases (boxes *[0435]* and *[0460]* of the declaration) does not exceed the following amounts:**

a. In general:

- 19,000 euros in individual taxation.

- 24,000 euros in joint taxation.

b. In the event that the taxpayer habitually resides in municipalities and smaller local entities with a population of less than 3,000 inhabitants:

> ***Attention:** in this case, if the taxpayer belongs to a large family, there is no limit.*
>
> ***The conditions necessary to be considered a large family and its classification by category shall be determined in accordance with the provisions of Law 40/2003, of 18 November, on the Protection of Large Families (BOE of 19 November).***

- 28,000 euros in individual taxation.

- 45,000 euros in joint taxation.

In the case of marriage, this limit of 45,000 euros shall apply provided that at least one of the spouses has had his/her habitual residence during the tax period in one of the municipalities or smaller local entities with a population of less than 3,000 inhabitants.

You can consult the municipalities and smaller local entities with a population of less than 3,000 inhabitants at the following link:"Municipalities and smaller local entities with a population of less than 3,000 inhabitants".

- **Where two or more taxpayers are entitled to the application of this deduction in respect of the same assets for the same tax period, the amount of the deduction shall be apportioned equally between them.**

The apportionment of the deduction refers only to its maximum limit .

In the case of marriage, regardless of the matrimonial property regime, only the spouse(s) who is/are listed as the tenant(s) in the contract is/are entitled to the deduction.See in this respect Supreme Court Judgment no. 220/2009, of 3 April (Civil Chamber), handed down in cassation appeal no. 1200/2004 (ROJ:STS 2464/2009).

- **In the event that only part of the amounts paid in the financial year for the rental of the main residence is for renting in rural areas, the deduction applicable to each type of rental may not exceed its own limit, or 400 euros jointly, given that it is a single deduction with increased percentages and limits for the case of renting in rural areas.**

> ***Note:** taxpayers entitled to the deduction must complete the section "Additional information on the regional deduction for renting" in Annex B.8 of the tax return in which, in addition to the data necessary to quantify the deduction, the NIF/NIE of the*

lessor of the dwelling and, if it exists, that of the second lessor or, if applicable, if a NIF from another country has been entered, an X will be marked in the corresponding boxes.

For the purchase of school materials

Regulations:Art. 10 and 12 bis Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Extremadura en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2018, de 10 de abril

Amount of the deduction

15 euros for the purchase of school supplies for each child or descendant dependent on the taxpayer.

Requirements for the application of deductions

- The purchase of school supplies must be destined for **children or descendants of compulsory school age who are entitled to the minimum for descendants regulated in the Law of IRPF**.

  This requirement shall be deemed to be met when the child or descendant is aged between 6 and 15 years on the date on which the tax becomes chargeable.

- Only parents or ascendants **living together** with their children or descendants in school are entitled to make the deduction.

- When a child or descendant **lives with both parents or ascendants, the amount of the deduction will be apportioned in equal parts** in the tax return of each of them, if they opt for individual taxation.

- That the **sum of the general and savings tax bases**, boxes ***[0435]*** and ***[0460]*** of the tax return declaration, **does not exceed** the following amounts:

  a. **In general:**

  - 19,000 euros in individual taxation.

  - 24,000 euros in joint taxation.

  b. In the event that the taxpayer **habitually resides in municipalities and smaller local entities with a population of less than 3,000 inhabitants:**

  Attention: *in this case, if the taxpayer* ***belongs to a large family****, there is no limit.*

  The conditions necessary to be considered a large family and its classification by category shall be determined in accordance with the provisions of Law 40/2003, of 18 November, on the Protection of

Large Families (BOE of 19 November).

- 28,000 euros in individual taxation.

- 45,000 euros in joint taxation.

In the case of marriage, this limit of 45,000 euros shall apply provided that at least one of the spouses has had his/her habitual residence during the tax period in one of the municipalities or smaller local entities with a population of less than 3,000 inhabitants.

Habitual residence will be determined on the basis of the criteria defined in Article 9 of the Personal Income Tax Act, but limited to the area of the municipality or small local authority.

You can consult the municipalities and smaller local entities with a population of less than 3,000 inhabitants at the following link:"Municipalities and smaller local entities with a population of less than 3,000 inhabitants".

For investment in the purchase of company stocks and shares as a result of capital increase or incorporation agreements

Regulations:Art. 11 Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Extremadura en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2018, de 10 de abril

Amount and maximum limit of the deduction

- **20% of amounts invested** during the 2022 tax year in the purchase of company stocks or shares as a result of arrangements for the incorporation of companies or for capital increase in entities which take the form of **public limited companies, limited liability companies, employee-owned limited companies, employee-owned limited liability companies or cooperative companies**.
- The **deduction limit** applicable will be **4.000** euros per year.

Note: *taxpayers entitled to the deduction should complete the "Additional information for the regional deduction for investment in the acquisition of company stocks and shares in new or newly created entities" section in Annex B.8 of the tax return.*

Requirements and other conditions for the application of the deduction

- That, as a consequence of the **shareholding acquired by the taxpayer, computed together with that held in the same entity by his spouse or persons linked to the taxpayer by reason of kinship**, in direct or collateral line, by consanguinity or affinity up to and including the third degree, **no more than 40 per cent** of the total share capital of the entity or of its voting rights is held during any day of the calendar year **.**
- The shares acquired must **be held in the taxpayer's assets for a minimum period of three**

years, following incorporation or enlargement, and the taxpayer must not exercise executive or management functions in the entity.

- That the company that are purchased the stocks or shares meet the following requirements:

  1. **has its registered office and tax domicile in the Autonomous Community of Extremadura**.

  2. That you carry out an economic activity .

     For these purposes, it shall not be considered as carrying out an economic activity when its main activity is the management of movable or immovable assets, in accordance with the provisions of article 4.Eight.Two.a) of Law 19/1991, of 6 June, on Wealth Tax.

  3. That, in the event that the investment made corresponds to the incorporation of the entity, from the first tax year the entity has **at least one person with a full-time employment contract, or two people with a part-time employment contract**, provided that the total number of hours in the case of a part-time employment contract is equal to or greater than that established for a person with a full-time employment contract.In any case, workers must be discharged under the corresponding Social Security regime, and the terms of the contract shall be maintained for at least twenty-four months.

  4. That, in the event that the investment made corresponds to an increase in the entity's capital, **said entity was incorporated within the three years prior to the capital increase and the average workforce** of the entity during the two fiscal years following the increase **is increased** with respect to the average workforce it had in the twelve previous months **by at least one person** with the requirements of paragraph 3 above, and **said increase is maintained for at least another twenty-four months**.

     For the calculation of the total average staff of the entity and its increase, the number of persons employed shall be computed, in the terms provided for by the labor legislation, taking into account the hours contracted in relation to the full day.

- Transactions for which the deduction is applicable must **be formalised in a public deed**, in which the identity of the investors and the amount of the respective investment must be specified.

Loss of entitlement to the deduction made

Failure to comply with the requirements and conditions established entails the loss of the tax benefit, and the taxpayer must include in the tax return of IRPF corresponding to the year in which the non-compliance occurred the part of the tax that was not paid as a result of the deduction made, together with the late payment interest accrued.

For the purchase or renovation of the usual dwelling in rural areas

Regulations:Art. 11 bis Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Extremadura en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2018, de 10 de abril (Revised text of the legal provisions of the Autonomous Community of Extremadura regarding taxes ceded by the State, approved by

Legislative Decree 1/2018, of 10 April).

Amount and maximum limit of the deduction

The **10 per cent of the amounts paid** during the tax period for the acquisition or renovation of the home that constitutes or will constitute the taxpayer's habitual residence, less the amount of the subsidies received from the Regional Government of Extremadura as subsidies for the acquisition or renovation of the home.

Requirements for the application of deductions

- The property must be **located in one of the municipalities and smaller local entities** of Extremadura **in which the population on 31 December is less than 3,000 inhabitants.**

  You can consult the municipalities and smaller local entities with a population of less than 3,000 inhabitants at the following link:"Municipalities and smaller local entities with a population of less than 3,000 inhabitants".

- The acquisition or renovation of the property must have taken place from **1 January 2022.**

Deduction base

- The basis for the deduction will be constituted by the amounts paid from 1 January 2022 for the purchase or renovation of the home, including the expenses incurred that have been borne by the purchaser, and reduced by the amount of the subsidies received from the Regional Government of Extremadura as subsidies for the purchase or renovation of the home.

- When the acquisition or refurbishment of the home is financed by others, the amortisation, interest, the cost of the hedging instruments for the variable interest rate risk of the mortgage loans regulated in article nineteen of Law 36/2003, of 11 November, on Economic Reform Measures, and other expenses derived from the same, will form part of the deduction base.In the case of application of the instruments of coverage, interest paid by the taxpayer will be lowered by the amounts obtained by the application of the aforementioned instrument.

Maximum basis for deduction

A. **Total maximum base for all years in which the deduction is applied:**

It shall be the lesser of the following amounts:

- **180,000 euros,** or

- **The amount of the purchase or refurbishment of the home that gives rise to the deduction, minus** for the amounts received from the Regional Government of Extremadura as **subsidies for the purchase or refurbishment of the home.**

Accuracy:the total maximum base amount is applied per home, not per taxpayer, so that in the case of homes acquired by several taxpayers, the amount of 180,000 euros, established to determine the maximum base for the deduction, will be prorated in proportion to the percentage of ownership they have in the aforementioned

home.

B. **Maximum base in each financial year:**

The maximum base to be applied in each financial year will be **9,040 euros**, both in individual and joint taxation.

Other conditions for the application of the deduction

- When a habitual residence is acquired **having already enjoyed this same deduction, the total maximum base of the deduction** will be reduced by the amounts invested in the acquisition of the previous dwellings, insofar as they have been subject to deduction.
- When on the occasion of the disposal of a primary residence for which this deduction has been applied, **generates a capital gain exempt for reinvestment**, **the deduction base** for the acquisition or refurbishment of the new home will be reduced by the amount of the capital gain to which the reinvestment exemption applies.In this case, you will not be able to apply the deduction for the acquisition of the new when the amount invested in it does not surpass both the price of the previous year, to the extent that it has been subject to deduction as capital gains exempt due to reinvestment.
- In the **cases of marriage annulment, divorce or legal separation**, the taxpayer may continue to take this deduction, under the terms provided for in the State Personal Income Tax regulations, for the amounts paid in the tax period for the purchase of the home that was their main residence during the marriage, provided that it continues to be their main residence for the common children and the parent in whose company they remain.

Concepts to be taken into account for the application of the deduction

- **Main dwelling**

  In general, the taxpayer's main residence is considered to be the building that constitutes his residence for a continuous period of at least three years.Nevertheless, even before these three years elapse, it is understood to be a main residence when the taxpayer dies, or when other circumstances arise that require a change of address, such as a marriage, divorce, work relocation, getting a first job or changing job, as well as other similar, justified motivesIn order for the dwelling to constitute the taxpayer's habitual residence, it must be effectively and permanently inhabited by the taxpayer within a period of twelve months from the date of acquisition or completion of the works.However, it shall be understood that the dwelling does not lose its character of habitual residence when the death of the taxpayer occurs or other circumstances occur that necessarily prevent the occupation of the dwelling, in the terms set out in the previous paragraph.Where the exceptions provided for in the two preceding paragraphs apply, the deduction for the purchase of a home shall be applied until the moment when the circumstances necessarily require a change of home or prevent the occupation of the home.

- **Acquisition of a principal residence**

The acquisition of a primary residence shall be understood to be the acquisition in the legal sense of the right of ownership or full ownership of the property, even if this is shared, regardless of the legal transaction that gives rise to it.

- **Construction and extension**

  Is inherent in the acquisition of housing construction or extension of the same, in the following terms:

  a. **House extension:** When the living area is increased by enclosing part of it in the open or by any other means, on a permanent basis and at all times of the year.

     For the purposes of determining whether the taxpayer is entitled to apply the deduction for the extension of the main residence, the acquisition shall be deemed to have taken place at the time the certificate of completion is obtained.

  b. **Construction:** When the taxpayer directly pays the expenses derived from the execution of the works, or pays amounts on account to the promoter of the works, provided that they are completed within a period not exceeding four years from the start of the investment.

     For the purposes of determining whether the taxpayer is entitled to apply the deduction, in cases of construction, the acquisition of the main residence shall be deemed to have occurred with the granting of the public deed of the completed new building.

- **Renovation work on the main residence**

  The main purpose of the renovation work on the main dwelling is the reconstruction of the dwelling by means of the consolidation and treatment of the structures, façades or roofs and other similar work, provided that the overall cost of the renovation work exceeds 25 per cent of the purchase price if the purchase was made during the two years immediately prior to the start of the renovation work or, otherwise, the market value of the dwelling at the time the renovation work was started.For these purposes, it will be deducted from the acquisition price or market value of the residence the proportional part corresponding to the land.

Verification of financial position:effective base of deductible investment

The application of this deduction shall require that the assessed amount of the taxpayer's assets at the end of the tax period **exceeds the assessed value at the beginning of the tax period by at least the amount of the investments made**, excluding interest and other financing costs.

For these purposes, shall not be the increases or decreases of value experienced during the tax period for assets that at the end of the same remain part of the taxpayer's assets.

See chapter 16 at .

Incompatibility

This deduction may not be combined, for the same taxpayer, with the deductions "For the purchase of housing for young people and for victims of terrorism residing in the Autonomous Community of Extremadura" and "For interest on third-party financing for investment in primary residence for young people".

For habitually residing in municipalities and smaller local entities in Extremadura with a population of less than 3,000 inhabitants.

Regulations:Art. 11b Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Extremadura en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2018, de 10 de abril (Revised text of the legal provisions of the Autonomous Community of Extremadura on taxes ceded by the State, approved by Legislative Decree 1/2018, of 10 April).

Amount of the deduction

The **15 per 100 per cent of the autonomous region's gross tax liability**

Requirements for the application of deductions

- That the taxpayer **resides** habitually **in one of the municipalities and smaller local entities** of Extremadura **in which the population is less than 3,000 inhabitants.**

  You can consult the municipalities and smaller local entities with a population of less than 3,000 inhabitants at the following link:"Municipalities and smaller local entities with a population of less than 3,000 inhabitants".

- **That the sum of the general tax base and the savings tax base**, boxes **[0435] and [0460]** of the declaration, **must not exceed:**

  - 28,000 euros in individual taxation.

  - 45,000 euros in joint taxation.

  In the case of marriage, this limit of 45,000 euros shall apply provided that at least one of the spouses has had his/her habitual residence during the tax period in one of the municipalities or smaller local entities with a population of less than 3,000 inhabitants.

Special features in the case of joint taxation

In the case of joint taxation, the amount of the deduction will be that which corresponds to the taxpayer entitled to it, resulting from applying 15 per cent to the **part of the regional tax liability that corresponds to him/her**, calculated in accordance with the following procedure:

Autonomous Community gross tax liability in joint taxation x (total taxable income of the taxpayer in individual taxation ÷ ∑ total taxable income in individual taxation of all the taxpayers in the family unit).

For interest on third-party financing for investment in primary residence for young people

Regulations:Art. 11 quater Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Extremadura en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2018, de 10 de abril

Maximum amount and base of the deduction

The **25 percent of the interest paid** during the tax period for mortgage loans obtained to finance the purchase of their main residence, with a maximum deduction base of **1,000 euros per year**.

For these purposes, it should be borne in mind that the concept of acquisition will be that established by the state regulations in force on 31 December 2012 for the deduction for investment in primary residence.

Specific requirements for the application of the deduction

- That the taxpayer's **habitual residence is in the Autonomous Community of Extremadur**a.
- At the date of accrual of the tax the taxpayer **is less than 36 years old**.
- That it is your **first home**.
- **That the sum of the general and savings tax bases,** *boxes **[0435] and [0460]** of the return,* **does not exceed** the following amounts:
  - **28,000 euros** in individual taxation, and
  - **45,000 euros** in joint taxation.
- There is a requirement to verify the taxpayer's financial situation in accordance with state regulations in force on 31 December 2012.

See chapter 16 at .

Incompatibility

This deduction shall be incompatible, for the same taxpayer, with the deduction "For acquisition or rehabilitation of the main residence in rural areas".

Attention: *this deduction is not incompatible with the deduction "For the acquisition of housing for young people and for victims of terrorism residing in the Autonomous Community of Extremadura" without, as a consequence, the net tax liability becoming negative.*

Autonomous Community of Galicia

Taxpayers who have had their primary residence in the territory of the Autonomous Community of Galicia in 2022 may apply the following regional deductions:

For birth or adoption of children

Regulations:Art. 5.Two Consolidated Text of the legal provisions of the Autonomous Community of Galicia on taxes ceded by the State, approved by Legislative Decree 1/2011 of 28 July 2011

Amounts and requirements for the application of the deduction

- **For each child born or adopted in the tax period** who lives with the taxpayer at the date of accrual of the tax (normally 31 December), the taxpayer may deduct the following amount from the regional tax liability, depending on the total taxable base minus the taxpayer's personal and family minimum:

(General taxable base + taxable savings base) - (Personal and family minimum)	Amount of reduction
Less than or equal to 22,000 euros	360 euros for the 1st^{er} child
	1,200 euros on 2do child
	2.400 euros on 3er son and ss.
Greater than or equal to 22,000.01 Euros	300 euros per child
	360 euros per child in case of multiple birth

> ***Note to the table:*** ***The total taxable income minus the personal and family minimum*** *is determined by adding the amounts of the general taxable income, box* ***[0435]*** *of the tax return, and of the savings taxable income, box* ***[0460]*** *of the tax return,* ***and reducing this result by the amount of the personal and family minimum****, box* ***[0520]*** *of the tax return.*

In determining the order number of children, both joint and individual statements will take into account the same criteria as for the application of the minimum by descendants.

- **Increase of the deduction**:The above amounts shall be increased by **20 per 100** for taxpayers residing in **municipalities with less than 5,000 inhabitants and in those resulting from merger or incorporation procedures**.

- **Application of the deduction in the two tax periods following the birth or adoption**.

  The deduction will be extended to the two tax periods following birth or adoption, provided that the child born or adopted is living with the taxpayer on the date the tax accrues to each of them, in accordance with the following **amounts and income limits**:

(General taxable base + taxable savings base) - (Personal and family minimum)	Amount of reduction
Equal to or less than EUR 22.000	360 euros for the 1st^{er} child
	1,200 euros on 2do child
	2.400 euros on 3er son and ss.
Between 22.000,01 and 31.000 euros	300 euros per child
More than 31,000 euros	0 euros

  In determining the order number of children, both joint and individual statements will take into account the same criteria as for the application of the minimum by descendants.

- The amounts established for this deduction in the previous points **shall be doubled** in the event that the child or adoptee has a recognised degree of **disability equal to or greater than 33 per cent**.

  The degree of disability must refer to the date of accrual of the tax (normally 31 December) and be recognised by means of a decision issued by the competent body for social services.The degree and status of disabled person will also be considered accredited in the cases established in article 3.Three of the Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Galicia en materia de tributos cedidos por el Estado.

- When, in the tax period of the birth or adoption or in the following two tax periods, the children born or adopted **live with both parents**, the corresponding deduction **shall be made in half** in the tax return of each of them.

Application in 2022 of the deduction for children born in 2020 or 2021

Taxpayers who were entitled to the deduction for birth or adoption of children in 2020 or 2021 may deduct this in 2022 provided that the child or children who caused the right to the deduction in those years live with the taxpayer on the date the tax accrues (usually, 31 December).

The amount, requirements and income limits to apply the deduction for children born or adopted in 2020 or 2021 are those outlined above.

For large families

Regulations:Art. 5.Three Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Galicia en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2011, de 28 de 28 de julio.

Amounts of the deduction

- **In general**
  - **250 euros**, in the case of a large family of **general category**.
  - **400 euros**, in the case of a large family of **special category**.
- **Spouses or children or direct descendants with disabilities**

  When any of the spouses or descendants to whom the personal and family minimum tax is applicable **has a degree of disability equal to or greater than 65 per cent**, the deduction will be:
  - **500 euros**, in the case of a large family of **general category**.
  - **800 euros**, in the case of a large family of **special category.**

Requirements and other conditions

- The concept of large family and its classification by categories is contained in Law 40/2003, of 18 November, on the protection of large families (BOE of 19 November).

  The taxpayer must hold the large family title on the date of the tax's accrual (usually on December 31).
- The deduction shall be made by the taxpayer **with whom the other members of the large family live**.
- When the children **live with more than one taxpayer, the amount of the deductions shall be apportioned equally** in the tax return of each of them.

For foster care of minors

Regulations:Art. 5.Four Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Galicia en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2011, de 28 de julio.

Amounts of the deduction

- **300 euros for each child** in simple, permanent, provisional or pre-adoptive, administrative or judicial foster care, provided that the taxpayer **lives with the child for a period of 183 days or more** during the tax period.

> **Accuracy**:Please note that Law 26/2015, of 28 July, which modifies the system of protection for children and adolescents (BOE of 29 July) modified, with effect from 18 August 2015, article 173 bis of the Civil Code, regulating the following types of foster care:emergency, temporary and permanent.Likewise, the aforementioned law added a new article 176 bis regulating the delegation of guardianship for pre-adoptive cohabitation.

On the other hand, the second additional provision of Law 26/2015 establishes that "All references made in laws and other provisions to pre-adoptive foster care shall be understood as references to the delegation of guardianship for pre-adoptive cohabitation provided for in Article 176 bis of the Civil Code.Those carried out in simple foster care shall be understood to be made to the temporary family foster care provided for in Article 173 bis of the Civil Code;and where it relates to international adoption cooperating entities, they will be understood as being made to the approved international adoption bodies".

Therefore, the deduction is understood to be applicable to any of the forms of foster care provided for in Article 173 bis of the Civil Code and the delegation of guardianship for pre-adoptive cohabitation provided for in Article 176 bis of the Civil Code.

- **150 euros for each child in foster care**, under the terms mentioned above, **if the period of cohabitation** during the tax period **is less than 183 days and more than 90 days**.

Requirements and other conditions for the application of the deduction

- **This deduction will not be available in the case of pre-adoptive foster care, when the adoption of the child takes place during the tax period**.

  It should be noted that pre-adoptive foster care is currently the delegation of guardianship for pre-adoptive cohabitation provided for in Article 176 bis of the Civil Code.

- **The foster care must be formalised by the competent body for minors of the Xunta de Galicia**.

- **In the case of foster care of children by married couples, the amount of the deduction will be apportioned in equal parts** in the tax return of each of them, if they opt for an individual tax return.

- If the **fostering is carried out by unmarried couples**, in accordance with the third additional provision of Law 2/2006, of 14 June, on Galician civil law, the **amount of the deduction shall be apportioned in equal parts** in the tax return of each of its members.

For the care of young children

Regulations:Art. 5.Five Consolidated Text of the legal provisions of the Autonomous Community of Galicia on taxes ceded by the State, approved by Legislative Decree 1/2011, of 28 July.

Amount and maximum limits of the deduction

- **30 per 100 of the quantities satisfied in the period** for taxpayers who, for work, self-employed or employed reasons, have to leave their minor children to the **care of a person employed in the home or in 0-3-year-old children's schools** .
- The maximum limit of the deduction is:

  - 400 euros.

  - 600 euros if you have two or more children aged 3 or less.

Requirements and other conditions for the application of the deduction

- **Children are three or less years of age** (both to generate the right to the deduction and to calculate for the increased deduction), on the date of the tax accrual (usually on december 31).
- **Both parents must be self-employed or employed**, for which they are registered in the corresponding Social Security or mutual insurance scheme.
- When the deduction is applicable for **expenses of a person employed in the home, this person must be registered in the Special System for Domestic Employees of the General Social Security Scheme.**
- **That the sum of the general and savings tax bases minus the amount of the personal and family minimums**, sum of boxes ***[0435]*** and ***[0460]*** of the tax return minus the amount of box ***[0520]*** of the tax return, does not exceed the following amounts:

  - 22,000 euros in individual taxation.

  - 31,000 euros in joint taxation.
- **When more than one taxpayer is entitled** to the application of this deduction, as a result of meeting the above requirements, **the amount of the deduction shall be apportioned between them**.

For taxpayers with disabilities, aged 65 or over, who require assistance from third parties

Regulations:Art. 5.Six Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Galicia en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2011, de 28 de 28 de julio (Consolidated Text of the legal provisions of the Autonomous Community of Galicia on taxes ceded by the State, approved by Legislative Decree 1/2011, of 28 July)

Amount and maximum limit of the deduction

- **10 per 100 of the quantities satisfied to third parties** by taxpayers of age equal to or greater than 65 years affected by a degree of disability equal to or greater than 65 per 100 and requiring assistance from third persons.
- A degree of disability equal to or greater than 65% shall be considered accredited in the case of persons whose **incapacity is judicially declared**, even if it does not reach this degree, as well as in the **cases of severe dependency and major dependency**, provided that these latter situations are recognised by the competent body, in accordance with the provisions of article 28 of Act 39/2006, of 14 December, on the promotion of personal autonomy and care for dependent persons.

  According to Article 3.Three of the consolidated text of the legal provisions of the Autonomous Community of Galicia in respect of taxes given by the State The degree of disability must be accredited by certificate or resolution issued by the competent body.In particular, a degree of disability equal to or greater than 33% shall be deemed to be accredited in the case of Social Security pensioners who are recognised as having a permanent

total, absolute or severe disability pension, and in the case of pensioners of passive classes who are recognised as having a retirement pension due to permanent incapacity for service or uselessness.

Likewise, a degree of disability equal to or greater than 65% will be considered accredited in the case of persons whose incapacity is judicially declared, even if it does not reach this degree, as well as in cases of severe dependency and severe dependency, provided that these latter situations are recognised by the competent body, in accordance with the provisions of article 28 of Law 39/2006, of 14 December, on the promotion of personal autonomy and care for dependent persons.

It should be noted that, as of the entry into force of Law 8/2021 on the reform of the Civil Code, the references made to judicial incapacitation extend to judicial decisions establishing the representative guardianship of persons with disabilities.

- The maximum deduction limit is **600 euros**.

Requirements for the application of deductions

- **That the sum of the general and savings tax bases minus the amount of the personal and family minimums**, sum of the boxes ***[0435]*** and ***[0460]*** of the declaration minus the **amount** of the box ***[0520]*** of the declaration, does not exceed the following amounts:

  - 22,000 euros in individual taxation.

  - 31,000 euros in joint taxation.

- **Proof of the need for assistance from third parties**.

- **That the taxpayer is not a user of public or subsidised residences** of the Autonomous Community of Galicia or a beneficiary of the welfare cheque of the Xunta de Galicia.

For rental of primary residence

Regulations:Art. 5.Seven Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Galicia en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2011, de 28 de julio

Amounts and maximum deduction limits

- **10 per cent** of the amounts paid during the tax period for the rental of the main residence.

  Deduction ceiling:**300 euros per contract per year**, both in individual and joint taxation.

- **If you have two or more minor children**, the above deduction percentage rises to **20 per 100**, with a maximum deduction limit of **600 euros per contract and year**, both for individual and joint taxation.
- The amounts established for this deduction **will be doubled** in the event that the tenant has a recognised degree of **disability equal to or greater than 33 percent**.

According to Article 3.Three of the consolidated text of the legal provisions of the Autonomous Community of Galicia in respect of taxes given by the State The degree of disability must be accredited by certificate or resolution issued by the competent body.In particular, a degree of disability equal to or greater than 33% shall be deemed to be accredited in the case of Social Security pensioners who are recognised as having a permanent total, absolute or severe disability pension, and in the case of pensioners of passive classes who are recognised

as having a retirement pension due to permanent incapacity for service or uselessness.

Likewise, a degree of disability equal to or greater than 65% will be considered accredited in the case of persons whose incapacity is judicially declared, even if it does not reach this degree, as well as in cases of severe dependency and severe dependency, provided that these latter situations are recognised by the competent body, in accordance with the provisions of article 28 of Law 39/2006, of 14 December, on the promotion of personal autonomy and care for dependent persons.

It should be noted that, as of the entry into force of Law 8/2021 on the reform of the Civil Code, the references made to judicial incapacitation extend to judicial decisions establishing the representative guardianship of persons with disabilities.

Requirements and other conditions for the application of the deduction

- **The taxpayer's age must be 35 years or less** on the date on which the tax is due (normally 31 December).**In the case of joint taxation**, this requirement must be met by at least one of the spouses or, where applicable, the parent.
- **The date of the lease must be after 1 January 2003**.
- They have made the **deposit** as referred to in Article 36.1 of Law 29/1994, on urban leases, at the Galician Housing and Land Institute, or they have a certified copy of the **complaint lodged with that body for not having delivered such proof to the lessor.**

  The taxpayer shall, if the object of verification is to prove that the bond was deposited or the complaint was lodged before the filing of the self-determination or the end of the voluntary filing period.

- **That the sum of the general and savings tax bases**, boxes ***[0435]*** and ***[0460]*** of the tax return, **does not exceed the amount of 22,000 euros**, both in individual and joint taxation.
- **When two taxpayers are entitled to this deduction**, the **total amount** of the deduction, without exceeding the limit established per rental contract, **will be apportioned equally** in the tax return of each of them.

  In the case of marriages in community of property, the deduction shall be made in equal shares between the spouses, even if the contract is in the name of only one of them.

Note: *taxpayers entitled to the deduction must complete the section "Additional information on the regional deduction for renting" in Annex B.8 of the tax return in which, in addition to the data necessary to quantify the deduction, the NIF/NIE of the lessor of the dwelling and, if it exists, that of the second lessor or, if applicable, if a NIF from another country has been entered, an X will be marked in the corresponding boxes.*

For expenses aimed at the use of new technologies in households gallegos

Regulations:Art. 5.Eight Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Galicia en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2011, de 28 de julio

Amount and maximum limit of the deduction

- **30 per cent of the amounts paid** during the year for **registration fee and monthly fees for Internet access** by contracting high-speed lines.
- The maximum deduction limit is **100 euros**, both for individual and joint taxation.

  This ceiling should be applied in respect of all amounts paid during the financial year, whether they relate to a single connection contract or to several contracts held simultaneously.

  In the case of marriages in community of property regime, the maximum amount that can be deducted by each of the spouses is **50 euros**, regardless of whether the contract is in the name of only one of them.In these cases, apportionment is mandatory, so that only one spouse cannot apply the full deduction to which both spouses are jointly entitled.However, if each of the spouses is the holder of a line, each of them may apply the total deduction.

Requirements and other conditions for the application of the deduction

- The deduction can only be applied **in the year in which the contract** for connection to the high-speed lines is concluded.
- **The high-speed line** contracted must be **intended for the exclusive use of the household** and may not be linked to the exercise of any business or professional activity.
- **The deduction does not apply** if the connection contract is simply a change of service provider and the contract with the previous company was made in another year.Neither will apply when is hired connection to a high speed line and the taxpayer maintained, simultaneously, other lines contracted in previous years.
- The practice of the deduction is conditional on **documentary justification** adequate justification of the factual assumption and of the requirements that determine the applicability of the deduction.

For investment in the acquisition of shares in new or newly created entities

Regulations:Article 5.Nine Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Galicia en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2011, de 28 de julio

1.In general

Amount and maximum limit of the deduction

- **30 per cent of the amounts invested** during the year in the **acquisition of shares or holdings in companies as a result of company incorporation agreements or capital increases** in Public Limited Companies, Limited Liability Companies, Worker Owned Companies and Cooperatives.

- The maximum deduction limit is **6,000 euros.**

Requirements and other conditions for the application of the deduction

- **The taxpayer's shareholding,** computed together with those of the spouse or persons related by direct or collateral blood or marriage up to and including the third degree, **may not exceed 40 per cent or be less than 1 per cent of the share capital of the company** object of the investment or of its voting rights at any time during the three years following the incorporation or increase.

  The maximum shareholding limit shall not apply in the case of worker-owned companies or cooperatives comprising only two partners, as long as this circumstance is maintained.

- **The entity in which the investment is to be realised must meet the following requirements:**

  1. It must have its **registered office and tax domicile in Galicia** and maintain it for three years after incorporation or extension.

  2. Must be engaged **in an economic activity during the three years following incorporation or extension.**For this purpose, it must not have as its principal activity the management of movable or immovable property, in accordance with Article 4.8.2.a) of Law 19/1991 of 6 June 1991 on Wealth Tax.

  3. They must have at least **a busy person with a full-time work contract**, registered in the general scheme of social security and with primary residence in Galicia, **for the three years** following the constitution or expansion.

  4. In the event that the investment was made by means of a capital increase, the **commercial company must have been incorporated within the three years prior to the date of the capital increase**, provided that, in addition, **during the twenty-four months following the date of the beginning** of the corporation tax period in which the capital increase was made **its average workforce** normally resident in Galicia **has increased by at least one person with respect to the average workforce** normally resident in Galicia in**the previous twelve months**, and that this increase **is maintained for an additional period of another twenty-four months , and that this increase is maintained for an additional period of another twenty-four months.**

     For the calculation of the total average workforce of the company and its increase, the persons employed shall be taken into account, in the terms provided for in the labour legislation, taking into account the contracted working day in relation to the full working day.

- **Transactions for which the deduction is applicable must be formalised in a public deed, which must specify the identity of the investors and the amount of the respective investment.**

- **Shares acquired must be held in the assets of the taxpayer for a minimum period of three years, following incorporation or enlargement.**

2.Additional increase of the deduction for certain circumstances

- **The deduction may be increased by an additional 15 percent if, in addition to meeting the requirements for the general deduction, one of the following circumstances applies:**

  a. **These are public limited companies, limited liability companies, worker-owned companies and cooperatives that prove to be innovative small and medium-sized enterprises, in accordance with the provisions of Order ECC/1087/2015, of 5 June, which regulates the award of the seal of innovative small and medium-sized enterprise and creates and regulates the operation of the Register of Innovative Small and Medium-sized Enterprises.**

  b. **These are public limited companies, limited liability companies, worker-owned companies and cooperatives that can prove that they are promoters of a business project that has qualified as a technology-based employment initiative, in accordance with the provisions of Decree 56/2007, of 15 March, which establishes a support programme for technology-based employment initiatives (IEBT), by registering the initiative in the Administrative Register of Technology-Based Business Initiatives.**

  c. **These are corporations, limited companies, employee-owned companies and cooperatives owned by universities or research bodies**

- **The maximum limit of the deduction in these cases is 9,000 euros.**

Please note:*the applicable deduction percentage for investments in these circumstances is 45 per cent (30 per cent + 15 per cent) and the limit of 9,000 euros applicable for calculating the deduction in these cases is independent of the general limit of 6,000 euros.*

Incompatibility

The deduction contained in this paragraph shall be incompatible, for the same investments, with deductions for investment in the acquisition of shares in new or newly created entities and their financing provided for in Article 5.Ten of Legislative Decree 1/2011, "For investment in shares of entities listed on the expanding companies segment of the alternative stock market" provided for in Article 5.Eleven of Legislative Decree 1/2011 and "For investment in companies that carry out agricultural activities" provided for in Article 5.Fifteen of Legislative Decree 1/2011.

Note:*taxpayers entitled to the deduction must complete the section "Additional information to the regional tax credit for investment in the acquisition of shares and equity investments in new or recently created companies" in Annex B.8 of the tax return in which, in addition to the amount of the investment entitled to the deduction, the taxpayer must state the NIF of the new or recently created company and, if it exists, that of the second company, indicating the total amount of the deduction for investments in new or recently created companies in the corresponding box.*

For investment in the acquisition of shares in new or newly created entities and their financing

Regulations:Art. 5.Ten Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Galicia en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2011, de 28 de julio

1.In general

Amount and maximum limit of the deduction

Taxpayers may deduct the following amounts from their regional tax liability, up to a joint limit of 20,000 euros :

- **30 per cent of the amounts invested** during the year in the acquisition of share capital as a result of agreements to incorporate companies or increase capital in public limited companies, limited liability companies, worker-owned companies and cooperatives.
- In respect of the same entities, **30 per cent of the amounts lent** during the year, as well as of the amounts personally guaranteed by the taxpayer, may be deducted, provided that the loan is granted or the guarantee is provided in the year in which the company is incorporated or the capital is increased.

Requirements and other conditions for the application of the deduction

- **The taxpayer's shareholding,** computed together with those of the spouse or persons related by blood or marriage up to and including the third degree, **may not exceed 40 per cent or be less than 1 per cent of the share capital of the company** object of the investment or of its voting rights at any time during the three years following the incorporation or increase.

  In the case of a loan or guarantee, the taxpayer's participation in the capital is not required, but if it exists, it may not exceed 40 per cent, with the same time limits as above.**The amount lent or guaranteed by the taxpayer must exceed 1 per cent of the company's net assets**.

  The **maximum limit** of participation in the share capital will not apply in the case of worker owned companies or co-operatives made up of only two partners, as long as this circumstance is maintained.

- **The entity in which the investment, loan or guarantee is to be realised must meet the following requirements:**

  1. It must have its **registered office and tax domicile in Galicia** and maintain it for three years after incorporation or extension.
  2. Must be engaged **in an economic activity during the three years following incorporation or extension.**For this purpose, it must not have as its principal activity the management of movable or immovable property, in accordance with Article 4.8.Two.a) of Law 19/1991, of 6 June 1991, on Wealth Tax.

3. You must **have at least one person with a full-time employment contract**, registered in the general Social Security system and normally resident in Galicia.The contract shall have a minimum duration of one year and must be formalised within two years of incorporation or extension, except in the case of worker-owned companies or cooperative societies.

4. In the event that the investment was made by means of a capital increase or the loan or guarantee was made in the course of a capital increase, l**a trading company must have been incorporated within the three years prior** to the date of this increase, and in addition, **during the twenty-four months following the date of the beginning** of the corporation tax period in which the increase was made, **its average workforce** normally resident in Galicia **must have increased, by at least one person with respect to the average workforce** normally resident in Galicia **in the twelve months prior**, **, maintaining xml-ph-**

   To calculate the total average staff of the organisation and the growth thereof, the number of persons employed will be decided in accordance with the provisions of labour legislation, taking into account the contracted hours in relation to a full day.

- **The taxpayer may sit on the board of directors of the company in which the investment was made, but may under no circumstances perform executive or management functions for a period of ten years.Nor can it maintain an employment relationship with the entity that is the object of the investment during the same period, except in the case of worker-owned companies or cooperative societies.**

- **Transactions in which the deduction is applicable must be formalised in a public deed, in which the identity of the taxpayers intending to apply this deduction and the amount of the respective transaction must be specified.**

- **Shares acquired must be held in the assets of the taxpayer for a minimum period of three years, following incorporation or enlargement.**

In the case of loans, these must refer to financing operations with a term of more than five years, and may not amortise an amount greater than 20 per cent per annum of the principal amount borrowed.In the case of guarantees, these shall extend for the entire duration of the guaranteed transaction, which may not be less than five years.

2.Additional increase of the deduction for certain circumstances

- **The deduction may be increased by an additional 15 percent if, in addition to meeting the requirements for the general deduction, one of the following circumstances applies:**

  a. **The acquisition of shares or company holdings as a result of incorporation or capital increase agreements, in the case of public limited companies, limited liability companies, worker-owned companies and cooperatives that prove to be innovative small and medium-sized enterprises, in accordance with the provisions of Order ECC/1087/2015, of 5 June, which regulates the award of the seal of innovative small and medium-sized enterprise and creates and regulates the operation of the Register of Innovative Small and Medium-sized Enterprises.**

  b. **The acquisition of shares or company holdings as a result of agreements to incorporate or increase capital, in the case of public limited companies, limited**

liability companies, worker-owned companies and cooperatives that can prove that they are promoters of a business project that has qualified as a technology-based employment initiative, in accordance with the provisions of Decree 56/2007, of 15 March, which establishes a programme to support technology-based employment initiatives (IEBT), by registering the initiative in the administrative register of Technology-Based Business Initiatives.

c. **The acquisition of shares or holdings in companies as a result of incorporation or capital increase agreements, in the case of public limited companies, limited liability companies, worker-owned companies and cooperatives in which universities or research bodies have holdings.**

- **The maximum limit of the deduction in these cases is 35,000 euros.**

Please note:the applicable deduction percentage for investments in these circumstances is 45 per cent (30 per cent + 15 per cent) and the limit of 35,000 euros applicable for calculating the deduction in these cases is independent of the general limit of 20,000 euros.

Incompatibility

The deduction contained in this paragraph shall be incompatible, for the same investments, with the deductions "For investment in the acquisition of shares or holdings in new or recently created companies" provided for in Article 5.Nine of Legislative Decree 1/2011, "For investment in shares of entities listed on the expanding companies segment of the alternative stock market" provided for in Article 5.Eleven of Legislative Decree 1/2011 and "For investment carrying out agricultural activities" provided for in Article 5.Fifteen of Legislative Decree 1/2011.

Note: taxpayers entitled to the deduction must complete the section "Additional information on the Galicia regional deduction for investment in the acquisition of shares or equity investments in new or recently created companies and their financing" in Annex B.8 of the return in which, in addition to the amount of the investment entitled to the deduction, the taxpayer must state the NIF of the new or recently created company and, if it exists, that of the second company, indicating the total amount of the deduction for investments in new or recently created companies and their financing in the corresponding box.

For investment in shares of entities listed in the segment of growth companies on the alternative stock market

Regulations:Art. 5.Eleven Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Galicia en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2011, de 28 de 28 de julio.

Amount and maximum limit of the deduction

- **15 per cent of the amounts invested** during the year in the acquisition of shares as a result of capital increase agreements entered into through the expanding companies segment of the alternative stock market, approved by resolution of the Council of Ministers on 30 December 2005.
- **The maximum deduction limit is 4,000 euros.**

The total deduction thus calculated **shall be apportioned equally in the year in which the investment is made and in the following three years**.

Requirements for the application of deductions

a. The shareholding acquired by the taxpayer in the investee company **may not exceed 10 per cent of its share capital**.

b. The acquired shares must be held in the taxpayer's estate for a period of at least **three years**.

c. The company that is the object of the investment must have its registered office and tax domicile in Galicia , and must not have as its main activity the management of movable or immovable assets, in accordance with the provisions of Article 4.8.2.a) of Law 19/1991 of 6 June 1991 on Wealth Tax.

The requirements referred to in points a and c above shall be met for the entire maintenance period indicated in point b, counted from the date of purchase of the participación.

d. Transactions for which the deduction **is applicable must be formalised in a public deed**, which must specify the identity of the investors and the amount of the respective investment.

Loss of entitlement to the deduction made

Failure to comply with the above requirements results in loss of tax benefit.

Incompatibility

The deduction contained in this paragraph shall be incompatible, **for the same investments**, with the deductions **"For investment in the acquisition of shares or holdings in new or recently created companies"** provided for in Article 5.Nine of Legislative Decree 1/2011, **"For investment in the acquisition of shares or equity in new or recently created entities and their financing"** provided for in Article 5.Ten of the aforementioned Legislative Decree, and **"For investment in companies carrying out agricultural activities"** provided for in Article 5.Fifteen of Legislative Decree 1/2011.

Note:*taxpayers entitled to the deduction must complete the section "Additional information to the regional deduction for Aragón, Galicia, Madrid or Murcia for investments in entities listed on the Alternative Stock Market" in Annex B.8 of the return in which, in addition to the amount of the investment entitled to the deduction, the taxpayer must state the NIF of the newly or*

recently created entity and, if it exists, that of the second entity, indicating the total amount of the deduction for investments in entities listed on the Alternative Stock Market in the corresponding box.

For donations for purposes of scientific research and development and technological innovation

Regulations:Art. 5.Twelve Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Galicia en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2011, de 28 de julio

Amount, limit and requirement for the application of the deduction

- The **25 per 100 per cent of the monetary donations made to the following centres or entities:**
  - **Research centres** attached to Galician universities and those promoted or participated in by the Autonomous Community of Galicia **whose aim is to promote scientific research and technological development and innovation**.
  - **Non-profit entities** covered by Law 49/2002 of 23 December 2002 on the tax regime for non-profit entities and tax incentives for patronage, provided that the latter have the status of **research and knowledge dissemination body** in accordance with the provisions of Article 2.83 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.
- **Maximum limit:**the amount of the deduction may not exceed **10 percent of the total regional tax liability of IRPF.**
- The deduction is conditional on the appropriate and sufficient documentary justification of the factual assumptions and of the requirements that determine its applicability.

For investment in climate control and/or hot water installations that use renewable energy in the primary residence and exclusively for self-consumption

Regulations:Art. 5.Thirteen Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Galicia en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2011, de 28 de julio

Amount and maximum limit of the deduction

- **5 per cent of the amounts paid** in the financial year for the installation in the main residence of air conditioning and/or domestic hot water systems in buildings using renewable energy sources.

- **The maximum deduction limit is 280 euros** per taxpayer.

  In the case of a joint return, the limit applies to each of the taxpayers who meet the requirements for the deduction.

Basis of deduction

- The **base of this deduction will be constituted by the amounts effectively paid** in the totality of the installation, that is to say, generation system, thermal emission system and collection system, **by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions**, to the authorised installers who carry out the installation.

- **Under no circumstances shall** give the right to make this deduction **to amounts paid by means of legal tender.**

Requirements and other conditions for the application of the deduction

- The deduction can only be made if the following requirements are met :

  a. The **installation must be duly registered** by the installer, who must be authorised for this purpose, in the Virtual Industry Office (OVI).A **verification code** will be sent to the operator or company that registered the installation.
  b. Subsequently, and always before the deadline for submitting the self-assessment corresponding to the tax period in which the installation was paid for, **it will be necessary to provide the following documentation through OVI** :

     - The analysed budget of the installation.

     - The invoice(s) issued by the approved installer.

     - Proof(s) of payment for the full cost of the installation.

     - In the event that the investment is made by a community of owners, a certificate issued by its legal representative of the financial contributions corresponding to each member of the community must be provided.

- Renewable energies are understood as those referred to in Article 2 of Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources and amending and repealing Directives 2001/77/EC and 2003/30/EC.

- In the case of residential buildings under the horizontal property regime that are newly constructed or in which the thermal generation equipment is replaced by others that use renewable energies, this deduction may be applied **cada each of the owners individually in the percentage that corresponds to them in the community of owners**.

Note:*taxpayers entitled to the deduction must enter the Installation Code provided by the Virtual Industry Office in box **[1033]** of the tax return.*

For the rehabilitation of immovable property located in historic centres

Regulations:Art. 5.Fourteen Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Galicia en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2011, de 28 de julio

Amount and maximum limit of the deduction

- **15 per cent of the amounts invested in the year in the rehabilitation of buildings owned by the taxpayer and located in historic city centres.**

  These historic centres are those indicated in the annex of the Order of 1 March 2018, which determines the historic centres for the purposes of the deductions provided for in numbers 14 of article 5, and 6 and 7 of article 13 ter, of the rewritten text of the legal provisions of the Autonomous Community of Galicia on taxes ceded by the State, approved by Legislative Decree 1/2011, of 28 July (DOG of 13).

- **The maximum deduction limit is 9,000 euros**.

  In joint taxation, the maximum limit of the deduction is 9,000 euros, regardless of the number of members of the family unit who are entitled to apply the deduction.

Requirements and other conditions for the application of the deduction

- Works **that meet the following requirements** will be considered **rehabilitation:**

  a. That they have the corresponding administrative permits and authorisations .

  b. The main purpose of **is the reconstruction of the property by means of the consolidation and treatment of the structures, façades or roofs and other similar works**, provided that the overall cost of the rehabilitation operations exceeds **25 per cent of the purchase price**, if this was carried out during the two years immediately prior to the start of the rehabilitation work, or, in other cases, **of the market value** of the property at the time of the start of the rehabilitation work.

     For this purpose, **shall deduct from the purchase price or market value of the property the proportional part corresponding to the land**.

     When the value of the land is not known, it is calculated by apportioning the paid acquisition cost or market value between the cadastral values of the land and the building in each year.

- The fact that the property belongs to a historic centre shall be proved in accordance with the provisions of the single article.2 of the Order of 1 March 2018 (DOG of 13 March 2018), by means of a certificate issued by the corresponding town council that the property is located within the delimitation set out in the annex of the aforementioned Order of 1 March 2018.

- The amounts paid shall be attributed to whoever pays them regardless of the matrimonial

property regime, and in no case may the deduction be applied to an amount greater than the amount resulting from applying the percentage that the taxpayer has in the ownership of the property to the total amounts invested.

Time scope of application of the deduction

The deduction shall be applied in the tax return for the year in which the works are paid for.

For investment in enterprises active in agriculture

Regulations:Art. 5.Fifteen Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Galicia en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2011, de 28 de julio

Amounts and maximum deduction limit

- The **20 per 100 per cent** of the amounts invested or, in the case of non-cash contributions, of the value of the assets that they allocate in the financial year to the following investments:

  a. **Acquisition** of share capital as a result of company formation agreements or capital increases, **as well as any contributions to reserves** at:

  1. Forestry development companies regulated in Law 7/2012, of 28 June, on Galician forests, and other types of joint management companies.

  2. Agricultural entities, agricultural cooperatives or community land cooperatives whose sole purpose is agricultural activities.

  3. Entities whose purpose is the mobilisation or recovery of agricultural land in Galicia under the instruments provided for in Law 11/2021, of 14 May, on the recovery of agricultural land in Galicia.

  > ***Attention:*** *the concept of "agricultural activity" shall be that set out in Law 19/1995, of 4 July 1995, on the modernisation of farms (Article 3.Cinco Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Galicia en materia de tributos cedidos por el Estado, approved by Legislative Decree 1/2011, of 28 July).*

  b. **Loans** made in favour of the same entities mentioned in a) above, as well as guarantees that the taxpayer personally provides in favour of these entities.

  c. **Contributions** that the capitalist partners make to joint accounts set up for the development of agricultural activities and in which the managing participant is one of the entities mentioned in point a) above.

- **The maximum joint limit of the deduction is 20,000 euros,** irrespective of the number of members of the family unit who pay the amounts giving entitlement to the deduction.

Requirements and other conditions for the application of the deduction

- The transactions for which the deduction is applicable must be f**ormalised in a public deed**, in which the identity of the taxpayers intending to apply this deduction and the amount of the respective transaction must be specified.

- The investments made must be kept in the taxpayer's assets for a minimum period of five years **, calculated from the day following the date on which the transaction is formalised in a public deed.**

  In the case of financing operations, the maturity must be equal to or greater than five years, and no more than 20 per cent per annum of the principal amount borrowed may be repaid.

  During the same five-year period the guarantees provided must be maintained.

  - **The taxpayer may sit on the board of directors of the company in which the investment was made, but may not perform executive or management functions for a period of ten years, nor may the taxpayer maintain an employment relationship with the investee for the same period, except in the case of labour companies or cooperative societies.**

Incompatibility

This deduction is incompatible with deductions “for investment in the acquisition of acciones or social shares in new or newly created entities”, “for investment in the acquisition of shares or social shares in new or newly created entities and their financing” and “for investment in shares of entities listed in the expanding segment of the alternative market of bolsista” in numbers nine, Ten and eleven of Article 5 of Legislative Decree 1/2011.

The incompatibility refers to the same investment, i.e. only one deduction may be applied to each investment (at the taxpayer's option), but there is nothing to prevent the application of the corresponding deduction to each of them if several different investments are made.

Note: ***taxpayers entitled to this deduction must complete the section "Additional information on the Galicia regional deduction for investment in companies that carry out agricultural activities" in Annex B.8 of the tax return in which, in addition to the amount of the investment entitled to deduction, the taxpayer must state the NIF of the entity in which the investment is made, the loan is granted or the guarantee is constituted and, if it exists, that of the second entity, indicating the total amount of the deduction in the corresponding box.***

For certain subsidies and/or aid obtained as a result of the damage caused by the fires that occurred in Galicia during October 2017

Regulations:Art. 5.Sixteen Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Galicia en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2011, de 28 de julio

Amount and requirements for the application of the deduction

- The amount of this deduction shall be the result of applying the average tax rates to the part of the general tax base corresponding to the grant or aid.
- The deduction may be applied only where the taxpayer has integrated in the general tax base the amount corresponding to a subsidy or any other public ayuda obtained from the Autonomous Community of Galicia from those included in Decree 102/2017, of 19 October, Urgent measures to help repair damage causados due to the fires that occurred in Galicia during the month of October 2017.

To alleviate the damage caused by the explosion of pyrotechnic material that took place in Tui during the month of May 2018.

Regulations:Art. 5.Seventeen Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Galicia en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2011, de 28 de julio

1.By subsidy or any other public aid obtained

Amount and requirements for the application of the deduction

- The amount of such deduction shall be the result of applying the average levy rates to the part of the general livable basis corresponding to such subsidy or aid.
- The deduction may only be applied when the taxpayer has included in the general tax base the amount corresponding to a subsidy or any other public aid obtained from the Autonomous Community of Galicia included in Decree 55/2018, of 31 May, on urgent measures for the repair of damage caused by the explosion of pyrotechnic material produced in Tui on 23 May 2018.

2.For non-business investments to compensate for damage suffered in excess of the aid or subsidies received.

Amount and requirements for the application of the deduction

- The amount of the amounts invested, in non-business investments, with the aim of alleviating the damage suffered, for the part that exceeds the amounts received for aid or subsidies included in Decree 55/2018, of 31 May, on urgent measures for the repair of damage caused by the explosion of pyrotechnic material produced in Tui on 23 May 2018, or for insurance coverage.
- In no case may the amount deducted be greater than the difference between the damage suffered and the amounts received for aid or insurance cover.

For energy efficiency improvement works in residential buildings or single-family housing

Regulations:Art. 5.Eighteen Texto Refundido de las disposiciones legales de la Comunidad

Autónoma de Galicia en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2011, de 28 de julio

Amount and limits of the deduction

Taxpayers will be able to deduct from the regional tax liability in the financial year in which the work to improve the energy efficiency of residential properties for residential use is completed:

- **15 per cent of the total amounts** invested, with a maximum deduction base of **of 9,000 euros** per taxpayer.

  For these purposes, the basis for this deduction will be constituted by the amounts effectively paid for energy efficiency improvement works in residential buildings or single-family dwellings, by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions.

  The basis for the deduction will be the amount of the amounts effectively paid by the taxpayer (with a limit of 9,000 euros per taxpayer), without exceeding the result of applying the percentage of ownership of the property to the total amount invested.

  In no case will give rise to the right to apply this deduction, the amounts paid by deliveries of money legal tender.

- **100 per cent of the cost** of the fees for obtaining the certificate justifying the change in the energy rating of the property, as well as the fees related to its registration in the Register of Energy Efficiency Certificates for Buildings of the Autonomous Community of Galicia, **with a single limit of 150 euros, which will be prorated according to the percentage of ownership of the property.**

  There is a single limit per certificate and registration.That is to say, if the certificate relates to a residential building, the limit will be 150 euros, and must be prorated among all the co-owners according to the percentage of ownership of the same.However, if the works are carried out on two separate dwellings, for which two certificates with their corresponding independent inscriptions in the corresponding Register are required, each one will have its own limit of 150 euros.

Requirements and other conditions for the application of the deduction

- The works must be carried out **in residential buildings or in single-family houses** and by the owners of the houses.

  A dwelling is defined as a building intended for the residence of natural persons.Therefore, the property to which it is applied must have this purpose, and may be a habitual residence, a second residence, rented for any of these purposes unless the income received from this rental is taxed as an economic activity, or even be unoccupied despite having this purpose, and therefore professional offices or properties for the exercise of an economic activity are outside the objective scope of this tax.

  It is only applicable by the owner of the property who pays the amount of the works, and cannot be applied by the usufructuary of the property or the lessee, even if they pay all or part of the amount of the works.

- Energy efficiency improvement works must be considered as such if they meet the following requirements :

  a. That they have the corresponding permits, authorisations or authorising titles.

b. Improving the energy performance of buildings by reducing energy demand, improving the performance of thermal installations and/or incorporating equipment that uses renewable energy sources and whose main purpose is to move up one letter on the energy rating scale for CO2 emissions and on the scale for non-renewable primary energy consumption.

- Before the deadline for submitting the self-assessment corresponding to the tax period in which the energy improvement work to be deducted is completed, the following documents must be submitted through the electronic platform of the Energy Efficiency Register of Buildings of the Autonomous Community of Galicia: **:**

  a. Energy efficiency certificate of the building, once the work giving rise to this deduction has been carried out, which must be registered in the Register of Energy Efficiency Certificates for Buildings of the Autonomous Community of Galicia by means of the procedure established for this purpose.

  b. Report signed by a competent technician justifying the letter jump achieved with the improvements, according to the model that appears in the Register of Energy Efficiency Certificates for Buildings of the Autonomous Community of Galicia.

  c. The totality of the invoices corresponding to the energy efficiency improvement works subject to deduction, as well as those related to obtaining the energy efficiency certificate.

  d. Proof of payment of these invoices.

  Proof of the amounts paid by the taxpayer must be provided by means of the invoices corresponding to the work carried out and the deduction may only be applied by the person in whose favour they are issued, except in the case of buildings under the horizontal property regime.

  In the case of community of property or a married couple joint ownership system, it shall be attributed to the person whose name is on the invoice unless it is proved that it has been paid out of the income of the joint owners or of the community of property.

  In case the investment is made in a single-family dwelling, this documentation shall be provided by the taxpayer.

  In the case of buildings under the horizontal property regime, it shall be provided by the legal representative of the community of owners, who must also attach a certificate of the financial contributions corresponding to each co-owner.

- The taxpayer's tax return must include the registration number of the energy efficiency certificate after the reform in the Register of Energy Efficiency Certificates for Buildings of the Autonomous Community of Galicia, provided by the Register itself on the energy efficiency label of the property.

Incompatibility

This deduction is incompatible, on the same amounts invested, with the deduction "For investment in air conditioning and/or domestic hot water installations using renewable energies in the main residence and intended exclusively for self-consumption".

For aid and subsidies received by top-level sportsmen and sportswomen from Galicia

Regulations:Art. 5.Nineteen Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Galicia en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2011, de 28 de julio

Amount of the deduction

The amount of the deduction will be the result of **applying the average tax rates to the amount of the subsidy or public aid** in the tax base.

For this purpose, the taxpayer must include in his general taxable base, in box ***[0435]***, the amount corresponding to the subsidy or public aid obtained from the general administration of the Autonomous Community of Galicia or from the other entities of the autonomous public sector.

Requirements for the application of deductions

- That it is a subsidy or any other public aid obtained from the General Administration of the Autonomous Community of Galicia or from the other entities of the autonomous public sector **for the development of the sporting activity**.
- The sporting activity for which the public subsidy or aid is obtained **does not generate income from economic activities**.
- The taxpayer must have **recognised as a high-level sportsperson** according to the resolution of the highest body of the General Administration of the Autonomous Community with powers in the field of sport.

For acquisition and rehabilitation of dwellings in model village projects

Regulations:Art. 5.Twenty Texto Refundido de las disposiciones legales de la Comunidad Autónoma de Galicia en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2011, de 28 de julio

Amount of the deduction

15 per cent of the amounts paid in the year for the purchase or renovation of housing.

Requirements and other conditions for the application of the deduction

- The deduction can only be applied to amounts paid in the year:

  a. In the case of house purchases, for **dwellings purchased on or after 1 January 2021**.

  b. In the case of housing refurbishment, **for refurbishment work started after 1 January**

2021.

- That the dwellings are located on land that is integrated into **model village projects, in accordance with the provisions of Law 11/2021, of 14 May, on the recovery of agricultural land in Galicia**.
- That the dwellings are intended for **residence of the taxpayers** who acquire or rehabilitate them, **either on a regular or sporadic basis**.
- For the purposes of the deduction, **are considered rehabilitation works** those that meet the following requirements:

  1. They have the corresponding administrative permits and authorisations.
  2. the main purpose of which is the reconstruction of the dwelling through the consolidation and treatment of structures, façades or roofs and other similar works, provided that the overall cost of the renovation work exceeds 25 % of the purchase price, if the purchase was made during the two years immediately prior to the start of the renovation work, or, otherwise, the market value of the property at the time of the start of the renovation work.For these purposes, the proportional part corresponding to the land shall be deducted from the purchase price or market value of the property.Where the value of the land is not known, it shall be calculated by apportioning the paid acquisition cost or market value between the cadastral values of the land and the building for each year.

> ***Attention:*** *In all matters not expressly established, in order to determine the concept of refurbishment works, the provisions of the regulations governing Value Added Tax (Article 3.Six of the Consolidated Text of the legal provisions of the Autonomous Community of Galicia on taxes ceded by the State, approved by Legislative Decree 1/2011, of 28 July) shall apply.*

Deduction base and maximum deduction base:

- ### Deduction base

  The basis for the deduction shall be constituted by the amounts paid for the acquisition or renovation of the dwelling, including the expenses incurred which have been borne by the purchaser, and, in the case of third-party financing, the amortisation, interest, the cost of the instruments for hedging the variable interest rate risk of mortgage loans regulated in article nineteen of Law 36/2003, of 11 November, on economic reform measures, and other expenses derived therefrom.In the case of application of the instruments of coverage, interest paid by the taxpayer will be lowered by the amounts obtained by the application of the aforementioned instrument.

- ### Maximum basis for deduction

  In the case of constructions intended to constitute the taxpayers' main residence, the base for this deduction **may not exceed 9,000 euros per year**, both in individual and joint taxation.

Otherwise, the basis for the deduction **may not exceed 4,500 euros per year**, both for individual and joint taxation.

Incompatibility

This deduction is incompatible with the deductions "For investment in air conditioning and/or domestic hot water installations using renewable energies in the main residence and intended exclusively for self-consumption" and "for works to improve energy efficiency in residential buildings or single-family dwellings" included in numbers thirteen and eighteen of article 5 of Legislative Decree 1/2011.

Community of Madrid

Taxpayers who in 2022 have had their habitual residence in the territory of the Region of Madrid may apply the following Autonomous Community deductions:

For birth or adoption of children

Regulations:(Arts.4 and 18.1 Texto Refundido de las disposiciones legales de la Comunidad de Madrid en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2010, de 21 octubre

Deduction amounts and application periods

- **600 for each child born or adopted.**
- In the case of **multiple births or adoptions, the amount corresponding to the first tax period** in which the deduction applies **shall be increased by 600 euros for each child**.

Note:*in accordance with the fifth final provision of the Texto Refundido de las disposiciones legales de la Comunidad de Madrid en materia de tributos cedidos por el Estado, the deduction for the birth or adoption of children in article 4 of the Texto Refundido de las Disposiciones Legales de la Comunidad de Madrid en materia de tributos cedidos por el Estado, in the regulation in force since 1 January 2018, will only be applicable to children born or adopted on or after that date*.

Time scope of application of the deduction

The deduction **applies both in the tax period in which the birth or adoption takes place and in each of the following two tax periods.**

Requirements and other conditions for the application of the deduction

- Only the parents who live together with the children born or adopted shall be entitled to the deduction.
- When the children born or adopted **live with both parents** and they are taxed individually, **the amount of the deduction will be apportioned equally** in the tax return of each of them.
- **Limits of the sum of the general and savings tax bases** (sum of boxes ***[0435]*** and ***[0460]*** of the tax return) **to be able to apply the deduction.**

  A double limit is required:a general one, which must be met by the taxpayer who intends to apply the deduction, and a specific one, which must be met by the family unit of which he or she is a member:

a. Taxpayer:the sum of the general and savings tax bases of the taxpayer may not exceed **:**

- **30,000 euros** in individual taxation.
- **36,200 euros** in joint taxation.

b. Family unit:the sum of the general and savings tax bases **of all the members** of the family unit of which the taxpayer may form part **may not exceed 60,000 euros.**

Rules for its application:

- In the case of a marital family unit (as regulated in Article 82.1.1ª of the Law of IRPF), the taxable income of each of the members of the family unit must be added together, regardless of whether or not they opt for the joint taxation system and whether or not they are obliged to file a tax return.
- Thus, for each spouse, the taxable base will be that corresponding to both spouses plus those of the children (minors or legally incapacitated adults subject to extended or rehabilitated parental authority), whether common or not, who live with the married couple.

  In the case of joint taxation, it shall be the tax base of that declaration which is taken into account for the purposes of the limit set.
- In the case of a single-parent or non-marital family unit, only the taxable bases of the members of the family unit that theoretically correspond to each taxpayer must be added together, in accordance with the provisions of Article 82.1.2 of the Law of IRPF:the taxpayer himself and his children (minors or elderly disabled judicialmente subject to extended or rehabilitated parental authority) living with him.And all this, too, whether or not you choose to tax the system of joint taxation and whether or not you are obliged to file a declaration.In the case of joint taxation, it shall be the tax base of that declaration which is taken into account for the purposes of the limit set.

For international adoption of children

Regulations:Art. 5 Texto Refundido de las disposiciones legales de la Comunidad de Madrid en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2010, de 21 octubre.

Amount of the deduction

600 euros for each child adopted during the tax period, provided that it is an international adoption.

Conditions for the application of the deduction

- Adoption is of an international character when it results from the rules and conventions applicable to this subject.
- When the adopted child **lives with both parents** adoptive parents and they are taxed individually, the **deduction will be apportioned equally** in the tax return of each of them.

Compatibility

This deduction is compatible with the previous deduction "For birth or adoption of children".

For family accommodation of minors

Regulations:(Arts.6 and 18.1 and 4.a) Texto Refundido de las disposiciones legales de la Comunidad de Madrid en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2010, de 21 de 21 octubre

Amounts of the deduction

Taxpayers may deduct **for each child in foster care** the following amounts:

- **600 euros** if it is the **first child** in foster care.
- **750 euros** if it is the **second minor** in foster care.
- **900 euros** if it is the **third or successive child** in foster care.

Requirements and other conditions for the application of the deduction

- The family reception that gives the right to the deduction may be simple, permanent or preadoptive, administrative or judicial.

  Accuracy: Please note that Law 26/2015, of 28 July, which modifies the system of protection for children and adolescents (BOE of 29 July) has modified, with effect from 18 August 2015, article 173 bis of the Civil Code, which regulates the modalities of foster care (emergency, temporary and permanent).Likewise, the aforementioned law added a new article 176 bis regulating the delegation of guardianship for pre-adoptive cohabitation.

  On the other hand, the second additional provision of Law 26/2015 establishes that "All references made in laws and other provisions to pre-adoptive foster care shall be understood as references to the delegation of guardianship for pre-adoptive cohabitation provided for in Article 176 bis of the Civil Code.Those carried out in simple foster care shall be understood to be made to the temporary family foster care provided for in Article 173 bis of the Civil Code;and where it relates to international adoption cooperating entities, they will be understood as being made to the approved international adoption bodies".

  Therefore, the deduction is understood to be applicable to any of the forms of foster care provided for in Article 173 bis of the Civil Code and to the delegation of guardianship for pre-adoptive cohabitation provided for in Article 176 bis of the Civil Code.

  Remember: *Currently, foster care (emergency, temporary and permanent) and the delegation of guardianship for pre-adoptive cohabitation are eligible for this deduction.*

- **For the purpose of determining the order number of the child in care**, only children who have been in care for more than 183 days of the tax period shall be taken into account.In no case will be counted minors who have been adopted during this tax period.
- **The taxpayer must live with the child for more than 183 days** of the tax period **and be in possession, if required, of the corresponding certificate of foster care**, issued by the competent Regional Ministry of the Community of Madrid.

- **The sum of the general and savings tax bases**, sum of boxes [***0435***] and [***0460***] of the return, **does not exceed**:
  - **25,620 euros** in individual taxation.
  - **36,200 euros** in joint taxation.
- In the case of foster care for minors by **marriages or de facto unions**, **the amount of the deduction will be prorated in equal parts** in the individual tax return of each of them if they are taxed in this way.

Note:*this deduction may not be applied in the case of delegation of guardianship for pre-adoptive cohabitation when this gives rise to the adoption of the child during the year, without prejudice to the application of the previously mentioned deduction "For the birth or adoption of children".*

For unpaid care of persons over 65 years of age and/or with disabilities

Regulations:(Arts.7 and 18.1 and 4.b) Texto Refundido de las disposiciones legales de la Comunidad de Madrid en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2010, de 21 de 21 octubre

Amount and requirements for the application of the deduction

1,500 euros for each person over 65 years of age or with a disability equal to or greater than 33 per cent, when the following requirements are met:

- Who lives with the taxpayer for **more than 183 days a year** under the regime of **foster care without consideration,**
- That the person in **foster care** does not qualify for aid or subsidies from the Community of Madrid.

Other conditions for the application of the deduction

- In the case of the fostering of persons over 65 years of age, **the fostered person must not be related to the taxpayer** by a kinship of a degree equal to or less than the fourth degree, either by blood or by affinity.
- **The sum of the general and savings tax bases**, sum of boxes [***0435***] and [***0460***] of the return, **does not exceed**:

  - 25,620 euros in individual taxation.

  - 36,200 euros in joint taxation.
- When the host person generates the right to the deduction for more than one taxpayer

simultaneously, **the amount of the deduction will be apportioned in equal parts** in the tax return of each of them, if they were taxed individually.

- The taxpayer wishing to apply this deduction **must obtain, if required, the corresponding certificate from the competent Regional Ministry**, certifying that neither the taxpayer nor the fostered person has received aid from the Community of Madrid linked to the fostering.

Lease of the primary residence

Regulations:(Arts.8 and 18.1 and 4.c) Texto Refundido de las disposiciones legales de la Comunidad de Madrid en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2010, de 21 de 21 octubre

Amount and maximum limit of the deduction

- **30 per cent of the amounts paid** for the rental of the main residence in the tax period.

  Accuracy: the rent payable under the lease entered into by only one of the spouses is a debt that belongs exclusively to the signatory himself, irrespective of the internal relations that may subsequently arise within the matrimonial property regime.Therefore, the amounts paid by the spouse who does not appear in the contract are not entitled to this deduction because he or she is not a tenant, regardless of the matrimonial property regime.See in this respect Supreme Court Judgment number 220/2009, of 3 April (Civil Chamber), handed down in appeal number 1200/2004 (ROJ:STS 2464/2009).

- The maximum deduction limit of **will be 1,000 euros**, both in individual and joint taxation.

Requirements and other conditions for the application of the deduction

- **Age of taxpayer.**

  The taxpayer must be **under 35 years of age at the date of accrual of the tax** (normally 31 December).

  However, the deduction may also be applied if the taxpayer is **over 35 and under 40 years of age, provided that, during the tax period, he/she was unemployed and had family responsibilities.**

  Definitions:

  - Unemployment:the taxpayer will be considered to be unemployed when he/she has been registered as a jobseeker at the Employment Offices of the Community of Madrid for at least 183 days during the tax period.

  - Family burdens:it shall be understood that the taxpayer has borne family burdens when he/she has at least two dependent relatives, ascendants or descendants, being considered as such those for whom he/she is entitled to the application of the minimum for ascendants or descendants.

- **Limits of the sum of the general and savings tax bases** (sum of boxes ***[0435]*** and ***[0460]*** of the tax return) **to be able to apply the deduction.**

  A double limit is required;a general one, which must be met by the taxpayer who intends to apply the deduction, and a specific one, which must be met by the family unit of which he or

she is a member:

a. Taxpayer:the sum of the general and savings tax bases of the taxpayer may not exceed **:**

- **25,620 euros** in individual taxation.
- **36,200 euros** in joint taxation.

b. Family unit:the sum of the general and savings tax bases **of all the members** of the family unit of which the taxpayer may form part **may not exceed 60,000 euros.**

Rules for the application of the limits to the family unit:

- In the case of a marital family unit (as regulated in Article 82.1.1ª of the Law of IRPF), the taxable income of each of the members of the family unit must be added together, regardless of whether or not they opt for the joint taxation system and whether or not they are obliged to file a tax return.

  Thus, for each spouse, the tax base shall be that corresponding to both children plus children (minors or elderly persons with judicial disabilities subject to extended or rehabilitated parental authority), whether common or not, living with marriage.

  In the case of joint taxation, it shall be the tax base of that declaration which is taken into account for the purposes of the limit set.

- In the case of a single-parent or non-marital family unit, only the taxable bases of the members of the family unit that theoretically correspond to each taxpayer must be added together, in accordance with the provisions of Article 82.1.2 of the Law of IRPF:the taxpayer himself and his children (minors or elderly disabled judicialmente subject to extended or rehabilitated parental authority) living with him.And all this, too, whether or not you choose to tax the system of joint taxation and whether or not you are obliged to file a declaration.In the case of joint taxation, it shall be the tax base of that declaration which is taken into account for the purposes of the limit set.

- The amounts paid for the rental of the main residence must exceed **20 per 100** of the aforementioned sum of the taxpayer's general and savings tax bases.

- In order to apply the deduction,**he taxpayer must be in possession of a copy of the receipt for the deposit of the security deposit** at the Social Housing Agency of the Community of Madrid formalised by the lessor, in accordance with the provisions of Article 36 of Law 29/1994, of 24 November, on Urban Leases, and Decree 181/1996, of 5 December, which regulates the system of deposit of rental deposits in the Community of Madrid, **or else possess a copy of the complaint filed with that body for failure by the lessor to provide such proof**.

- In addition, the taxpayer at the time he or she indicates his intention to apply this autonomous deduction shall, as a tenant, have settled the property transfer tax and documented legal acts arising from the lease of the dwelling, Unless you are not obliged to submit autoliquidation for applying the bonus provided for in Article 30 quater of Legislative Decree 1/2010.

  However, such an intention does not have to be confined to a single temporary moment, and therefore the time limit for demanding such a settlement will depend on when the settlement is manifested.Thus, without wishing to be exhaustive, the time at which the taxpayer wishing to apply the deduction must have settled the tax from TPO is set at:

- The completion of the declaration period, in the case of filing the tax declaration with the application of the autonomous deduction.
- The time at which the taxpayer was urged to rectify a previously submitted declaration, which did not include the deduction.
- The time at which the Tax Administration initiates the procedure for checking a declaration in which the deduction has not been included.

> ***Note:****taxpayers entitled to the deduction must complete the section "Additional information on the regional deduction for renting" in Annex B.8 of the tax return in which, in addition to the data necessary to quantify the deduction, the NIF/NIE of the lessor of the dwelling and, if it exists, that of the second lessor or, if applicable, if a NIF from another country has been entered, an X will be marked in the corresponding boxes, respectively.*

For donations to foundations and sports clubs

Regulations:(Arts.9 and 18.3 Texto Refundido de las disposiciones legales de la Comunidad de Madrid en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2010, de 21 octubre

Amount and requirements for the application of the deduction

- **15 per cent of the amounts donated** to foundations meeting the requirements of Law 1/1998 of 2 March 1998 on Foundations of the Community of Madrid that pursue cultural, welfare, educational or health purposes or any other similar purposes.

  In any case, these foundations must be registered in the Register of Foundations of the Region of Madrid, render accounts to the corresponding protectorate body and the latter must have ordered their deposit in the Register of Foundations.

- **15 percent of the amounts donated** to elementary and basic sports clubs as defined in Articles 29 and 30 of Law 15/1994 of 28 December 1994 on Sport in the Community of Madrid.

  In any case, these clubs must be registered in the Register of Sports Associations of the Community of Madrid.

- The **base of the deduction for all the donations indicated** may not exceed 10% of the taxable base, this being understood as the sum of the general taxable base and the taxpayer's savings taxable base.

For the increase in the cost of borrowing for investment in primary residence due to higher interest rates (not applicable 2022).

Regulations:Art. 10 Texto Refundido de las disposiciones legales de la Comunidad de Madrid en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2010, de 21 octubre.

Note:*in the 2022 financial year this deduction does not apply as the deduction percentage is negative.*

For educational expenses

Regulations:(Arts.11 and 18.2 and 4.d) Texto Refundido de las disposiciones legales de la Comunidad de Madrid en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2010, de 21 de 21 octubre

Amounts of the deduction

- **15 per cent** of school fees.
- **10 per cent** of language training costs.
- **5 per 100 per cent** of the cost of purchasing clothing for school use only.

Deduction base

- **The deduction base,** except for children or descendants who are enrolled in the **first cycle of Infant Education,** is made up of the amounts paid for the following concepts:

  "Schooling" during the stages corresponding to the second cycle of Infant Education, Compulsory Basic Education and Basic Vocational Training, referred to in articles 3.3, 3.10, 4 and 14.1 of Organic Law 2/2006, of 3 May, on Education.

  > ***Precisions:*** *in public schools and in private schools with educational agreements, education must be free of charge, so that no pupil in such a school may bear school-related costs.It will be possible to bear tuition fees in non-subsidised private schools.*
  >
  > Expenses for canteens, transport, etc. paid by the educational centre which, although indirectly linked to education, do not correspond to it, are not deductible.Will not be tax deductible expenses for acquisition of textbooks.

  "Acquisition of clothing for exclusive school use" during the stages corresponding to the second cycle of Infant Education, Compulsory Basic Education and Basic Vocational Training, referred to in articles 3.3, 3.10, 4 and 14.1 of Organic Law 2/2006, of 3 May, on Education.

  > ***Accuracy:*** The deduction may only be made for clothing or footwear required or authorised by the guidelines of the educational establishment where the pupil is attending school.The deduction covers the entire wardrobe demanded by the Center.

  "Language teaching" whether it is provided as an extracurricular activity or as special education.The deduction contemplates the expenses derived from teaching languages exclusively in the following cases:

  a. Teaching special regime to be provided in official centers teaching languages.

b. Language teaching as an extracurricular activity purchased either by the school, at the pupils' expense, or by the pupils themselves directly, provided that, in the latter case, the pupil is taking an official course of study.

> ***Note:****the deduction base will be reduced by the amount of grants and aid obtained from the Community of Madrid or from any other Public Administration covering all or part of the aforementioned expenses.*

- In the case of children or descendants attending the **first cycle of Infant Education** referred to in Article 14.1 of Organic Law 2/2006, of 3 May, on Education, the **deduction base will be made up exclusively of the amounts paid for school fees that are not paid through public prices or through private prices authorised by the Administration**.

Requirements and other conditions for the application of the deduction

- The educational expenses that give entitlement to this deduction are those incurred during the tax period by children or descendants **by those entitled to the minimum for descendants** regulated in the Personal Income Tax Act.
- **That the sum of the taxpayer's general and savings tax base, together with that corresponding to the rest of the members of the family unit**, sum of boxes ***[0435]*** and ***[0460]*** of the return, **does not exceed the amount in euros corresponding to multiplying the number of members of said family unit by 30,000**.

  The concept of family unit at IRPF is explained in Chapter 2.

  For the purposes of the application of the deduction, the taxable base of its family unit shall be taken into account in an aggregate manner, regardless of the existence or non-obligation to declare.In the case of joint taxation, it shall be the tax base of that declaration which is taken into account for the purposes of the limit set.

- Once the above requirements have been met, only parents or ascendants who live with their children or descendants in school are entitled to make the deduction.When a child or descendant **lives with both parents or ascendants, the amount of the deduction will be apportioned in equal parts** in the tax return of each of them, if they opt for individual taxation.

> ***Note:****taxpayers wishing to apply this deduction must be in possession of the corresponding supporting documents proving payment of the items subject to deduction.*

Deduction ceilings

The amount to be deducted may not exceed:

- **400 euros** for each of the children or descendants that generate the right to the deduction **for language teaching expenses and/or the purchase of clothing for exclusive school use.**

- **900 euros** for each of the children or descendants in the event that the taxpayer is entitled to make a deduction, in addition to the expenses in the previous paragraph or exclusively, for

schooling expenses.This limit shall be **1,000 euros** for each of the children or descendants who, during the financial year, are studying at **first cycle of Infant Education**and whose expenses entitle them to this deduction**.**

For caring for children under the age of three

Regulations:(Arts.11 bis and 18.2 Texto Refundido de las disposiciones legales de la Comunidad de Madrid en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2010, de 21 de octubre

Amount and maximum limit of the deduction

- **20 per cent of the contributions paid** by the taxpayer for contributions to the Special System for Domestic Employees of the General Social Security Scheme, with **the deduction limit of 400 euros per year.**
- **30 per cent of the contributions paid** for contributions to the Special System for Household Employees of the General Social Security Scheme, in the case of taxpayers who are members of a large family with the **deduction limit of 500 euros per year**.

Note:*the deduction is applicable for contributions made in the months of the tax period in which the taxpayer has at least one child under 3 years of age for whom the minimum for descendants applies.For this purpose, the contributions paid for the month in which the child reaches the age of three years and, where applicable, the death of the child, but not the following months, shall be taken into account as the basis for deduction.*

Requirements for the application of deductions

- The taxpayer **must be registered with the Social Security as the employer of a family home, have hired and paid contributions for one or more persons under the Special System for Household Employees of the General Social Security Scheme** during the period in which the deduction is to be applied.

  It is also necessary that the person or persons hired provide services for the owner of the family home for at least 40 hours per month.

- The employer taxpayer **and, if applicable, the other parent** of the child under 3 years of age for whom the minimum for descendants applies, must carry out a **self-employed or employed activity for which they are registered in the corresponding Social Security or mutual insurance scheme for at least 183 days during the tax period**.

  In the event that the taxpayer has children under 3 years of age with different parents, the deduction may be applied when the requirement indicated in the preceding paragraph is met with respect to any of them.

- **That the sum of the general taxable income and savings tax base of the taxpayer, together with that corresponding to the rest of the members of his family unit ,** sum of boxes ***[0435]*** and ***[0460]*** of the return**, does not exceed the amount in euros**

corresponding to multiplying by 30,000 the number of members of the said family unit.

For the purposes of the application of the deduction, the taxable base of its family unit shall be taken into account in an aggregate manner, regardless of the existence or non-obligation to declare.In the case of joint taxation, it shall be the tax base of that declaration which is taken into account for the purposes of the limit set.

For families with two or more children and reduced income

Regulations:Art. 14 Texto Refundido de las disposiciones legales de la Comunidad de Madrid en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2010, de 21 octubre.

Amount of the deduction

10 per cent of the amount resulting from subtracting the full regional tax liability from the remaining regional deductions applicable in the Community of Madrid and the part of the state deductions applied to the said full regional tax liability.

This operation shall be carried out by subtracting from the amount of the regional tax liability, box ***[0546]*** of the return, the amounts entered in boxes ***[0548]***, ***[0551]***, ***[0553]***, ***[0555]***, ***[0557]***, ***[0559]***, ***[0561]*** and ***[0563]***, as well as that of box ***[0564]***, excluding from the latter the amount corresponding to this deduction and box ***[0566]*** corresponding to the new deduction.

Requirements for the application of deductions

- That the taxpayer **has two or more descendants** that generate in their favour the right to the application of the corresponding minimum for descendants established in the regulations governing the IRPF.
- **That the sum of the general and savings tax bases**, sum of boxes ***[0435]*** and ***[0460]*** of the return, **does not exceed 24,000 euros**.

  The following shall be added to calculate the sum of the taxable bases:

  a. Those taxpayers who are entitled, for the same descendants, to apply the tax-free threshold corresponding both if they declare individually or jointly.

  b. Those of the own descendants that give right to said minimum.

For investment in the acquisition of shares in new or newly created entities

Regulations:Art. 15 Texto Refundido de las disposiciones legales de la Comunidad de Madrid en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2010, de 21 octubre.

Amount and maximum limit of the deduction

- **In general:el 30 per cent of the amounts invested during the financial year** in the acquisition of shares or holdings in companies as a result of agreements for the incorporation of companies or capital increases in commercial companies that take the form of a Public Limited Company or Limited Liability Company.

  The **limit** for the applicable deduction is **6,000 euros per year.**

- **50 per cent of the amounts invested during the financial year** in the acquisition of shares, holdings and company contributions as a result of agreements to set up or increase the capital of worker owned public limited companies, worker owned limited liability companies and co-operative societies.

  The **limit** of the applicable deduction is **12,000 euros**.

- **50 per cent of the amounts invested during** the financial year in the case of companies created or owned by universities or research centres.

  The **limit** of the deduction is **12,000 euros.**

Note:*Note that the deduction applies to three different types of investments, for each of which a separate and distinct limit is set.*

Requirements and other conditions for the application of the deduction

The following requirements and conditions **are not applicable** in the case of investments made in **entities created or owned by universities or research centres:**

- **The shareholding acquired** by the taxpayer as a result of the investment, together with that held in the same entity by his spouse or persons related to the taxpayer by blood or marriage up to and including the third degree, **may not exceed 40 per cent of the total share capital of the entity or of its voting rights on any day of the calendar year**.

- That this participation **be maintained for a minimum of three years.**

- **The entity from which the shares or units are acquired must meet the following requirements:**

  1. **must have its registered office or tax domicile in the Community of Madrid**.

  2. That you carry out an economic activity .

     For this purpose, it shall not be considered to carry out an economic activity when it has as its main activity the management of a movable or real estate property, in accordance with the provisions of Article 4.Ocho.dos(a) of Law 19/1991, of 6 June, of the Heritage Tax.

  3. In the event that the investment made corresponds to the constitution of the entity, that from the first tax year this **has, from the first tax year, at least one person hired** with a full-time employment contract and registered in the general Social Security system.

> ***Note:*** *in the case of worker-owned public limited companies, worker-owned limited liability companies and cooperative societies, this requirement does not apply.*

4. If the investment has been made by means of a capital increase of the entity, that the entity **has been incorporated within the three years preceding** the capital increase and that **the average number of employees of the entity during the two fiscal years following the capital increase is increased in comparison with the average number of employees in the previous twelve months by at least one person** with the above requirements, and that this **increase is maintained for at least another twenty-four months**.

   For the calculation of the total average workforce of the entity and its increase, the persons employed shall be taken into account, in the terms provided for in the labour legislation, taking into account the contracted working day in relation to the full working day.

> ***Note:*** *taxpayers entitled to the deduction shall complete the "Supplementary information for regional deduction for investment in the acquisition of company stocks and shares in new or newly-created entities" section in Annex B.8) of the tax return in which, in addition to the amount of the investment entitled to deduction, the tax identification number of the new or newly-created entity and, if it exists, that of the second entity, indicating the total amount of the deduction for investments in new or newly-created companies in the corresponding box.*

For the promotion of self-employment of young people under the age of 35

Regulations:Art. 16 Texto Refundido de las disposiciones legales de la Comunidad de Madrid en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2010, de 21 octubre.

Amount of the deduction

1,000 euros for taxpayers in the following circumstances:

- **Under 35 years of age**
- **Who register for the first time**, as an individual or as a shareholder in an entity under the income attribution system, in the Census of Entrepreneurs, Professionals and Withholders provided for in Royal Decree 1065/2007, of 27 July, which approves the General Regulations on Tax Management and Inspection Actions and Procedures and on the Development of the Common Rules for Tax Application Procedures (BOE of 5 September).

Time scope of application of the deduction

This deduction will be applied in the tax period in which **is registered in the Census.**

Requirements for the application of deductions

- That the activity is carried out mainly in the **territory of the Community of Madrid**.
- The taxpayer must remain on the aforementioned Census **for at least one year after registration**.

  This requirement shall not be considered not to have been met in the event of the death of the taxpayer within one year of registration in the census, provided that the taxpayer had not been deregistered prior to death.
- In the case of joint taxation **, the amount of the deduction shall not be multiplied** by the number of members of the family unit who meet the requirements for its application**.**

For investments made in entities listed on the alternative stock market

Regulations:Art. 17 Texto Refundido de las disposiciones legales de la Comunidad de Madrid en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2010, de 21 octubre.

Amount and maximum limit of the deduction

- **20 per cent of the amounts invested** in the year in the acquisition of shares corresponding to capital increases or public offerings, in both cases through the expanding companies segment of the Alternative Stock Market approved by the Council of Ministers' Agreement of 30 December 2005**.**
- **The maximum deduction limit is 10,000 euros.**

Requirements for the application of deductions

- The acquired shares or units **must be held for at least two years**.

  This deduction shall apply to investments eligible for deduction made after 23 February 2010
- That the **participation** in the entity to which the shares or holdings correspond **does not exceed 10% of the share capital during the two years following** the acquisition of the shares or holdings.
- **The company in which the investment is made must have its registered office and tax domicile in the Community of Madrid during the two years following the investment, and must not have as its main activity the management of movable or immovable assets**, in accordance with the requirements established in Article 4.Eight.Two.a) of Law 19/1991, of 6 June 1991, on Wealth Tax.

Incompatibility

This deduction shall be incompatible, for the same investments, with the deduction "for investment

in the acquisition of shares and social shares of new or newly created entities" previously commented.

Note:*taxpayers entitled to the deduction must complete the section "Additional information to the regional deduction for Aragón, Galicia, Madrid or Murcia for investments in entities listed on the Alternative Stock Market" in Annex B.8 of the return in which, in addition to the amount of the investment entitled to the deduction, the taxpayer must state the NIF of the entity and, if it exists, that of the second entity, indicating the total amount of the deduction for investments in entities listed on the Alternative Stock Market in the corresponding box.*

Autonomous Region of Murcia

Regulations:Consolidated text of the legal provisions in force in the Region of Murcia concerning Tributs ceded, approved by Legislative Decree 1/2010, of November 5, hereinafter, consolidated text of Tributs ceded

Taxpayers who in 2022 have had their habitual residence in the territory of the Autonomous Community of the Region of Murcia will be able to apply the following regional deductions:

For investment in their principal residence by young people aged 35 years and under

Note: *taxpayers who applied the regional deductions for investment in housing prior to 1 January 2013, may apply to the amounts paid in the year, for the same home, the "Transitional regime of the deduction for investment in habitual residence", which is discussed within the deductions of the Region of Murcia.*

Regulations:Art. 1.One Texto Refundido de las disposiciones legales vigentes en la Región de Murcia en materia de Tributos Cedidos, aprobado por Decreto Legislativo 1/2010, de 5 de noviembre.

Amount and deduction limit

- **5 per cent** of the **amounts paid** in the financial year for the **acquisition, construction, extension or refurbishment of the dwelling** which constitutes or will constitute the taxpayer's **habitual residence** , including the expenses incurred which have been borne by the purchaser and, in the case of third-party financing, the amortisation, interest and other expenses derived from the same.

  The usual residence shall be understood to be the dwelling in which the taxpayer resides for a continuous period of three years.However, it shall be understood that the dwelling has been of this nature 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 marital separation, transfer of employment, obtaining a first job, a more advantageous job or other similar circumstances.

- **Maximum limit:the amount of this deduction may not exceed 300 euros per year**, both in individual and joint taxation.

Requirements and other conditions for the application of the deduction

Note: *this deduction shall apply to taxpayers who meet the following requirements, irrespective of the date on which the purchase of the dwelling was made or the renovation or extension work was started.Therefore, taxpayers who have made the investment in their main residence as from 1 January 2013 will be able to apply it.*

- That the taxpayers have their **habitual residence in the Region of Murcia**.
- Taxpayers must be aged 35 years or less at the time the tax is due (normally 31 December).
- That **the sum of the general taxable income and the taxable savings income of the taxpayer,** boxes [***0435***] and [***0460]*** of the tax return, is less than **24,107.20 euros**, provided that **the taxable savings income**, **does not exceed** the amount of **1,800 euros**.
- In the case of **acquisition or extension** of housing, this should be **newly built housing**.For these purposes, a newly constructed dwelling shall be considered to be a dwelling whose acquisition represents the first transfer of the same after the declaration of new construction, provided that three years have not elapsed since said declaration.
- **In the case of the refurbishment of a dwelling**, work on the dwelling will be considered if it meets the following requirements:

  a. That they have been classified or declared as a protected action in terms of housing rehabilitation in accordance with the terms of Royal Decree 2066/2008, of 12 December, which regulates the State Housing and Rehabilitation Plan 2009-2012, or with those state or regional regulations that replace them.

  b. Those established in the regulations governing IRPF in the version in force on 31 December 2012.

- The deduction shall require that **the verified amount of the taxpayer's assets, at the end of the tax period, exceeds the value shown by its verification at the end of the tax period,** at least in the amount of the investments made, in accordance with the requirements established in general terms by the state regulations governing IRPF.

Maximum basis of deductible investments

The maximum base of the amounts paid with the right to this deduction will be constituted by the result of **subtracting from the amount of 9,040 euros**, **those amounts that constitute for the taxpayer the base for this state deduction**, excluding, where applicable, the amounts used for adaptation work on the main residence due to disability, and under no circumstances may the difference be negative.

Also applicable in relation to this deduction are the rules established in state legislation in the wording in force on 31 December 2012 for cases in which deductions have been made for a previous main residence or the latter has been transferred obtaining a capital gain that has been considered exempt for reinvestment, as well as the requirement to increase the taxpayer's assets, at least in the amount of the investments entitled to the deduction.

Transitional scheme of the deduction due to investment in the usual home

Regulations:Single Transitional Provision Consolidated Text of the legal provisions in force in the Region of Murcia in the field of assigned taxes, approved by Legislative Decree 1/2010, of 5 November.

Taxpayers who made the deduction in the years 2001 to 2013

Taxpayers who applied the autonomous community deductions for the acquisition of housing for young with residence in the Autonomous Community in the Region of Murcia, established for the tax years 2001 to 2013, may apply this deduction for investment into the habitual residence for young people, provided they meet the requirements for this and, in particular, the age.

Taxpayers who made the deduction in the years 1998 to 2000

Taxpayers who took, for the same property, any of the regional deductions in the IRPF for the acquisition or renovation of the main residence established for the years 1998, 1999 and 2000, by the Laws of the Autonomous Community of the Region of Murcia 13/1997, of 23 December;The following deduction may be made in the current year in respect of taxable persons under Article 11/1998 of 28 December 1998 and Article 9/1999 of 27 December 1999 respectively:

- The **2 per 100 per cent of the amounts paid** provided that, in the case of acquisition, the dwellings are newly built.
- The **3 per 100 of the amounts paid** provided that, in the case of acquisition, the property is newly built and the **general taxable base minus the personal and family minimum of the taxpayer**, boxes [***0435***] and [***0519***] of the tax return, respectively, is less than 24,200 euros, provided that the **savings taxable base**, box [***0460***] of the tax return, does not exceed 1,800 euros.

In both cases, the requirement regulated in Article 1.1 of Law 9/1999, of 27 December, of the Autonomous Community of Madrid, that the **acquisition of the habitual residence be of new construction, must be met**.

By donations for the protection of the cultural heritage of the Region of Murcia or the promotion of cultural and sports activities

Regulations:Art. 1.Dos.1 Texto Refundido de las disposiciones legales vigentes en la Región de Murcia en materia de Tributos Cedidos, aprobado por Decreto Legislativo 1/2010, de 5 de noviembre.

> ***Attention:*** *Please note that the regional deduction base will be reduced by the amounts that, for the same donation, have benefited from the general deduction for donations and other contributions referred to in article 68.3 of the Law of IRPF.However, if the general deduction base for donations, gifts and other contributions exceeds 10 per cent of the net tax base for the year, the excess may form part of the regional deduction base, as there is no limit for the regional deduction.*

Amount of the deduction

50 per cent of pure and simple monetary donations made during the tax period for the following purposes :

- The protection of the cultural heritage of the Region of Murcia or
- Promotion of cultural and sports activities

Conditions and requirements for applying the deduction

- Donations should be made in favour of any of the following **entities:**
  - The **Comunidad Autónoma de la Región de Murcia**, as well as the **entities dependent on the autonomous public sector**.
  - The **foundations** that exclusively pursue **cultural purposes, the cultural and sports associations** that have been declared of public utility and the **sports federations**, which are registered in the respective Registers of the Autonomous Community of the Region of Murcia.
- **The application of the deduction will require the issuance by the donating entity of a certificate** containing the following data:
  1. The tax identification number of the donor and the donating entity, amount and date of the donation.The delivery of the donated amount must necessarily be done by bank transfer, the identification data of which must also be recorded in the certification.
  2. Express mention of that the donation has been irrevocably and that it has been accepted.
- In the event that for the amounts donated the taxpayer applies the state deductions for donations and other contributions of article 68.3 of the Law of IRPF, the autonomous deduction base **will be reduced by the amounts that constitute the deduction base in those deductions.**

By donations for the biosanitaria research

Regulations:Art. 1.Dos.2 Texto Refundido de las disposiciones legales vigentes en la Región de Murcia en materia de Tributos Cedidos, aprobado por Decreto Legislativo 1/2010, de 5 de noviembre.

> ***Attention:*** *Please note that the regional deduction base will be reduced by the amounts that, for the same donation, have benefited from the general deduction for donations and other contributions referred to in article 68.3 of the Law of IRPF.However, if the general deduction base for donations, gifts and other contributions exceeds 10 per cent of the net tax base for the year, the excess may form part of the regional deduction base, as there is no limit for the regional deduction.*

Amount of the deduction

50 per cent of pure and simple monetary donations made during the tax period that are intended for biosanitary research as referred to in Law 4/1994, of 26 July 1994, on Health in the Region of Murcia.

Conditions and requirements for applying the deduction

- Donations should be made in favour of any of the following **entities:**
  - The **Autonomous Community of the Region of Murcia**, as well as the **entities dependent on the autonomous public sector** that carry out biosanitary research.For these purposes, the **public universities** of the Autonomous Community of the Region of Murcia are included.
  - The **non-profit entities** referred to in articles 2 and 3 of Law 49/2002, of 23 December, on the tax regime for non-profit entities and tax incentives for patronage, provided that their main purposes include the biosanitary research referred to in Law 4/1994, of 26 July, on Health in the Region of Murcia and **are registered in the corresponding registers of the Autonomous Community of the Region of Murcia**.
- **The application of the deduction will require the issuance by the donating entity of a certificate** containing the following data:
  1. The tax identification number of the donor and the donating entity, amount and date of the donation.The delivery of the donated amount must necessarily be done by bank transfer, the identification data of which must also be recorded in the certification.
  2. Express mention of that the donation has been irrevocably and that it has been accepted.
- In the event that for the amounts donated the taxpayer applies the state deductions for donations and other contributions of article 68.3 of the Law of IRPF, the autonomous deduction base **will be reduced by the amounts that constitute the deduction base in those deductions.**

For childcare expenses

Regulations:Art. 1.Three Consolidated Text of the legal provisions in force in the Region of Murcia in the area of assigned taxes, approved by Legislative Decree 1/2010, of 5 November.

Amount and maximum limit of the deduction

- The **20 per 100 per cent of the amounts paid** for educational expenses incurred during the tax period by children or descendants who meet the requirements indicated.
- The amount to be deducted **shall not exceed 1,000 euros for each of the children or descendants** that generate the right to the deduction.

Requirements and conditions for applying the deduction

- The educational expenses that entitle to this deduction are those incurred during the tax period **by children or descendants for whom they are entitled to the minimum for descendants regulated in the Law of IRPF.**

  Therefore, persons related to the taxpayer by reason of foster care under the terms established

in Article 58 of Law 35/2006 are assimilated to descendants.

- This must be **expenses corresponding to the First Cycle of Infant Education stage** referred to in article 14.1 of Organic Law 2/2006, of 3 May, on Education, **studied in centres authorised and registered by the Regional Ministry responsible for education.**
- **The sum of the general and savings tax bases**, sum of boxes ***[0435]*** and ***[0460]*** of the declaration, **does not exceed**:

  - 30,000 euros in individual declaration.

  - 50,000 euros in a joint declaration.

- Once the above requirements have been met, only those **taxpayers who live with their children or descendants in school on the date on which the tax is due will be entitled to make the deduction.**

  Precisions:

  If the child lives with only one of the parents at the date of accrual of the tax, the deduction can only be applied by that parent and only for the total amount of the amounts paid at his or her expense.

  However, in the case of joint custody and guardianship, both parents can apply the deduction, even if the children are not effectively living with one of them on the date of accrual of the tax, with the amount of the deduction being prorated as long as both have borne the cost of childcare.If only one of them has satisfied the amount, it will be that which can apply the percentage of the deduction on that amount.

  In the event that the descendant had died in the tax period, the taxpayer may also apply the deduction, provided that he/she lived with him on the date of his/her death.

- When the child lives with more than one parent, guardian or adopter , the amount of the deduction **shall be apportioned equally in the tax return of each of them**, if they opt for individual taxation.

  Precisions:

  Therefore, in the event that both parents pay childcare expenses, if both parents are entitled to the deduction, each can deduct 20% of the amount paid up to a maximum of 500 euros each, while if only one of them is entitled to the deduction, 20% of the amount paid by him/her can be deducted up to a maximum limit of 1,000 euros.

  Similarly, in the case of the death of the other parent or adoptive parent, if both parents or adoptive parents pay expenses in respect of a child during the year (even if before the death only the deceased paid them), the maximum deduction limit will be apportioned equally between them.

  If the descendant lives with both married parents on a ganancial basis, the expense is presumed to have been satisfied by both parents even though the payment could have been made by only one of them.If they tax together, they may apply the percentage of the deduction on all the quantities satisfied.If they are taxed separately, the amount of the deduction shall be assessed equally between the two with a ceiling of EUR 500 for each.

  On the other hand, in the case of married couples in a different regime or unmarried couples, each of the partners must prove that they have paid the childcare expenses in order to be able to apply the deduction, with the limit being prorated equally if both are entitled to it.If only one of them has made the payment, it is only this one who applies the deduction.

- Taxpayers shall keep, during the maximum period of limitation, the invoice supporting the costs which entitle them to the deduction.

Deduction base

- The basis for deduction shall consist of the **amounts paid for the items on**:

  - Custody

  For this purpose, the amounts paid to day-care centers and child education centers for pre-registration and registration of such children shall be considered as custodial expenses.

  - Food and

  - Purchase of clothing for school use only.

- This deduction base **will be reduced by the amount of the grants and aid** obtained from any Public Administration that cover all or part of the aforementioned expenses.

  The minoration shall be applied individually for each of the descendants who benefit from the scholarships and grants.

For investments in domestic water-saving devices

Regulations:Art. 1.Four Consolidated Text of the legal provisions in force in the Region of Murcia in the area of assigned taxes, approved by Legislative Decree 1/2010, of 5 November.

Amount and ceiling of the deduction

- The **20 percent of the investments made** in domestic water-saving devices, in accordance with the provisions of Article 4 of Law 6/2006, of 21 July, on increasing measures to save and conserve water consumption in the Autonomous Community of the Region of Murcia.

- **The maximum amount of deduction applicable is EUR 60 per year**.

Maximum basis for deduction

The basis for the deduction, which is made up of the **amounts paid** for the purchase and installation of the domestic water-saving devices at the taxpayer's expense, **may not exceed the amount of 300 euros per year.**

Requirements and conditions for applying the deduction

- The amounts paid are for the purchase and installation of domestic water-saving devices in dwellings that constitute the taxpayer's habitual residence .

- There must be a prior recognition by the regional administration on the appropriateness of the application of the deduction.

For investment in renewable energy installations

Regulations:Art. 1.Five Consolidated Text of the legal provisions in force in the Region of Murcia in the area of assigned taxes, approved by Legislative Decree 1/2010, of 5 November.

Amount and maximum limit of the deduction

- The **10 per 100 per cent of the investments made** in the implementation of projects for the installation of energy resources from the following renewable energy sources:**solar thermal and photovoltaic and wind**.
- **The applicable deduction limit is 1,000 euros per year.**

Maximum basis for deduction

The **base of this deduction** is constituted by the amounts paid for the acquisition and installation of renewable energy resources that have been paid by the taxpayer, **without the maximum amount exceeding 10,000 euros**.

Requirements and other conditions for the application of the deduction

- The installation of renewable energy resources must be carried out in **dwellings that constitute or will constitute the taxpayer's habitual residence** or **in those that are intended for renting**, provided that the latter is not considered an economic activity.

  The circumstances under which the rental of real estate constitutes an economic activity are discussed under the concept of income from movable capital at "further clarifications regarding the concept of income from real estate" in Chapter 4.

- The application of the deduction will require the prior recognition of the regional administration on its appropriateness in the manner to be determined by regulation.
- **The application of the deduction will require that the verified amount of the taxpayer's assets, at the end of the tax period, exceeds the value shown by its verification at the beginning of the same**, at least in the amount of the investments made, in accordance with the requirements established in general by the state regulations governing the IRPF.

For investment in the acquisition of shares in new or newly created entities

Regulations:Art. 1.Six Texto Refundido de las disposiciones legales vigentes en la Región de Murcia en materia de Tributos Cedidos, aprobado por Decreto Legislativo 1/2010, de 5 de noviembre.

Amount and maximum limit of the deduction

- **20 percent of the amounts invested during the financial year** in the acquisition of shares or holdings in companies as a result of company incorporation agreements or capital increases **in public limited companies, limited liability companies, worker-owned limited liability companies, worker-owned limited liability companies or cooperatives**.

- **The applicable deduction limit is 4,000 euros.**

Requirements and other conditions for the application of the deduction

- **The shareholding** of the taxpayer, together with those of the spouse or persons related by blood or marriage up to and including the third degree, **may not exceed 40 per cent of the share capital of the investee company or of its voting rights at any time during the three years following incorporation or enlargement**.

- **The entity in which the investment is to be realised must meet the following requirements:**

  1. It must have its registered office and tax domicile in the Autonomous Community of the Region of Murcia and maintain it during the **three years following**s to the incorporation or extension.

  2. You must **carry out an economic activity during the three years following incorporation or extension**.

     For this purpose, it must not have as its principal activity the management of movable or immovable property, in accordance with Article 4.8.2.a) of Law 19/1991 of 6 June 1991 on Wealth Tax.

  3. It must have, **as a minimum and from the first fiscal year, at least one person hired with a full-time employment contract**, registered in the general Social Security system, for the three years following incorporation or expansion.

  4. If the investment is made by means of a capital increase, the company **must have been incorporated within the three years prior to the date of the capital increase and, in addition, during the twenty-four months following** the date of the beginning of the corporate income tax period in which the capital increase was made **, its average workforce must have increased by at least two persons in comparison with the average workforce of the previous twelve months, and this increase must be maintained for a further period of twenty-four months**.

     For the calculation of the total average workforce of the company and its increase, the persons employed shall be taken into account, in the terms provided for in the labour legislation, taking into account the contracted working day in relation to the full working day.

- The taxpayer may sit on the board of directors of the company in which the investment was made, but **may under no circumstances perform executive or management functions for a period of ten years.Nor can it maintain an employment relationship with the investee for the same period of time**.

- Transactions for which the deduction **is applicable must be formalised in a public deed**, which must specify the identity of the investors and the amount of the respective investment.

- The acquired shares must be held in the assets of the taxpayer for a minimum period of three years , following incorporation or increase.

- The application of the deduction **shall require prior notification to the regional**

administration in the manner to be determined by regulation.

Loss of entitlement to the deduction made

Failure to comply with the above requirements entails the loss of the tax benefit, in accordance with the state regulations governing the IRPF.

Incompatibility

The deduction contained in this section shall be incompatible, for the same investments, with the regional deduction for investment in shares in companies listed on the expanding companies segment of the alternative stock market.

> ***Note:****taxpayers entitled to the deduction must complete the section "Additional information on the regional deduction for investment in the acquisition of shares and equity investments in new or recently created companies" in Annex B.8 of the return in which, in addition to the amount of the investment entitled to the deduction, the tax identification number of the new or recently created company and, if it exists, that of the second company must be stated, indicating the total amount of the deduction for investments in new or recently created companies in the corresponding box.*

For investment in shares of entities listed in the growth segment of the alternative stock market

Regulations:Art. 1.Siete Texto Refundido de las disposiciones legales vigentes en la Región de Murcia en materia de Tributos Cedidos, aprobado por Decreto Legislativo 1/2010, de 5 de noviembre.

Amount and maximum limit of the deduction

- **20 per cent of the amounts invested in the year** in the acquisition of shares as a result of capital increase agreements entered into through the expanding companies segment of the alternative stock market, approved by agreement of the Council of Ministers on 30 December 2005.
- **The applicable deduction limit is 10,000 euros.**

Requirements for the application of deductions

- The **shareholding** obtained by the taxpayer in the investee company **may not exceed 10 per 100** of its share capital.
- Acquired shares must **be held in the taxpayer's** estate for a period of at least **two years**, as a minimum.
- The company which is the object of the investment must **have its registered office and tax domicile in the Autonomous Community of the Region of Murcia, and must not have as**

its main activity the management of movable or immovable assets, in accordance with the provisions of Article 4.8.2.a) of Law 19/1991 of 6 June 1991 on Wealth Tax.

- The requirements set out in the first and third paragraphs above **must be complied with throughout the period of at least two years** of maintenance referred to in the second paragraph from the date of acquisition of the holding.
- Transactions for which the deduction is applicable must **be formalised in a public deed,** in which the identity of the investors and the amount of the respective investment must be specified.
- The application of the deduction shall require prior notification to the regional administration in the manner to be determined by regulation.

Loss of entitlement to the deduction made

Failure to comply with the above requirements entails the loss of the tax benefit, in accordance with the state regulations governing the IRPF.

Incompatibility

This deduction will be incompatible, for the same investments, with the above-mentioned regional deduction "For investment in the acquisition of shares or equity interests in new or recently created entities".

> ***Note:****taxpayers entitled to the deduction must complete the section "Additional information to the regional deduction for Aragón, Galicia, Madrid or Murcia for investments in entities listed on the Alternative Stock Market" in Annex B.8 of the return in which, in addition to the amount of the investment entitled to the deduction, the taxpayer must state the NIF of the entity and, if it exists, that of the second entity, indicating the total amount of the deduction for investments in entities listed on the Alternative Stock Market in the corresponding box.*

For expenses on the purchase of school materials and textbooks

Regulations:Art. 1.Eight Consolidated Text of the legal provisions in force in the Region of Murcia in the field of assigned taxes, approved by Legislative Decree 1/2010, of 5 November.

Amount of the deduction

120 euros for each descendant for the purchase of school materials and textbooks for the schooling of their descendants in the second cycle of infant education, primary education and compulsory secondary education.

Requirements and other conditions for the application of the deduction

- **That the sum of the general and savings tax bases**, sum of boxes ***[0435]*** and ***[0460]*** of the

declaration, **does not exceed** the following amounts:

a. In the case of taxpayers **who do not form part of a family unit that has the legal status of a large family**:

- **20,000 euros** in individual taxation.
- **40,000 euros** in joint taxation.

b. In the case of taxpayers **who form part of a family unit that has the legal status of a large family**:

- **33,000 euros** in individual taxation.
- **53,000 euros** in joint taxation.

- The deduction will correspond to the **ascendant who has paid the amounts** destined to the purchase of textbooks and school material.When there is more than one taxpayer entitled to the application of the tax benefit,**he amount of the deduction shall be apportioned in equal parts** in the tax return of each of them.

  In the event that one of the taxpayers entitled to the application of the tax benefit does not present a declaration because the other taxpayer is not bound if he or she meets the requirements, he or she may apply it in its entirety.

- For the application of this deduction, only those **descendants that give right to the application of the minimum for descendants** in article 58 of the Law of IRPFwill be taken into account:

- The amount of the deduction should **be reduced by**, for each descendant, by the amount corresponding to the **grants and aid obtained in the tax period** from the Autonomous Community of the Region of Murcia or from any other Public Administration, which covers all or part of the expenses for the purchase of school material or text books.

By birth or adoption

Regulations:Art. 1.Nine Texto Refundido de las disposiciones legales vigentes en la Región de Murcia en materia de Tributos Cedidos, aprobado por Decreto Legislativo 1/2010, de 5 de noviembre.

Amounts of the deduction

Taxpayers may deduct, **for each child born or adopted** in the tax period in which the birth or adoption takes place, the following amounts:

- **100 euros** for the first child.
- **200 euros** for the second child.
- **300 euros** for the third or subsequent children.

Requirements and other application conditions

- That the **sum of the general and savings tax bases**, sum of boxes ***[0435]*** and ***[0460]*** of the declaration, **does not exceed**:

  - 30,000 euros in individual declaration.

  - 50,000 euros in a joint declaration.

- When the children born or adopted in the tax period live with both parents or adoptive parents and these are taxpayers entitled to the application of the deduction, the amount of the deduction **shall be applied in half in the tax return of each of the parents or adoptive parents**, unless they file a single joint tax return **,** in which case the full amount corresponding to this deduction shall be applied in the same.

  If one of the parents or adoptive parents with whom the biological or adopted child lives and who is taxed individually does not meet the tax base limit requirement, the full amount of the deduction may be applied by the other parent or adoptive parent who meets it.

- In the event that the number of children of each parent or adopter results in the application of a different amount, both shall apply the corresponding deduction **according to the pre-existing number of children**.

  If in this circumstance the declaration is a joint declaration , the deduction will be the **sum of what would correspond to each of them if the declaration were individual**, as indicated in the previous paragraph.

For taxpayers with disabilities

Regulations:Art. 1.Ten Consolidated Text of the legal provisions in force in the Region of Murcia in the area of assigned taxes, approved by Legislative Decree 1/2010, of 5 November.

Amount and requirements for the application of the deduction

- **100 euros** for each taxpayer with an accredited degree of disability equal to or greater than 33 per cent**.**

  N.B.: Regarding the accreditation of the degree of disability , please take into account the provisions of Article 72 of the Personal Income Tax Regulations, which is discussed in Chapter 14 of this manual when referring to the minimum disability threshold.

- That **the sum of the general and savings tax bases** of the taxpayer, boxes ***[0435]*** and ***[0460]*** of the tax return, **does not exceed** the following amounts:

  - 19,000 euros in individual taxation.

  - 24,000 euros in joint taxation.

By conciliation

Regulations:Art. 1.Eleven Texto Refundido de las disposiciones legales vigentes en la Región de Murcia en materia de Tributos Cedidos, aprobado por Decreto Legislativo 1/2010, de 5 de noviembre.

Amount and maximum limits of the deduction

- **20 per cent of the contributions paid by the taxpayer for contributions to the Special System for Domestic Employees of the General Social Security Scheme,** when they have hired a person to look after or care for minor descendants for reasons of conciliation.
- The maximum deduction limit is **400 euros**.

Requirements and other conditions for the application of the deduction

- **The taxpayer has at least one child under 12 years of age for whom he/she is entitled to the application of the minimum for descendants.**

  However, the deduction is also applicable in cases of guardianship and foster care.

  > ***Note***:*the deduction shall be applicable for contributions made in the months of the tax period in which the taxpayer has at least one child or foster child or ward under the age of 12 for whom the minimum for descendants applies.*

- **That the taxpayer must be registered with the Social Security as the employer of a family home, and have contracted and paid contributions for one or more persons under the Special System for Domestic Employees of the General Social Security Scheme** during the period in which the deduction is to be applied.
- When the deduction is applicable for **expenses of a person employed in the home, this person must be registered in the Special System for Domestic Employees of the General Social Security Scheme.**
- That the owner of the family home and, if applicable, his/her spouse or unmarried partner, **are mothers or fathers of children forming part of the family unit**.

  For the purposes of defining the concept of family unit for the application of the deduction, it should be borne in mind that this is understood to be "the cohabitation unit" on the date on which the tax is due.See the final table for the criteria for the application of the deduction according to the different living units.

- **That the sum of the general and savings tax bases**, sum of boxes ***[0435]*** and ***[0460]*** of the declaration, **must not exceed the amount of 34,000 euros**, in the family unit.
- That the head of the family household and, if applicable, the spouse or unmarried partner forming part of the family unit, **receive income from work or economic activities**.

> **Precisions:**
>
> For the purposes of applying the deduction, the following cases must be taken into account on the basis of the

aforementioned requirements:

a. **In the case of married taxpayers** , the deduction may be applied, provided that the taxable income of both spouses does not exceed 34,000 euros, with the additional requirement that they both obtain income from work or economic activities.

b. **In the case of unmarried couples**, the deduction may be applied by the parent who appears as the employer of the family home, regardless of whether they are taxed individually or jointly, provided that both members of the couple obtain income from work or economic activities and that the sum of the total taxable income of both does not exceed 34,000 euros, so that the deduction will be applied in the same terms as for married couples.

c. **In the case of separated or divorced parents who have joint custody of their children**, the deduction may be applied by the parent (or parents, bearing in mind that both could be listed as employers in the Social Security system as they live in different households) who are listed as the employer of the family home, regardless of whether they are taxed individually or jointly, provided that the parent in question (and, where applicable, their spouse or unmarried partner) obtains income from work or economic activities and that their total taxable income (or that of the family unit of which they form part) does not exceed 34,000 euros.

d. **In the case of married taxpayers who have died during the year**, they may apply the deduction as they were part of a cohabitation unit with their spouse on the date of death, provided that both have obtained income from work or economic activities and that the sum of the total taxable income of both does not exceed 34,000 euros.The same criteria would apply if the deceased was part of an unmarried couple.

e. **In the case of unmarried taxpayers (widowed, separated, divorced or single) who have sole custody of their children** the deduction will be applicable if they appear as the employer of the family home, regardless of whether they are taxed individually or jointly, provided that they obtain income from work or economic activities and that their total taxable income does not exceed 34,000 euros.

f. **In the case of unmarried taxpayers with descendants other than children** who are listed as the employer of the family home, they may apply the deduction in accordance with the applicable criterion of the previous letters.

For unpaid foster care of persons over sixty-five years of age and/or persons with disabilities

Regulations:Art. 1.Twelve Texto Refundido de las disposiciones legales vigentes en la Región de Murcia en materia de Tributos Cedidos, aprobado por Decreto Legislativo 1/2010, de 5 de noviembre.

Amount of the deduction

600 euros for each person over 65 years of age or with an accredited degree of disability equal to or greater than 33 per cent, who lives with the taxpayer for **more than 183 days** per year in foster care without consideration, when for this reason they have not received aid or subsidies from the Autonomous Community of the Region of Murcia.

Requirements and other conditions for the application of the deduction

- That **does not give rise** to obtaining **aid or subsidies** from the Autonomous Community of the Region of Murcia.

- **This deduction may not be applied**, in the case of foster care for people over 65 years of age, when the fostered person is linked to the taxpayer by a **family relationship** of consanguinity or affinity up to and including the fourth degree.
- When the host person generates the **right to the deduction for more than one taxpayer simultaneously, the amount of the deduction shall be apportioned in equal parts** in the tax return of each of them if they opt for individual taxation.
- In order for the deduction to be applied, the taxpayer must be in possession of **document accrediting the corresponding unpaid foster care**, issued by the competent Regional Ministry for Social Affairs.

For lease of the primary residence

Regulations:Art. 1.Thirteen Texto Refundido de las disposiciones legales vigentes en la Región de Murcia en materia de Tributos Cedidos, aprobado por Decreto Legislativo 1/2010, de 5 de noviembre (Revised Text of the legal provisions in force in the Region of Murcia regarding assigned taxes, approved by Legislative Decree 1/2010, of 5 November)

Amounts and maximum deduction limits

- **10 per cent of the unsubsidised amounts paid** in the tax year, in the tax period for renting the taxpayer's main residence.
- The maximum amount for deduction shall be **300 euros per year per contract**.

Deduction base

The basis for this deduction will be constituted by the amounts **justified with an invoice or receipt paid, by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions,** to the persons or entities that are lessors of the dwelling.

Under no circumstances, shall any sums paid by means of cash payments **be eligible for this deduction.**

Requirements and other conditions for the application of the deduction

- Any of the following circumstances apply to the taxpayer **:**

  a) Not yet reached the age of 35 years on the date on which the tax becomes chargeable (normally 31 December).

  b) That he/she is part of a **family** that has the legal status of **large**.

  > The conditions necessary to be considered a large family and its classification by category are contained in Law 40/2003, of 18 November, on the protection of large families (BOE of 19 November).

  c) Who suffers from a disability with a recognised degree equal to or greater than **65 per 100**, or is judicially incapacitated, or the representative guardianship of the taxpayer has been established.

It should be noted that, as of the entry into force of Law 8/2021 on the reform of the Civil Code, the references made to judicial incapacitation extend to judicial decisions establishing the representative guardianship of persons with disabilities.

- **That it is the rental of the taxpayer's habitual residence, effectively occupied by the taxpayer** .

  For these purposes, the concept of habitual residence will be that contained in the regulations of IRPF although, for these purposes, it will be sufficient to prove that it constitutes the habitual residence of the taxpayer without a specific duration of the rental contract being required.

- The property must be **located in the territory of the Autonomous Community of the Region of Murcia.**

- That the taxpayer is the holder of a lease contract for which the corresponding form of the **Transfer Tax and Stamp Duty has been filed.**

  Accuracy: It should be borne in mind that Article 45.1.B).26 of the revised text of the Law on Transfer Tax and Stamp Duty declares exempt "Leases of dwellings for stable and permanent use as referred to in Article 2 of Law 29/1994, of 24 November, on Urban Leases". This exemption exempts the taxpayer from compliance with the main tax obligation to pay, but not from the formal tax obligation to submit the corresponding self-assessment without debt to be paid.

  In the case of marriages in community of property regime, the deduction shall correspond to the spouses in equal shares, even if the lease is in the name of only one of them.

- That the **general taxable base minus the personal and family minimum of the taxpayer**, boxes ***[0435]***and ***[0519]*** of the tax return, respectively, is less than 24,380 euros, provided that the **savings taxable base,** box ***[0460]*** of the tax return does not exceed 1,800 euros.

- Neither the taxpayer nor any of the members of his family unit **are holders of more than 50% of the freehold or of a real right of use or enjoyment of another dwelling.**

- That the taxpayer **is not entitled** during the same tax period to **any deduction for investment in main residence.**

- **When two taxpayers are entitled** to the application of the deduction, **the total amount, without exceeding the limit** established per rental contract (300 euros**), will be apportioned equally** in the tax return of each of them.

  No apportionment will be made if one of the tenants cannot apply the deduction because the taxable income is higher than the allowable amount.

Note: *taxpayers entitled to the deduction must complete the section "Additional information to the regional deduction for renting" in Annex B.8 of the return in which, in addition to the data necessary to quantify the deduction, the tax identification number (NIF/NIE) of the lessor of the dwelling and, if it exists, that of the second lessor or, if applicable, if a tax identification number from another country has been entered, an X must be marked in the box.*

For working women

Regulations:Art. 1.Fourteen Texto Refundido de las disposiciones legales vigentes en la Región de Murcia en materia de Tributos Cedidos, aprobado por Decreto Legislativo 1/2010, de 5 de noviembre (Revised text of the legal provisions in force in the Region of Murcia regarding assigned taxes, approved by Legislative Decree 1/2010, of November 5)

Amount of the deduction

- **300 euros** for the first child **.**
- **350 euros** for **second child**.
- **400 euros** for **third or subsequent children**.
- **400 euros** per **dependent person.**

Accuracy:the order number of the children and/or descendants is determined by their date of birth, all of them being counted regardless of whether they are entitled to the deduction or not.

Requirements and other conditions for the application of the deduction

This deduction shall apply **exclusively to women** and shall be subject to the following conditions:

- The woman benefiting from the deduction **must be self-employed or employed, for which she is registered** in the corresponding Social Security or mutual insurance scheme.
- They may give rise to a right of deduction:

  - The **children under 18 years of age**.

  - The **dependants.**

  For the purposes of this deduction, **dependent person**is considered to be an ascendant over 75 years of age and an ascendant or descendant with a degree of disability equal to or greater than 65%, regardless of their age.In order for the deduction to apply, the person **must live with the taxpayer for more than 183 days per year**.

  ***Important**: the same child or the same dependent person **may not give entitlement to this deduction to the application of more than one amount** of those indicated in the section "Amount of the deduction", as a child and as a dependent person.*

- That the sum of the **general taxable base and the savings taxable base, *boxes [0435]*** *and* ***[0460]*** of the declaration, **does not exceed:**

  - **20,000 euros** in individual taxation.

  - **40,000 euros** in joint taxation.

- The amount of the deduction **for each child under 18 or dependent will be calculated**

proportionally to the number of days worked during the tax period.

Autonomous Community of La Rioja

Taxpayers whose usual place of residence in 2022 was in the Autonomous Region of La Rioja may apply the following autonomous community deductions:

For birth or adoption of a child

Regulations:Art. 32.1 Ley 10/2017, de 27 de octubre, por la que se consolidan las disposiciones legales de la Comunidad Autónoma de La Rioja en materia de impuestos propios y tributos cedidos (Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and transferred taxes)

Amounts of the deduction

- **600 euros,** for **first child**.
- **750 euros**, in the case of **second child**.
- **900 euros**, in the case of **third and subsequent**.
- **60 additional euros** for each child, in case of **multiple births or adoptions**.

Requirements and conditions for the application of the deduction

- The child was born or adopted **during the tax period and lives with the taxpayer** at the date of accrual of tax (normally 31 December).
- When children born or adopted in the tax period **live with both parents or adoptive parents**, the amount of the deduction **shall be apportioned equally between them**s if they are taxed individually.**In the case of joint taxation** both parents will apply the full amount corresponding to the deduction.
- In the event that the number of children of each parent gives rise to the application of a different amount, the deduction corresponding to the number of pre-existing children shall be applied.If the declaration were to be taken together, the deduction would be the sum of what each would correspond if the declaration were individual, as provided in the preceding paragraph.

> **Accuracy:** to determine the order number of children born or adopted during the year, all the taxpayer's children, whether or not they live with the taxpayer, regardless of their age, marital status, place of residence or any other circumstance, must be taken into account.

Example:

Marriage, formed by doña S.S.T and don R.T.V who has a son of 13 years of a previous relationship that lives with him.In 2022, the birth of a common child occurred.

Determine the amount of the deduction to be applied

Solution

For doña S.S.T he is the first son and for don R.T.V the second.Therefore:

Individual statement doña S.S.T. (600 euros ÷ 2) = 300 euros

Individual declaration don R.T.V. (750 euros ÷ 2) = 375 euros

Joint declaration Mrs. S.S.T. and Mr. R.T.V. (300 euros + 375 euros) = 675 euros

For the acquisition, construction or rehabilitation of primary residence in small towns of La Rioja

Regulations:Art. 32.2 Ley 10/2017, de 27 de octubre, por la que se consolidan las disposiciones legales de la Comunidad Autónoma de La Rioja en materia de impuestos propios y tributos cedidos (Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on its own taxes and assigned taxes)

Amount and maximum limit of the deduction

- **5 per cent of the amounts paid in the financial year** for the acquisition, renovation or construction of **the main residence** in the small municipalities detailed below.
- **The maximum deduction limit** is **452 euros** per declaration.

Requirements for the application of deductions

- That the taxpayer **has his habitual residence in the Autonomous Community of La Rioja**.
- The taxpayer **has acquired, rehabilitated or started the construction of the dwelling on or after 1 January 2017**.
- That the dwelling constitutes the taxpayer's **habitual residence**.
- The home must be located in one of the **small municipalities** of La Rioja listed at the end of the regional deductions of this Autonomous Community.

Maximum basis for deduction

The maximum annual base for this deduction is **9,040 euros.**

Other conditions for the application of the deduction

- In order for the home to be considered a permanent residence, the requirements established in article 68.1.3 of the Law of IRPF, as in force on 31 December 2012, and in article 54 of the Regulations, as in force on 31 December 2012, must be met, and in particular, with regard to the concept of permanent residence, the period of occupation and the requirements for

remaining in the home, among others.

- The concepts of acquisition, construction and rehabilitation of the main residence shall be those defined in article 55 of the Regulations of the IRPF, in its current wording as of 31 December 2012.

- **In order to be able to apply the deduction for investment in housing, regardless of the taxpayer benefiting from the measure, it is required that the verified amount of the taxpayer's assets** at the end of the taxation period **exceeds** of the value that was verified at the beginning of the taxation period, **at least in the amount of the investments made**, excluding interest and other financing costs.

  For these purposes, increases or decreases in value experienced during the tax period by assets that at the end of the tax period continue to form part of the taxpayer's assets shall not be computed, nor shall any increase in assets obtained through taxable events subject to Inheritance and Gift Tax.

Provision in the declaration of the code corresponding to the municipality

Taxpayers must enter in box ***[1067]*** of Annex B.6 of the tax return, the code corresponding to the municipality in which the home is located, in accordance with the list of municipalities of La Rioja with the right to this deduction, which can be consulted in the corresponding section.

For expenses for nursery schools, infant education centres or staff hired for the care of children from 0 to 3 years of age for taxpayers who establish their habitual residence in small municipalities in La Rioja.

Regulations:Art. 32.3 Ley 10/2017, de 27 de octubre, por la que se consolidan las disposiciones legales de la Comunidad Autónoma de La Rioja en materia de impuestos propios y tributos cedidos (Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes)

Amount and maximum limit of the deduction

- **30 per cent of the expenses** for nursery schools, children's centres or staff hired for the care of children from 0 to 3 years of age.

  For these purposes, expenditure shall be understood to be the amounts paid to schools or early childhood education centres for the following concepts:

  - pre-registration and enrolment of children under 3 years of age,

  - attendance, general and extended hours, and

  - food.

  Provided that they are not considered by the taxpayer as exempt income from work in kind by application of the provisions of Article 42.3.(b) or (d) of the Personal Income Tax Act, i.e. by:

- The direct or indirect contracting by companies or employers of the service of first cycle of nursery education for the children of their employees in nurseries or authorised nursery education centres [Art, 42.3.b) Ley IRPF].

- The provision of pre-school, infant, primary, compulsory secondary, baccalaureate and vocational training education services by authorised educational centres for the children of their employees, free of charge or for less than the normal market price [Art. 42.3.d) Ley IRPF].

- **The basis for this deduction** will have as a limit for each child the total amount of the effective non-subsidised expenditure paid in the financial year to the school or nursery school.

- **The maximum deduction limit** is **600 euros per child.**

  In the case of individual declarations, the ceiling shall be apportioned equally among the parents entitled to their application.

  The apportionment of the amounts paid and the maximum limit of the deduction can only take place when both parents can apply the minimum amount for descendants for the child giving rise to the expense.

  In the case of de facto partners, the assessment of the amounts paid and the maximum deduction limit shall take place when one of its members submits joint declaration with the minor children and the other submits individual statements, as long as both are entitled to the minimum by descendants.

Requirements and other conditions for the application of the deduction

- That the taxpayer, within the tax period **, establishes their habitual residence in one of the small municipalities** of La Rioja listed at the end of the regional deductions of this Autonomous Community, **and resides in the municipality on the date of accrual of the tax.**

- The taxpayer at the date of accrual of the tax **lives with the child under three years of age and is entitled to the minimum for descendants**.

  The application of this deduction is linked to the minimum deduction for descendants.Therefore, regardless of who pays the expenses and the matrimonial property regime, it will be applied to both parents, with the total amounts paid and the maximum limit of the deduction being apportioned between them.On the other hand, if only one of the parents is entitled to the minimum amount for descendants, he/she will apply the deduction for the totality of the amounts paid with a maximum limit of 600 euros.

  In the event of the death of one of the parents entitled to the minimum by descendants, the 50 per 100 deduction shall apply to each of the parents until the date of death and subsequently the deduction on the totality of the payment to the surviving spouse.The sum of all deductions may not exceed EUR 600 or the deduction applicable for the deceased may exceed EUR 300 for each “common” child.

- That the parent(s) **are employed or self-employed outside the family home**, at least during the period in which the child is in school or the child's care staff are employed.

  If the parents carry out an activity outside the family home only during part of the period during which the care staff are employed, the deduction may be applied to the amounts paid during the part of the period during which the requirement of carrying out an activity is fulfilled.

In order for the requirement of activity as an employed person to be fulfilled, the activity must be remunerated.In the case of self-employment, it is necessary to prove - by any means of proof - that the activity has been carried out.

The requirement of carrying out an activity on a self-employed basis is deemed to be met when the activity is carried out through an entity under the income attribution scheme.

- That the **minor is enrolled** in a school or children's centre in La Rioja, for at least half of the established working day, **or that there is proof of the existence of a person with an employment contract and registration with Social Security** under the heading corresponding to Household Employees - Family Caregiver or similar for the care of the minors.

- That the **general net taxable income,** according to article 50 of the Law of IRPF, **does not exceed** of the following amounts:

  - 18,030 euros in individual tax return.

  - 30,050 euros in joint tax return.

  Provided that, in addition, the **savings taxable income** subject to taxation according to Article 50 of the Law of IRPF **does not exceed 1,800 euros**.

The amount of the general net taxable income subject to taxation according to article 50 of the Law of IRPF is the amount shown in the box ***[0500]*** of the declaration.

On the other hand, the amount of the net savings taxable income subject to taxation according to article 50 of the Law of IRPF is that which appears in box ***[0510]*** of the tax return.

Provision in the declaration of the code corresponding to the municipality

Taxpayers must enter in box ***[1071]*** of Annex B.6 of the tax return, the code corresponding to the municipality in which the home is located, in accordance with the list of municipalities of La Rioja with the right to this deduction, which can be consulted in the corresponding section.

Note: *taxpayers entitled to the deduction must enter the tax identification number of the person employed in the household, school, centre or day-care centre in box* ***[1070]*** *of the tax return.*

For every child in an emergency, temporary or permanent family accommodation or foster care system for adoption purposes

Regulations:Art. 32.4 Ley 10/2017, de 27 de octubre, por la que se consolidan las disposiciones legales de la Comunidad Autónoma de La Rioja en materia de impuestos propios y tributos cedidos (Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes)

Amount of the deduction

Taxpayers resident in the Autonomous Community of La Rioja who have at home a minor

in emergency, temporary or permanent foster care or guardianship for the purpose of adoption, may deduct the following amounts:

- **300 for each child** provided that the taxpayer lives with the child for 183 days or more during the tax period.
- **150 euros for each child**, if the time of cohabitation during the tax period is less than 183 days and more than 90 days.

However, the corresponding deduction may be applied by a taxpayer who has fostered several children during the financial year, without the stay of any of them exceeding 90 days, provided that the sum of the periods of the different foster placements exceeds at least this period.

The reception of more than 90 days shall be counted individually and those of less than that time limit shall be counted together.

If individual declarations are made, each of the taxpayers entitled to the deduction **will apply 50 per cent of the deduction.**

Examples of application of the deduction in the case of foster care during the year for different children

1. Deduction applicable if a taxpayer has had three children in foster care during the financial year 2022 for a period of 40 days each.
2. Deduction applicable if the stay of the three minors had been for a period of 70 days each.
3. Deduction applicable if the stay of the three minors had been one for 200 days and the other two for 60 days.

Solution

1. In the first case, since in total it has been 120 days (more than 90 days and less than 183 days), a deduction of 150 euros will be applied.
2. In the second, the total amount will be 210 days (70 days x 3 children), so it will correspond to a deduction of 300 euros (being more than 183 days).
3. In the third and final case, a deduction of EUR 300 may be applied for the first stay and EUR 150 for the two 60-day reception (since the total sum of the two 60-day reception will be 120 days).

Requirements and other conditions for the application of the deduction

- The minor must be in emergency, temporary or permanent foster care or guardianship for the purpose of adoption, formalised by the judicial or administrative body with jurisdiction over minors in this Autonomous Community of La Rioja.
- The family allowance deduction shall not be made when the child's adoption during the tax period had occurred.

For each child from 0 to 3 years of age of taxpayers who have their residence or move their residence to small municipalities in La Rioja during the tax period and maintain it for at least 3 consecutive years.

Regulations:Art. 32.5 Ley 10/2017, de 27 de octubre, por la que se consolidan las disposiciones legales de la Comunidad Autónoma de La Rioja en materia de impuestos propios y tributos cedidos (Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes)

Amount of the deduction

100 euros per month for each child from 0 to 3 years old.

In the case of parents entitled to deduction for the same descendant and filing individual returns, the amount of the deduction shall be apportioned equally.

Requirements and other conditions for the application of the deduction

- That the taxpayer has his habitual residence or moves it during 2021 **to one of the small municipalities** of La Rioja listed at the end of the regional deductions of this Autonomous Community.
- This residence **must be maintained for a continuous period of at least 3 years** counted from the month in which the right to the deduction begins.

  Exception: However, **will not lose the right to the deduction when**, despite this period not having elapsed, the death of the taxpayer occurs or circumstances arise that necessarily require a change of residence, such as marital separation, job transfer, obtaining a first job or a more advantageous job or other similar circumstances.
- Only children from 0 to 3 years of age that entitle the taxpayer to the application of the minimum per descendant will be taken into account.

  In the event of the death of the child or parent, the deduction does not apply for the month in which the death occurred, even if it occurred on the last day of the month.

Attention: *to apply the deduction, on the last day of each month these two circumstances must be met:reside in one of the small municipalities referred to below and have a child aged 0 to 3 who is entitled to the minimum child allowance.*

Provision in the declaration of the code corresponding to the municipality

Taxpayers must enter in the box ***[1162]*** of Annex B.6 of the tax return, the code corresponding to the municipality in which the home is located, in accordance with the list of municipalities of La Rioja with the right to this deduction, which can be consulted in the corresponding section.

Loss of entitlement to the deduction made

Failure to comply with the aforementioned requirements will oblige the taxpayer to return the deductions unduly taken plus the corresponding interest for late payment, by means of regularisation in the Personal Income Tax return for the year in which the non-compliance occurs.

For each child from 0 to 3 years of age in nursery schools or infant education centres in any municipality of La Rioja

Regulations:Art. 32.6 Ley 10/2017, de 27 de octubre, por la que se consolidan las disposiciones legales de la Comunidad Autónoma de La Rioja en materia de impuestos propios y tributos cedidos (Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes)

Amounts and maximum deduction limits

- **20 per cent of unsubsidised school fees** for each child from 0-3 years of age

  For these purposes, school fees shall be understood to be the amounts paid to schools or child education centres for the following concepts:

  - pre-registration and enrolment of children under 3 years of age,

  - attendance, general and extended hours, and

  - food.

  Provided that they are not considered by the taxpayer as exempt income from work in kind by application of the provisions of Article 42.3.(b) or (d) of the Personal Income Tax Act, i.e. by:

  - The direct or indirect contracting by companies or employers of the service of first cycle of nursery education for the children of their employees in nurseries or authorised nursery education centres [Art, 42.3.b) Ley IRPF].

  - The provision of pre-school, infant, primary, compulsory secondary, baccalaureate and vocational training education services by authorised educational centres for the children of their employees, free of charge or for less than the normal market price [Art. 42.3.d) Ley IRPF].

- **The basis for this deduction** will have as a limit for each child the total amount of the effective non-subsidised expenditure paid in the financial year to the school or nursery school.

- **The maximum limit** of the deduction is **600 euros per year**, for each child from 0 to 3 years of age.

Requirements and other conditions for the application of the deduction

- That the taxpayer **has his habitual residence in the Autonomous Community of La Rioja**.

- The taxpayer, at the date of accrual of the tax (normally 31 December), **lives with the child**

and is entitled to the minimum for descendants.

If the child reaches the age of three during the tax year, the deduction may be applied for school fees paid up to the month before the child reaches that age.

A deduction may be made for school fees for children who have died during the year.

Finally, the deduction can be applied for children for whom the taxpayer has shared custody and guardianship, even if on the date of accrual of the tax they live with the other parent, as long as they are entitled to the minimum for descendants.

- Each child from 0 to 3 years of age eligible for the deduction must be **enrolled** in a school or nursery education centre in **any municipality** of La Rioja.
- That the **general net taxable base** according to article 50 of the Law of IRPF **does not exceed** of the following amounts:

  - 18,030 euros in individual tax return.

  - 30,050 euros in joint tax return.

  Provided that, in addition, the **savings taxable income** subject to taxation according to Article 50 of the Law of IRPF **does not exceed 1,800 euros**.

  The amount of the general net taxable income subject to taxation according to article 50 of the Law of IRPF is the amount shown in the box ***[0500]*** of the declaration.

  On the other hand, the amount of the net savings taxable income subject to taxation according to article 50 of the Law of IRPF is that which appears in box ***[0510]*** of the tax return.

- **In the case of parents who are entitled to a deduction for the same child and who file individual returns,** the amount will be apportioned equally between them.

Note: *taxpayers entitled to the deduction must enter the tax identification number of the school, centre or day-care centre in box* ***[1076]*** *of Annex B.6 of the tax return.*

Purchasing new electric vehicles

Regulations:Art. 32.7 Ley 10/2017, de 27 de octubre, por la que se consolidan las disposiciones legales de la Comunidad Autónoma de La Rioja en materia de impuestos propios y tributos cedidos (Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes)

Amount of the deduction

15 per cent of the amounts paid in the tax period for the **acquisition of new electric vehicles** provided that they fall into one of the categories listed below.

The deduction is only available to the purchaser who is named in the documentary evidence of purchase.

Attention:*Only can apply this deduction for the acquisition of a vehicle per person and in the tax period in which the vehicle whose acquisition generates the right to apply the deduction is registered.*

Requirements and other conditions for the application of the deduction

- They must be vehicles **not used for professional or business activities** of the purchaser.
- The purchase price of the vehicle may not exceed **50,000 euros**.
- The vehicles must belong to one of the following categories defined in Directive 2007/46/CE of the Parliament and of the Council of 5 September 2007, and in the Regulation (EU) 168/2013 of the Parliament and of the Council of 15 January 2013:

  Attention: *Please note that for categories M1 and N1, Directive 2007/46/EC of the European Parliament and of the Council of 5 September 2007 has been repealed by Regulation (EU) 2018/858 of the European Parliament and of the Council of 30 May 2018*.

  a. **M1 passenger cars:**Motor vehicles designed and constructed principally for the carriage of persons and their luggage and having, in addition to the driver's seat, not more than eight seats.

  b. **N1 vans or light trucks:**Motor vehicles designed and constructed principally for the carriage of goods and having a maximum mass not exceeding 3,5 tonnes.

  c. **Mopeds L1e:**Two-wheeled vehicles with a maximum design speed not exceeding 45 km/h and a rated continuous power not exceeding 4 kW.

  d. **L2e tricycles:**Three-wheeled vehicles with a maximum design speed not exceeding 45 km/h and a rated continuous power not exceeding 4 kW.

  e. **Light quadricycles L6e:**Light quadricycles with an unladen mass not exceeding 350 kg, not including the mass of the batteries, a maximum design speed not exceeding 45 km/h, and a maximum power not exceeding 4 kW.

  f. **Heavy quadricycles L7e**:Quadricycles with an empty mass of less than or equal to 400 kg (550 kg for goods vehicles), not including battery mass, and maximum power of less than or equal to 15 kW.

  g. **Motorbikes L3e:**Two-wheeled vehicles without sidecar with an engine capacity exceeding 50 cm^3 and/or with a maximum design speed exceeding 45 km/h.

  h. **Category L5e:**Symmetrical three-wheeled vehicles with an engine capacity exceeding 50 cm^3 and/or with a maximum design speed exceeding 45 km/h.

  i. **Bicycles with electric motor-assisted pedalling.**

- When the vehicle purchased belongs to the **categories M and N** (M1 passenger cars and N1 vans or light trucks) it must be one of the following types of electric vehicles:

  1. Vehicles powered by internal combustion engines that can use approved alternative fossil fuels such as LPG/Autogas, Compressed Natural Gas (CNG), Liquefied Natural Gas (LNG) or bifuel gasoline-gas.

  2. Pure electric vehicles (BEV).

  3. Range-extended electric vehicles (REEVs), powered entirely by electric motors.

- When the vehicle purchased belongs to the **categories L and electric bicycles** they must be powered exclusively by electric motors, and be homologated as electric vehicles.

  Moreover:

  - The **electric motorbikes (categories L3e and L5e)** shall have lithium batteries with a power of 3 kW/h or more and a minimum range in electric mode of 70 km.

  - The **pedal-powered bicycles** shall have lithium batteries and comply with the requirements of the applicable harmonised standards, in particular the UNE-EN 15194:2009 standard.

Maximum limit

The maximum deductible amount **per declaration** will be:

- **300 euros** for the vehicles indicated in the previous section except for bicycles with pedal-assisted electric motor.

- **225 euros** electric motor-assisted pedal bikes

> ***Attention:****note that the total deduction applied in the return (joint or individual) cannot exceed the maximum limit set for the category of vehicle concerned.When each of the spouses has acquired a vehicle of a different category (bicycles with electric motor assisted pedalling and the rest) the maximum deductible amount in the joint tax return may not exceed 300 euros.*

For internet access for emancipated young people

Regulations:Art. 32.9 Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes

Amount and conditions for the application of the deduction

- **30 per cent of the amount of the annual expenses** invoiced and paid to the supply companies, when the following conditions are met:

  a. That the taxpayer is considered to be a "young emancipated person" for the purposes of this deduction, this being the taxpayer **who has not reached the age of 36 at the end of**

the tax period.

b. That the taxpayer **subscribes during the financial year to an Internet access contract** for his **main residence**.

In order for the home to be considered a permanent residence, the requirements established in article 68.1.3 of the Law of IRPF, in its current wording as of 31 December 2012, must be met;and in Article 54 of the Regulations of the IRPF, and, in particular, with regard to the concept of habitual residence, period of occupation and requirements of permanence in the same, among others.

Note: *Internet access contracts shall in no case be linked to an economic activity.*

- **40 per cent** of the amount of the above expenses for those taxpayers who, while fulfilling the required conditions, meet any of the following circumstances:

1.Young people who are members of **single-parent family units**.

The single-parent family unit is defined in Article 82.1.2.2 of the Law of IRPF, which is discussed in Chapter 2 of this manual.

2.Have their habitual residence in one of the **small municipalities of La Rioja** listed in the section corresponding to the end of the autonomous deductions of this Autonomous Community.

Note: *in the latter case, the taxpayer must enter in the box **[1204]** of Annex B.6 of the return, the code corresponding to the small municipality in which the home is located, in accordance with the list of municipalities of La Rioja with the right to this deduction, which can be consulted in the corresponding section.*

- Where the circumstances required in the previous point are not present during the whole tax period, the 40 per cent percentage shall be applicable to the amounts paid during the part of the tax period in which one of them is present.

Scope of the deduction

This deduction **may be applied only once per dwelling and per taxpayer**, regardless of the occupancy regime of the dwelling.

Requirements for the application of deductions

In addition, the following requirements must be met:

- The taxpayer should **have the habitual residence** as his or her own or rented property.

  Compliance with the minimum residence period of three years required to consider the dwelling as a regular residence is only required in the case of ownership, not in the case of renting.

- The contract must be concluded **at least 6 months before the date of accrual** of the tax and must be maintained at least until that date.

  An Internet access registration contract must be signed, and a simple change of contract holder or tariff type is not valid.

- The contract **must be in the name of the taxpayer** with the right to deduct.

- In the event that more than one taxpayer entitled to the deduction cohabits in the same main residence, the same **will be prorated among all of them**.

- In no case shall the contract holders and the dwelling be linked to an economic activity.Thus, neither of the owners of the Internet access contract will be able to apply the deduction when one of them carries out an economic activity in the home, even if it is also their habitual residence.

- That the **general net taxable base** according to article 50 of the Law of IRPF **does not exceed** of the following amounts:

  - 18,030 euros in individual tax return.

  - 30,050 euros in joint tax return.

  Provided that, in addition, the **savings taxable income** subject to taxation according to Article 50 of the Law of IRPF **does not exceed 1,800 euros**.

  The amount of the general net taxable income subject to taxation according to article 50 of the Law of IRPF is the amount shown in the box ***[0500]*** of the declaration.

  On the other hand, the amount of the net savings taxable income subject to taxation according to article 50 of the Law of IRPF is that which appears in box ***[0510]*** of the tax return.

For domestic supply of electricity and gas for emancipated young people

Regulations:Art. 32.10 Ley 10/2017, de 27 de octubre, por la que se consolidan las disposiciones legales de la Comunidad Autónoma de La Rioja en materia de impuestos propios y tributos cedidos (Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on its own taxes and assigned taxes)

Amount and conditions for the application of the deduction

- **15 per cent of the amount of the annual costs** invoiced and paid to the supply companies when the following conditions are met:

  a. That the taxpayer is considered to be a "young emancipated person" for the purposes of this deduction, this being the taxpayer **who has not reached the age of 36 at the end of the tax period**.

  b. The taxpayer **should enter into an electricity or gas supply contract for the taxpayer's main residence during the financial year**.

In order for the home to be considered a permanent residence, the requirements established in article 68.1.3 of the Law of IRPF, in its current wording as of 31 December 2012, must be met;and in Article 54 of the Regulations of the IRPF, and, in particular, with regard to the concept of habitual residence, period of occupation and requirements of permanence in the same, among others.

- **20 per cent of the amount of the above expenses** for those taxpayers who, fulfilling the conditions required in the previous section, have their habitual residence in one of the **small municipalities of La Rioja** listed at the end of the regional deductions of this Autonomous Community.

> ***Note:****in the latter case, the taxpayer must enter in box **[1205]** of Annex B.6 of the return, the code corresponding to the small municipality in which the home is located, in accordance with the list of municipalities of La Rioja entitled to this deduction, which can be consulted in the corresponding section.*

- **25 per cent of the amount of the above expenses** for young taxpayers who constitute **single-parent family units.**

  The single-parent family unit is defined in Article 82.1.2.2 of the Personal Income Tax Act, which is discussed in Chapter 2 of this manual.

- Where the circumstances required in the preceding paragraph do not arise during the whole tax period, the percentage of 20 or 25 per cent shall be applicable to the amounts paid during the part of the tax period in which one of them arises.

Scope of the deduction

This deduction **may be applied only once per dwelling and per taxpayer**e, regardless of the occupancy status of the dwelling.

Requirements for the application of deductions

In addition, the following requirements must be met:

- The taxpayer should **have the habitual residence** as his or her own or rented property.

  Compliance with the minimum residence period of three years required to consider the dwelling as a regular residence is only required in the case of ownership, not in the case of renting.

- The contract(s) must be concluded **at least 6 months before the date on which the tax becomes chargeable** and must be maintained at least until that date.

  An electricity or gas supply contract must be signed, and a simple change of contract holder or tariff type is not valid.

- The contract(s) **must be in the name of the taxpayer** with the right to deduct.

- In the event that more than one taxpayer entitled to the deduction cohabits in the same main residence, the same **will be prorated among all of them**.

- In no case should the contract holders and the dwelling **be linked to an economic activity**.

  Thus, neither of the holders of the electricity and gas supply contracts for domestic use will be able to apply the deduction when one of them carries out an economic activity in the home, even if it also constitutes their habitual residence.

- That the **general net taxable base** according to article 50 of the Law of IRPF **does not exceed** of the following amounts:

  - 18,030 euros in individual declaration.

  - 30,050 euros in joint tax return.

  Provided that, in addition, the **savings taxable income** subject to taxation according to Article 50 of the Law of IRPF **does not exceed 1,800 euros**.

  The amount of the general net taxable income subject to taxation according to article 50 of the Law of IRPF is the amount shown in the box ***[0500]*** of the declaration.

  On the other hand, the amount of the net savings taxable income subject to taxation according to article 50 of the Law of IRPF is that which appears in box ***[0510]*** of the tax return.

For investment in the habitual residence of young people under 36 years of age

Regulations:Article 32.11 Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes

Amount and requirements for the application of the deduction

- **15 per cent of the amounts paid** in the year for the **acquisition, construction, extension or refurbishment of the taxpayer's habitual residence** provided that the following requirements are met:

  a. The dwelling must be located in the territory of the Autonomous Community of La Rioja.

  b. The taxpayer **must be under 36 years of age** at the date of accrual of the tax (normally 31 December).

  c. The dwelling is or will be the taxpayer's habitual residence .

  d. That the property must have been **acquired after 1 January 2013 or the renovation started after that date.**

  e. That the **general net taxable base** according to article 50 of the Law of IRPF **does not exceed** of the following amounts:

- **18,030 euros** in individual declaration.
- **30,050 euros** in a joint declaration.

Provided that, in addition, the **savings taxable income** subject to taxation according to Article 50 of the Law of IRPF **does not exceed 1,800 euros**.

The amount of the general net taxable income subject to taxation according to article 50 of the Law of IRPF is the amount shown in the box ***[0500]*** of the declaration.

On the other hand, the amount of the net savings taxable income subject to taxation according to article 50 of the Law of IRPF is that which appears in box ***[0510]*** of the tax return.

Deduction base

- The **base of this deduction** will be made up of the amounts paid for the purchase or renovation of the home, including the expenses incurred that have been paid by the purchaser and, in the case of third-party financing, the amortisation, interest, the cost of the hedging instruments for the variable interest rate risk of the mortgage loans regulated in article nineteen of Law 36/2003, of 11 November, on economic reform measures, and other expenses derived from the same.

  In the case of application of the instruments of coverage, interest paid by the taxpayer will be lowered by the amounts obtained by the application of the aforementioned instrument.

- **The maximum annual base** for this deduction is **9,000 euros.**

Other conditions for the application of the deduction

- Regular housing means a dwelling in which the taxpayer resides for a continuous period of three years.However, it shall be understood that the dwelling has had this 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 marital separation, transfer of employment, obtaining a first job or more advantageous employment or other similar circumstances.

- The concept of acquisition shall be as defined in Article 58 bis of Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes.

  For these purposes, the construction or extension of a dwelling is assimilated to the acquisition of a dwelling, in the following terms:

  - Enlargement of a dwelling, when the living area is increased by enclosing part of it in the open or by any other means, on a permanent basis and during all seasons of the year.
  - Construction, when the taxpayer pays directly the expenses derived from the execution of the works, or pays amounts on account to the promoter of the works, provided that they are completed within a period not exceeding four years from the start of the investment.

  On the contrary, they will not be considered as home purchases:

  a. Maintenance costs or repair.For these purposes, it will be considered expenses, repair and conservation:

- Those carried out regularly for the purpose of maintaining the normal use of tangible assets, such as painting, plastering or repairing installations.
- Replacement of elements, such as heating installations, lifts, security doors or others.

b. The improvements

c. The acquisition of parking spaces, gardens, parks, swimming pools and sports facilities and, in general, annexes or any other element that does not constitute the dwelling itself, provided that they are acquired independently of the dwelling.Parking spaces acquired with these will be assimilated to dwellings, with a maximum of two.

- The rehabilitation concept must comply with the conditions set out in Article 55 of the IRPF Regulation, as in force on 31 December 2012.
- When it acquires a habitual residence having enjoyed the deduction for acquisition of other residences unusual years, you will not be able to apply the deduction for the acquisition or rehabilitation of the new in both the amounts invested in the same do not exceed the invested in the previous, insofar that have been subject to deduction.

  Where the disposal of a regular dwelling would have generated a reinvestment-exempt wealth gain, the basis of deduction for the acquisition or rehabilitation of the new shall be minority in the amount of the equity gain to which the reinvestment exemption applies.In this case, no deduction may be made for the acquisition of the new mientras the amounts invested in it not exceed both the price of the previous one, in the medida in which it was deducted, and the net profit exempt from reinvestment.
- **In order to be able to apply this deduction, regardless of the taxpayer benefiting from the measure, the taxpayer's assessed value of assets** at the end of the tax period **must exceed** of the value at the beginning of the tax period **by at least the amount of the investments made**, excluding interest and other financing costs.

  For this purpose, the increases or decreases in value experienced during the tax period shall not be counted for the assets which at the end of the tax period remain part of the taxpayer's assets, nor shall the increase in wealth obtained by taxable facts subject to the Successions and Donations Tax be counted

Incompatibility

This deduction is incompatible with the regional deductions "For amounts invested in renovation work on the primary residence" and "For amounts invested in the acquisition or construction of a primary residence for young people" provided for in paragraphs a) and b) of Transitional Provision 1 of Law 10/2017, which are discussed below, **for those young people who had acquired or renovated their home before 1 January 2013**.

Where the above circumstance occurs, the taxpayer will continue to apply the autonomous deductions "for the amounts invested in rehabilitation works of the habitual dwelling" and "for amounts invested in the acquisition or construction of habitual housing for young people", as appropriate, and this deduction for investment in regular housing for young people under 36 years of age may not apply.

On rental of habitual residence for taxpayers under 36 years

Regulations:Art. 32.12 Ley 10/2017, de 27 de octubre, por la que se consolidan las disposiciones legales de la Comunidad Autónoma de La Rioja en materia de impuestos propios y tributos cedidos (Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes)

Amount and deduction limit

1.In general

- **10 per cent of the unsubsidised amounts** paid in the financial year for the rental of the main residence.
- **The maximum annual amount will be 300 euros** per rental contract, both for individual and joint taxation.

2.For taxpayers residing in small municipalities

- **20 per cent of the amounts** not subsidised paid in the financial year for the rental of the main residence, provided that the main residence is located in one of the small municipalities **of La Rioja** listed at the end of the regional deductions of this Autonomous Community.

  > ***Note:****in the latter case, the taxpayer must enter in the box **[1205]** of Annex B.6 of the tax return, the code corresponding to the small municipality in which the home is located, in accordance with the list of municipalities of La Rioja with the right to this deduction, which can be consulted in the corresponding section.*

- **The maximum annual amount will be 400 euros** per rental contract, both for individual and joint taxation.

> ***Attention:*** *if there are contracts relating to dwellings located in small municipalities and others relating to dwellings located in other municipalities, the deductions relating to each type of contract will be subject to their respective limits (400 or 300 euros), and the total deduction applied may not exceed 400 euros, both in individual and joint taxation.*

Requirements and other conditions for the application of the deduction

- The taxpayer has not reached **36 years of age on the date of accrual of the tax**d.

  In the case of joint taxation, the age requirement must be met by at least one of the spouses.

- This is the **rental of the taxpayer's usual dwelling**l, effectively occupied by the taxpayer and located in the territory of the Autonomous Community of La Rioja.
- That the taxpayer **is the holder of a lease contract**or for which the corresponding Transfer Tax and Stamp Duty form has been filed.

In the case of marriages in community of property regime, the deduction shall correspond to the spouses in equal shares, even if the lease is in the name of only one of them.

- That the taxpayer **is not entitled** during the same tax period **to any deduction for investment in permanent residence**.
- That the **general net taxable base** according to article 50 of the Law of IRPF **does not exceed** of the following amounts:

  - 18,030 euros in individual declaration.

  - 30,050 euros in joint tax return.

  Provided that, in addition, the **savings taxable income** subject to taxation according to Article 50 of the Law of IRPF **does not exceed 1,800 euros**.

  The amount of the general net taxable income subject to taxation according to article 50 of the Law of IRPF is the amount shown in the box ***[0500]*** of the declaration.

  On the other hand, the amount of the net savings taxable income subject to taxation according to article 50 of the Law of IRPF is that which appears in box ***[0510]*** of the tax return.

- When **two taxpayers are entitled to the application of the deduction**, the total amount, without exceeding the maximum limit established per rental contract (400 euros for rental contracts for dwellings located in small municipalities and 300 euros for rental contracts for dwellings located in other municipalities), **will be prorated equally** in the tax return of each of them.
- The practice of this deduction shall be **conditioned to its documentary justification** (either by means of the rental contract and proof of the bank transfers, payment receipts or any other legally admissible proof).

Note: *taxpayers entitled to the deduction must complete the section "Additional information on the regional deduction for renting in Andalusia, Principality of Asturias, Balearic Islands, Canary Islands, Cantabria, Castile-La Mancha, Castile and Leon, Catalonia, Extremadura, Galicia, Madrid, Region of Murcia, La Rioja and Valencia" in Annex B.8 of the tax return form in which, in addition to the data necessary to quantify the deduction, the NIF/NIE of the lessor of the home and, if there is one, that of the second lessor must be stated;where applicable, if you have entered a TIN from another country, an X will also be marked.*

For the purchase of unassisted pedal-assisted bicycles

Regulations:Art. 32.13 Ley 10/2017, de 27 de octubre, por la que se consolidan las disposiciones legales de la Comunidad Autónoma de La Rioja en materia de impuestos propios y tributos cedidos (Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes)

Amount and deduction limit

- **15 per cent of the amount of the purchases** of non-assisted pedal-assisted bicycles.
- **Ceilings:**
  - **50 euros per vehicle** and, in turn,
  - **2 vehicles** per family unit.

Requirements for the application of deductions

- The practice of this deduction shall be subject to its **documentary justification** by means of the corresponding invoice .

  Therefore, the deduction can only be applied by the person(s) in whose name(s) the invoice is issued, with the exception indicated in the following point.Where there is more than one invoice holder, the amount paid and the maximum deduction limit per vehicle shall be apportioned between them.

- In the case of marriages in matrimonial property regimes where individual tax returns are filed, **will apportion** the amount of the deduction in equal shares.

  In this case, even if only one of the spouses is the holder of the invoice, both the deduction limit (50 euros) and the amount paid will be attributed to both spouses equally.

For amounts invested in renovation work of the primary residence

Regulations:Transitional provision one.a) Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes

Amount of the deduction

- **5 per cent** of the amounts paid in the financial year in the following circumstances:

  a. To be used for the **rehabilitation** of a dwelling.

  b. The property, located in the Autonomous Community of La Rioja, is or will be **the taxpayer's habitual residence.**

  c. Taxpayers who are considered to be "young" **,** meaning taxpayers **who have not reached the age of 36 at the end of the tax period** (normally 31 December).

- **7 per 100** of the amounts paid in the financial year **when, under the above circumstances, the general net taxable income** of the taxpayer subject **to taxation,** according to article 50 of the Law of IRPF, n**or exceeds** of the following amounts:
  - **18,030 euros** in individual declaration**.**
  - **30,050 euros** in a joint declaration**.**

  Provided that, in addition, the taxable savings base , according to Article 50 of the Law of IRPF, **does not exceed 1,800 euros**.

The amount of the general net taxable income subject to taxation according to article 50 of the Law of IRPF is the amount shown in the box ***[0500]*** of the declaration.

On the other hand, the amount of the net savings taxable income subject to taxation according to article 50 of the Personal Income Tax Act is the amount shown in box ***[0510]*** of the tax return.

- **2 per cent** of the amounts invested in the tax year **by other taxpayers** (those aged 36 or over at the end of the tax period) in the refurbishment of a dwelling which, being located in the Autonomous Community of La Rioja, constitutes or will constitute their habitual residence.

Note:*the different percentages are incompatible with each other.*

Requirements and other conditions for the application of the deduction

- Only **taxpayers who have paid amounts prior to 1 January 2013 for renovation work on their principal residence, provided that the work was completed before 1 January 2017, will be entitled to the deduction**.

  In any case, it will be necessary for the taxpayer to have practiced the rehabilitation deduction in habitual housing in a tax period earned before 1 January 2013, unless they have not yet been able to practice it because the amount invested in it has not exceeded the amounts invested in previous dwellings, to the extent that they had been the subject of deduction and, where appropriate, the amount of the net worth of the net worth of the reinvestment.

  Therefore, **requires the same criteria** as established in the eighteenth transitional provision of the Law of IRPF to be entitled to the application of the transitional regime of the state deduction for renovation work on primary residences.

- **In addition, all the requirements established, in general terms, in the state regulations governing the IRPF, in its wording in force on 31 December 2012,** on the concepts of habitual residence, renovation of the same and elements that make up the basis of the applicable deduction, as well as on verification of the taxpayer's net worth at the end of the tax period, must be fulfilled.

- **The maximum base for this deduction together with the deduction for works to adapt the main residence for people with disabilities is set at 9,040 euros**.

- In **case of joint taxation**, only the taxpayers integrated in the family unit who are considered as **"young"** in the aforementioned terms may benefit from the 5 or 7 per cent deduction, for the amounts effectively invested by them, without prejudice to the other taxpayer c**with habitual residence in the Autonomous Community of La Rioja** being entitled to the application of the general deduction percentage of 2 per cent.

- **In order to be able to apply this deduction, regardless of the taxpayer benefiting from the measure, the taxpayer's assessed value of assets** at the end of the tax period **must exceed** of the value at the beginning of the tax period **by at least the amount of the investments made**, excluding interest and other financing costs.

  For this purpose, the increases or decreases in value experienced during the tax period shall not be counted for the assets which at the end of the tax period remain part of the taxpayer's assets, nor shall the increase in wealth

obtained by taxable facts subject to the Successions and Donations Tax be counted

Note: *those young people who have acquired or rehabilitated their home before 1 January 2013 must continue to apply this deduction instead of the deduction for investment in a primary residence for young people under 36 years of age, which is incompatible with this deduction.*

For amounts invested in the purchase or construction of primary residence for young people

Regulations:Transitional provision one.b) Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes

Amount of the deduction

- **3 per cent** of the amounts paid in the financial year in the following circumstances:

  a. To be used for the **acquisition** of a home

  b. The property, located in the Autonomous Community of La Rioja, is or will be **the taxpayer's habitual residence.**

  c. Taxpayers who are considered to be "young" **,** meaning taxpayers **who have not reached the age of 36 at the end of the tax period** (normally 31 December).

- **5 per 100** of the amounts paid in the financial year in the financial year, **when the above circumstances are met**, **the general taxable income** of the taxpayer subject **to taxation** according to article 50 of the Law of IRPF **does not exceed** of the following amounts:

  - 18,030 euros in individual declaration**.**

  - 30,050 euros in a joint declaration**.**

  Provided that, in addition, the **savings taxable income** subject to taxation according to Article 50 of the Law of IRPF **does not exceed 1,800 euros**.

  The amount of the general net taxable income subject to taxation according to article 50 of the Law of IRPF is the amount shown in the box ***[0500]*** of the declaration.

  On the other hand, the amount of the net savings taxable income subject to taxation according to article 50 of the Personal Income Tax Act is the amount shown in box ***[0510]*** of the tax return.

Requirements and other conditions for the application of the deduction

- **The same criteria required by the eighteenth transitional provision of the Law of IRPF** must be met in order to qualify for the application of the transitional regime of the state deduction for investment in the acquisition or construction of a principal residence.

Specifically, the following taxpayers will be entitled to this deduction:

a. Those who acquired their principal residence before 1 January 2013.

b. Those who have paid amounts prior to that date for the construction of the same.

In the latter case, except for the exceptional extensions provided for in the regulations of IRPF in force on 31 December 2012, the work must be completed within four years from the start of the investment, in accordance with the deduction system applicable in the case of the construction of a principal residence.

c. Taxpayers who had paid amounts prior to 1 January 2013 for extension work on their main residence, provided that the said work was completed before 1 January 2017.

- In any case, it will be necessary for the taxpayer to have made the deduction due to investment in the usual home in a tax period earned before 1 January 2013, unless they have not yet been able to make the deduction because the amount invested in it has not exceeded the amounts invested in previous residences, to the extent that they had been subject to deduction and, where appropriate, the amount of the capital gains exempt due to reinvestment.The same criteria as those required by the eighteenth transitional provision of the IRPF Law must be met in order to qualify for the application of the transitional regime of the state deduction for investment in the acquisition or construction of a principal residence.Specifically:

- In addition, they must comply with **all the requirements provided for, on a general basis, in the state personal income tax regulation, in its wording in force on 31 December 2012,** on the concepts of primary residence, acquisition of it and elements that make up the basis of the applicable deduction, as well as on checking the assets situation of the taxpayer at the end of the tax period.

- **The maximum annual base** of the regional deductions for the acquisition of housing and second homes in rural areas will be constituted by the amount resulting from reducing the amount of **9,040 euros** in those amounts that constitute for the taxpayer the basis for the deduction for investment in primary residence provided for in state regulations, provided that the taxpayer is entitled to the application of the transitional regime of the deduction for investment in primary residence provided for in the eighteenth transitional provision of the Law of IRPF, excluding, where appropriate, the amounts allocated to works to adapt the primary residence due to disability.

- **In the case of joint taxation**, only the taxpayers included in the family unit who are considered as **"young"** in the terms mentioned above may benefit from this deduction, for the amounts effectively invested by them.

> ***Note:****those young people who have acquired or rehabilitated their home before 1 January 2013 must continue to apply this deduction instead of the deduction for investment in primary residence for young people under 36 years of age, which is incompatible with this deduction.*

For the purchase or renovation of primary residence in rural areas

Regulations:Transitional provision one.c) Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes

Amount and maximum limit of the deduction

- **8 per cent of the amounts invested** in the acquisition, construction, extension or renovation of a **single second home** in rural areas, provided that this home is located in a municipality other than that of their habitual residence.
- **The maximum deduction limit** is **450.76 euros per year.**

Requirements and other conditions for the application of the deduction

- Only taxpayers who are entitled to this deduction shall be entitled to this deduction:

  - had **acquired a second home in rural areas before 1 January 2013, or**

  - have paid amounts for work on **renovation of the second home in rural areas before that date**, provided that the work is completed before 1 January 2017.

- **In order to apply this deduction, all the requirements and conditions established, in general, in the state regulations governing the IRPF, in its wording in force on 31 December 2012, must be met,** on the concepts of habitual residence, acquisition and rehabilitation of the same and elements that make up the basis of the applicable deduction, as well as on verification of the taxpayer's capital situation at the end of the taxation period.
- In any case, the criteria established in the eighteenth transitory provision of the Law of IRPF, on the transitory regime of the deduction for investment in primary residence, will be mandatory.

In addition, the following requirements and conditions must be met:

- That the taxpayer **has his habitual residence in the Autonomous Community of La Rioja**.
- That housing constitutes the **second residence of the taxpayer** .
- That the house is located in one of the **municipalities that later relate** , provided that the municipality is different from that of its usual dwelling.
- **The maximum annual base** of the autonomous deductions for the acquisition of housing and second housing in the rural environment will be constituted by **the amount resulting from the reduction of eur 9.040 in those amounts which constitute for the base contributor of the deduction for investment in habitual housing** Provided that the taxpayer is entitled to the application of the transitional regime of the deduction for investment in habitual housing provided for in the transitional provision decimoctava of the Act IRPF , excluding, where appropriate, quantities for works of adaptation of the usual housing on the basis of disability.

Provision in the declaration of the code corresponding to the municipality

In box ***[1064]*** of Appendix B.6 to the tax return, taxpayers must enter the code corresponding to the municipality in which their second home is located, in accordance with the "List of towns in La Rioja with the right to deduction for the purchase or renovation of a second home in rural areas", which can be viewed in the corresponding section.

For adaptation works of primary residence in La Rioja for people with disabilities

Regulations:Transitional provision one.d) Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes

Amount of the deduction

15 per cent of the amounts paid in adaptation work on a dwelling which, being located in the Autonomous Community of La Rioja, constitutes or will constitute their habitual residence, provided that they are taxpayers who are considered to be persons with disabilities.

Requirements and other conditions for the application of the deduction

- The same criteria required by the eighteenth transitional provision of the Law of IRPF must be met for **to be eligible for the application of the transitional regime of the state deduction for renovation work on the principal residence.**

  Specifically:

  - Only taxpayers who have paid amounts for the execution of works and installations for the adaptation of the habitual residence of persons with disabilities **prior to 1 January 2013 will be entitled to this deduction, provided that the aforementioned works or installations are completed before 1 January 2017.**

    In any case, the taxpayer must have taken the tax credit for investment in a main residence in a tax period accrued before 1 January 2013, unless the provisions of article 68.1.2.º of the Law of IRPF, in its current wording as at 31 December 2012, are applicable, relating to the limits on the application of the tax credit for the acquisition or refurbishment of other previous main residences and for the generation of an exempt capital gain through reinvestment, which prevent the deduction for the acquisition of the new one from being taken as long as the amounts detailed in the aforementioned article are not exceeded.

  - The aforementioned deduction is applied for works to adapt the main residence, **, understood as those defined in article 68.1.4 of the Law of IRPF** in the wording in force on 31 December 2012.

- The dwelling must be located in the **territory of the Autonomous Community of La Rioja**.

- Contributors must have the **legal status of person with a disability**.

  The requirements established in **article 72.1 of the Regulation of the IRPF must be fulfilled and that their accreditation** must be carried out in accordance with the provisions of the

aforementioned article.

- **The maximum base for this deduction together with the deduction for the renovation of the main residence is set at 9,040 euros**.
- The adaptation works and installations must be certified by means of the corresponding **technical report issued by the competent body in the field** as necessary for accessibility and sensory communication to facilitate the dignified and adequate development of people with disabilities.

For expenses for hiring staff for the care of family members affected by Covid-19

Regulations:Transitional Provision One Law 2/2021, of 29 January, on Fiscal and Administrative Measures for the year 2021 (BOR 1 February 2021) of the Autonomous Community of La Rioja.

Attention: *this deduction is only applicable for the years 2020, 2021 and 2022.This will therefore be the last year of application of the deduction.*

The single transitional provision of Law 7/2021 of 27 December on fiscal and administrative measures for the year 2022.extended the application of this deduction, initially foreseen only for 2020 and 2021, to 2022.

Amount and deduction limit

- **15 per cent of the amounts paid** in the tax period for the hiring of personnel for the care of ascendants or descendants affected by Covid-19:
  - as a result of their positive Covid-19 test result from and including 14 March 2020, or
  - for having been quarantined from the end of the state of emergency onwards.

  The deduction shall be available for all amounts paid from the time of the occurrence of any of these situations.
- **The amount of the deduction** may not exceed **300 euros per taxpayer**.

Requirements and other conditions for the application of the deduction

- That the taxpayer **carries out an employment activity**, as a self-employed or employed person, **outside the family home**, at least during the period in which the personnel assigned to the care of the family member is employed.

  If the parents carry out an activity outside the family home only during part of the period during which the care staff are employed, the deduction may be applied to the amounts paid during the part of the period during which the requirement of carrying out an activity is fulfilled.

  In order for the requirement of activity as an employed person to be fulfilled, the activity must be remunerated.In the case of self-employment, it is necessary to prove - by any means of proof - that the activity has been carried

out.

The requirement of carrying out an activity on a self-employed basis is deemed to be met when the activity is carried out through an entity under the income attribution scheme.

- That **accredits the existence of a person with an employment contract and registration** in Social Security under the heading corresponding to Household Employees - Family Caregiver or similar for the care of minors or the elderly.

  Precisions:

  1. The taxpayer entitled to apply the deduction will be the one who has hired the staff for the care of family members, pays the expenses and is registered with the Social Security as the owner of the family home (unless the staff has been hired through a company).

  2. In the case of spouses (or members of a couple), if both have hired staff to care for family members (simultaneously or successively) and meet the requirements of working or carrying out an activity outside the family home and being entitled to the minimum for descendants, both will be entitled to apply the deduction for the amounts they pay.

> ***Note:*** *taxpayers entitled to the deduction must enter the tax identification number of the person(s) employed to care for the family members affected by Covid-19 in box* ***[1168]*** *of Annex B.6 of the tax return.*

- Such a contract must have been made in the period **from and including 14 March 2020** as a result of the positive Covid-19 test result of the parents or offspring from the same date or quarantine of the parents or offspring from the end of the alarm state onwards.

- That **is entitled to the minimum for ascendants or descendantss** in the declaration of IRPF of the persons for whose care the aforementioned personnel is hired.

- It must be proven, in any way possible, that the ascendant or descendant has tested positive for Covid-19 or has been subjected to confinement due to contact with persons or groups at risk.

> ***Remember:*** *this measure shall apply to contracts concluded on or after 14 March 2020.*

For irrevocable, pure and simple donations in the field of patronage

It includes the following deductions:

1.For donations for the promotion and encouragement of patronage promotion activities

Regulations:Art. 32.14.a) Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes

Important:*Resolution 473/2022, of 23 March, of the General Technical Secretariat of the Ministry of Finance and Public Administration, which provides for the publication of the Governing Council Agreement of 23 March 2022, approving the Patronage strategy in relation to the humanitarian crisis in Ukraine (BOR 24-03-2022), declares as Patronage activity donations made to the beneficiaries listed in Article 3 of Law 3/2021, of 28 April on Patronage of the Autonomous Community of La Rioja, whose actions and altruism are related to the war and humanitarian crisis in Ukraine and establishes that such donations will entitle them to this deduction of Article 32.14.a) of Law 10/2017.*

Amount and limits of the deduction

- **15 percent of the amounts donated** during the financial year for the promotion and encouragement of the activities provided for in article 1 of Law 3/2021, of 28 April, on Patronage of the Autonomous Community of La Rioja and included in the Regional Patronage Strategy.

  These activities are cultural, scientific research, technological development and innovation or sporting activities, and other activities in the general interest as provided for in Article 2(7) and (8) of Law 3/2021, of 28 April, on Patronage of the Autonomous Community of La Rioja, within the Autonomous Community of La Rioja.

  Other activities pursuing purposes of general interest as provided for in Article 2(7) and (8) of Law 3/2021 are:

  - those in defence of human rights, victims of terrorism and violent acts, social assistance and inclusion, civic, educational, cultural, scientific, sports, health, labour, institutional strengthening, cooperation for development, promotion of volunteering, promotion of social action, defence of the environment, protection of artistic and historical heritage, promotion and care for people at risk of exclusion for reasons of disability, gender, sexual orientation, economic or cultural reasons, promotion of constitutional values and defence of democratic principles, promotion of tolerance, promotion of the social economy, development of the information society, scientific research, development or innovation and their transfer to the productive fabric as a driving force for business productivity and competitiveness.

  - research linked to the Spanish language, as an essential part of culture, and the activities carried out by the San Millán Foundation, the International Spanish Language Research Centre and Dialnet.

- **Limits:**

  The maximum amount of this deduction may not exceed the following limits:

  - **Joint limit** with the deduction for donations for research, conservation, restoration, rehabilitation, consolidation, dissemination, exhibition and acquisition of assets of cultural interest of the Historical Heritage of La Rioja provided for in article 32.14.b) of Law 10/2017**:500 euros per year** for both individual and joint taxation.

  - **Limit applicable to the sum of deductions for irrevocable, pure and simple donations** in the field of patronage of article 32.14 of Law 10/2017:**30 per cent of the taxable person's total tax liability** autonomous region

Specific conditions for the application of the deduction

For the purposes of applying this deduction, donations or contributions of material means are treated in the same way as monetary donations.

The value of donations or contributions of material means shall be calculated in accordance with the valuation criteria contained in Article 18 of Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage.

Incompatibility

This deduction shall be incompatible with the deductions "For donations to cultural enterprises" and "For donations of cultural goods by their authors or creators and their heirs".

> However, if a joint return is filed and the spouses are entitled to different deductions which are incompatible with each other, both may be applied in the same return, provided that the entitlement to each of the incompatible deductions corresponds separately and individually to each spouse.
>
> In the case of gifts made out of the community of property, only the spouse who is not entitled to another deduction incompatible with the above deduction may take the 50 per cent deduction.The most favourable option may be chosen.

2.For donations for research, conservation, restoration, rehabilitation, consolidation, dissemination, exhibition and acquisition of assets of cultural interest of the Historical Heritage of La Rioja.

Regulations:Art. 32.14.b) Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes

Amount and limits of the deduction

- **15 per cent** of the amounts donated during the financial year for the research, conservation, restoration, rehabilitation, consolidation, dissemination, exhibition and acquisition of assets located in the territory of the Autonomous Community of La Rioja whose ownership belongs to the public administration of the Autonomous Community of La Rioja, and/or which have been expressly and individually declared assets of cultural interest and registered as such in the Inventory of Historical Heritage of La Rioja.

- **Limits:**

  The maximum amount of this deduction may not exceed the following limits:

  - **Joint limit** with the deduction for donations for the promotion and encouragement of patronage activities provided for in article 32.14.a) of Law 10/2017**:500 euros per year** for both individual and joint taxation.

  - **Limit applicable to the sum of deductions** for irrevocable, pure and simple donations in the field of patronage of article 32.14 of Law 10/2017:**30 per 100** of the taxpayer's total regional tax liability.

Specific conditions for the application of the deduction

For the purposes of applying this deduction, donations or contributions of material means are treated in the same way as monetary donations.

The value of donations or contributions of material means shall be calculated in accordance with the valuation criteria contained in Article 18 of Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage.

Incompatibility

This deduction shall be incompatible with the deductions "For donations to cultural enterprises" and "For donations of cultural goods by their authors or creators and their heirs".

3.For donations to cultural enterprises

Regulations:Art. 32.14.d) Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes

Amount and limits of the deduction

- **20 per cent** of the amounts donated during the financial year to cultural enterprises with own funds of less than 300,000 euros with tax domicile in the territory of the Autonomous Community of La Rioja, to be **employees** in the development of the following activities:

  1. Cinematography, audiovisual and multimedia arts.
  2. Performing arts, music, dance, theater and circus.
  3. Fine arts, photography and design.
  4. Books, reading and literary, phonographic and cinematographic editions, in any medium or format, including books and reading.
  5. Those related to research, documentation, conservation, restoration, recovery, dissemination and promotion of the tangible and intangible cultural heritage of La Rioja.
  6. Folklore and popular traditions of La Rioja, especially popular music and traditional dances.
  7. Applied arts such as jewelry and craft pottery.

- **Maximum limit**

  The maximum amount of this deduction may not exceed the following limits:

  - **Limit** of the applicable deduction **per taxpayer:500 euros per year.**
  - **Limit applicable to the sum of deductions for irrevocable, pure and simple donations** in the field of patronage of article 32.14 of Law 10/2017:**30 per 100** of the taxpayer's total regional tax liability.

Incompatibility

This deduction shall be incompatible with the deductions "For donations for the promotion and encouragement of patronage activities" and "For donations for research, conservation, restoration,

rehabilitation, consolidation, dissemination, exhibition and acquisition of assets of cultural interest of the Historical Heritage of La Rioja".

4.By donation of cultural goods by their authors or creators and their heirs

Regulations:Art. 32.14.e) Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes

Amount and limits of the deduction

- **20 per cent of the amount** of the valuation of cultural goods of guaranteed quality that have been donated during the financial year by the authors and creators of cultural goods and their heirs, or on which a real right of usufruct or temporary deposit is constituted by them without consideration in favour of the cultural institutions of the Autonomous Community of La Rioja.
- **Limits**

  The maximum amount of this deduction may not exceed the following limits:

  - **Limit** of the deduction applicable by **taxpayer:500 euros per year.**
  - **Limit applicable to the sum of deductions for irrevocable, pure and simple donations** in the field of patronage of article 32.14 of Law 10/2017:**30 per 100** of the taxpayer's total regional tax liability.

Conditions for the application of the deduction

It is the responsibility of the Regional Ministry of Culture to accept the aforementioned donations, usufructs and deposits, in accordance with the provisions of Article 50.2 of Law 11/2005, of 19 October, on the Heritage of the Autonomous Community of La Rioja.This valuation shall be carried out in accordance with the rules contained in Article 18 of Law 49/2002 of 23 December 2002.

Incompatibility

This deduction shall be incompatible with the deductions "For donations for the promotion and encouragement of patronage activities" and "For donations for research, conservation, restoration, rehabilitation, consolidation, dissemination, exhibition and acquisition of assets of cultural interest of the Historical Heritage of La Rioja".

5.Common requirements for the application of deductions

Regulations:Art. 32.16 Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes

- The net regional tax liability **may not show a negative result** as a consequence of the result of the operations derived from the application of these deductions and the deduction of the amounts allocated to research, conservation, restoration, rehabilitation or consolidation of

assets that form part of the historical heritage of La Rioja.

- These deductions shall be incompatible with the **tax credit recognised** by virtue of the donation giving entitlement to the deduction referred to in the Law on Patronage of the Autonomous Community of La Rioja, as long as the aforementioned tax credit remains in force.

  It should be noted that Article 8 of Law 3/2021 of 28 April on Patronage of the Autonomous Community of La Rioja, as amended by Article 3.1 of Law 7/2021 of 27 December (BOR 28-12-2021), defines tax credit as "those amounts recognised by the Administration of the Autonomous Community of La Rioja in favour of taxpayers that can be used by them to satisfy the payment of the Autonomous Community's own taxes".

  The tax credit to which the incompatibility with this deduction refers is provided for in Article 9 of the above-mentioned Law on Patronage of the Autonomous Community of La Rioja, which provides that the Autonomous Community of La Rioja shall recognise a tax credit in favour of donors for 25 % of the business collaboration agreements or of the sums of money donated to the Autonomous Community, provided that they are used to finance expenditure programmes or actions carried out by its public sector whose purpose is to promote any of the activities provided for in Article 1 of that law or the establishment of scholarships for studies.

  Lastly, as regards the validity of this tax credit, Article 11 of Law 3/2021 of 28 April on Patronage of the Autonomous Community of La Rioja states that the tax credits recognised by the Autonomous Community of La Rioja will be valid for 10 years from the date on which they are recognised.

6.Supporting documentation

Regulations:Art. 32.14.h) Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes

The persons and entities benefiting from the different forms of patronage referred to in the above deductions must send the competent Regional Ministry of Finance information on the certificates issued for the donations and deductible contributions received during each calendar year, which, in addition to their identification details, must include the following information on the donors and contributors:

1. Name and surname(s), company name(s) or corporate name(s).
2. Tax identification number.
3. Amount of the donation or contribution.In the case of in-kind donations, valuation of the donation or contribution.
4. Reference to whether the donation or contribution is received for events of exceptional regional interest as referred to in Article 9 of the Law on Patronage of the Autonomous Community of La Rioja.
5. Indication of the deduction to which the donation gives entitlement.

This information shall be submitted during the month of January of each year, in relation to donations received in the immediately preceding year, and shall be presented on a support directly readable by computer or electronic means, in accordance with the specifications approved by regulations.

The obligations derived from this point shall not apply in the event that they are already subject to declaration to the State Tax Administration in compliance with other State legislation.

To this end, the Government of La Rioja shall request the Agencia Estatal de Administración Tributaria to provide this information.

Until said provision of information is regulated, the persons and entities benefiting from patronage that have provided the information required in this provision to the State Tax Administration must provide a copy of said declaration to the Autonomous Community Administration in the form and within the periods established in the regulations.

For amounts intended for research, conservation, restoration, rehabilitation or consolidation of assets forming part of the historical heritage of La Rioja.

Regulations:Art. 32.15 Law 10/2017, of 27 October, consolidating the legal provisions of the Autonomous Community of La Rioja on own taxes and assigned taxes

Amount and limits of the deduction

- **15 per cent of the amounts earmarked** during the financial year for research, conservation, restoration, rehabilitation or consolidation of property owned or used by it, which forms part of the historical heritage of La Rioja and which is registered in the General Register of Cultural, Historical and Artistic Heritage of La Rioja.

  ***Attention**: this deduction may not be applied to amounts earmarked for business investments*

- **Maximum limit**

  The **limit** of the applicable deduction **per taxpayer shall be 500 euros per year**s.

Conditions for the application of the deduction

The net tax liability of the Autonomous Community cannot show a negative result as a consequence of the result of the operations deriving from the application of this deduction and of the "For irrevocable, pure and simple donations in the field of patronage".

Annex:List of towns in La Rioja with right to deduction:"For the acquisition, construction or renovation of permanent housing in small municipalities of La Rioja", "For expenses in nursery schools, children's centres or staff hired for the care of children from 0 to 3 years old for taxpayers with permanent residence in small municipalities of La Rioja", "For each child from 0 to 3 years old of taxpayers who have their residence or move it to small municipalities of La Rioja in the tax period and keep it for at least 3 consecutive years", "For Internet access for young emancipated persons", "For electricity and gas supply for domestic use for young emancipated persons" and "For rental of permanent housing for taxpayers under 36 years of age".

Code	Municipality	Code	Municipality	Code	Municipality
12	Abalos	630	Fonzaleche	129	Rounres del Castillo
33	Aguilar del Río Alhama	658	Galbarruli	1275	Rodezno
48	Ajamil de Cameros	661	Galilee	1281	Sajazarra
70	Alcanadre	677	Chicken of Cameros	1308	San Millán de la Cogolla
99	Alesanco	683	Gimileo	1315	San Millán de Yécora
103	Alesón	696	Groan	1320	San Román de Cameros
125	Almarza de Cameros	700	Graphics	1341	Santa Coloma
131	Angle	722	Herce	1354	Santa Engracia del Jubera
146	Anguian	738	Herramélluri	1367	Santa Eulalia Bajera
159	Arenzana de Abajo	743	Hervias	1392	San Torcuato
162	Arenzana from above	756	Hormilla	1406	Santurde de Rioja
178	Arnedillo	769	Hormilleja	1413	Santurdejo
197	Arruubal	775	Cameros burner	1434	Sojuela
201	Ausejo	781	Moncalvillo Ovens	1449	Sorzano

Code	Municipality	Code	Municipality	Code	Municipality
223	Azofra	794	Huércanos	1452	Sottes
239	Badaran	808	Igea	1465	Soto in Cameros
244	Bañares	815	Jalon de Cameros	1471	Terroba
257	Baths of Rioja	820	Laguna de Cameros	1487	Tirgo
276	Berceo	836	Lagunilla del Jubera	1490	Tobia
282	Bergasa	867	Ledesma de la Cogolla	1503	Tormantos
295	Bergasilla bajera	873	Leiva	1510	Torrecilla in Cameros
309	Bezares	889	Leza de Río Leza	1525	Torrecilla on Alesanco
316	Bobadilla	913	Ports	1531	Tower in Cameros
321	Brieva de Cameros	928	Manjarrés	1546	Torremontalbo
337	Briñas	934	Mansilla de la Sierra	1559	Treviana
342	Briones	949	Manzanares de Rioja	1578	Tritium
355	Horse of Cameros	952	Matute	1584	Tudelilla
374	Camprovín	965	Medrano	1601	Uruñuela
380	Canales de la Sierra	987	Munilla	1411	Valdemadera
393	Canillas of Rio Tuerto	1004	Water Wall	1623	Valgañón
407	Cañas	1011	Wall in Cameros	1639	Suction cup
414	Cárdenas	1032	Nalda	1644	Ventrosa
435	Castañares de Rioja	1047	Navajún	1657	Viguera
440	Castroviejo	1063	Nestares	1660	Villalba de Rioja
453	Cellorigo	1079	Snow of Cameros	1676	Villalobar de Rioja
488	Cidamón	1098	Ochanduri	1695	Villanueva de Cameros
491	Cihuri	1085	Ocón	1709	Villar de Arnedo (El)

Code	Municipality	Code	Municipality	Code	Municipality
504	Cirueña	1102	Ojasastro	1716	Villar de Torre
511	Clavijo	1119	Ollauri	1721	Villarejo
526	Cordovín	1124	Ortigosa de Cameros	1737	Villarroya
532	Corera	1130	Pazuengos	1742	Villarta-Quintana
547	Cornago	1145	Pedroso	1755	Villavelayo
550	Body	1158	Pinillos	1768	Villaverde de Rioja
563	Cuzcurrita of Rio Tiron	1183	Pradillo	1774	Villoslada de Cameros
579	Daroca de Rioja	1196	Préjano	1780	Viniegra from below
585	Enciso	1217	Rabanera	1793	Viniegra de Arriba
602	Estollo	1222	El RASILLO DE CAMEROS (EL)	1807	Zarratón
624	Foncea	1238	Redal (El)	1814	Zarzosa
				1835	Zorraquín

Annex:List of towns in La Rioja with right to deduction:"For the purchase or renovation of second homes in rural areas".

Code	Municipality	Code	Municipality	Code	Municipality
12	Abalos	630	Fonzaleche	1275	Rodezno
27	Agoncillo	658	Galbarruli	1281	Sajazarra
33	Aguilar del Río Alhama	661	Galilee	1294	San Asensio
48	Ajamil de Cameros	677	Chicken of Cameros	1308	San Millán de la Cogolla
70	Alcanadre	683	Gimileo	1315	San Millán de Yécora
99	Alesanco	696	Groan	1320	San Román de Cameros
103	Alesón	700	Graphics	1341	Santa Coloma
125	Almarza de Cameros	722	Herce	1354	Santa Engracia del Jubera
131	Angle	738	Herramélluri	1367	Santa Eulalia Bajera
146	Anguian	743	Hervias	1392	San Torcuato
159	Arenzana de Abajo	756	Hormilla	1406	Santurde de Rioja
162	Arenzana from above	769	Hormilleja	1413	Santurdejo
178	Arnedillo	775	Cameros burner	1428	San Vicente de la Sonsierra
197	Arruubal	781	Moncalvillo Ovens	1434	Sojuela
201	Ausejo	794	Huércanos	1449	Sorzano
223	Azofra	808	Igea	1452	Sottes
239	Badaran	815	Jalon de Cameros	1465	Soto in Cameros
244	Bañares	820	Laguna de Cameros	1471	Terroba
257	Baths of Rioja	836	Lagunilla del Jubera	1487	Tirgo
260	Baños de Río Tobía	867	Ledesma de la Cogolla	1490	Tobia
276	Berceo	873	Leiva	1503	Tormantos

Code	Municipality	Code	Municipality	Code	Municipality
282	Bergasa and Carbonera	889	Leza de Río Leza	1510	Torrecilla in Cameros
295	Bergasilla bajera	913	Ports	1525	Torrecilla on Alesanco
309	Bezares	928	Manjarrés	1531	Tower in Cameros
316	Bobadilla	934	Mansilla de la Sierra	1546	Torremontalbo
321	Brieva de Cameros	949	Manzanares de Rioja	1559	Treviana
337	Briñas	952	Matute	1578	Tritium
342	Briones	965	Medrano	1584	Tudelilla
355	Horse of Cameros	987	Munilla	1601	Uruñuela
374	Camprovín	990	Murillo de Río Leza	1411	Valdemadera
380	Canales de la Sierra	1004	Water Wall	1623	Valgañón
393	Canillas of Rio Tuerto	1011	Wall in Cameros	1639	Suction cup
407	Cañas	1032	Nalda	1644	Ventrosa
414	Cárdenas	1047	Navajún	1657	Viguera
429	Casalarreina	1063	Nestares	1660	Villalba de Rioja
435	Castañares de Rioja	1079	Snow of Cameros	1676	Villalobar de Rioja
440	Castroviejo	1098	Ochanduri	1695	Villanueva de Cameros
453	Cellorigo	1085	Ocón	1709	Villar de Arnedo (El)
488	Cidamón	1102	Ojasastro	1716	Villar de Torre
491	Cihuri	1119	Ollauri	1721	Villarejo
504	Cirueña	1124	Ortigosa de Cameros	1737	Villarroya
511	Clavijo	1130	Pazuengos	1742	Villarta-Quintana
526	Cordovín	1145	Pedroso	1755	Villavelayo
532	Corera	1158	Pinillos	1768	Villaverde de Rioja

Code	Municipality	Code	Municipality	Code	Municipality
547	Cornago	1177	Pradejón	1774	Villoslada de Cameros
550	Body	1183	Pradillo	1780	Viniegra from below
563	Cuzcurrita of Rio Tiron	1196	Préjano	1793	Viniegra de Arriba
579	Daroca de Rioja	1217	Rabanera	1807	Zarratón
585	Enciso	1222	El RASILLO DE CAMEROS (EL)	1814	Zarzosa
598	Entrena	1238	Redal (El)	1835	Zorraquín
602	Estollo	1243	Ribafrecha		
624	Foncea	129	Rounres del Castillo		

Region of Valencia

Taxpayers who in 2022 have had their habitual residence in the territory of the Comunitat Valenciana will be able to apply the following regional deductions:

By birth, adoption or foster care

Regulations:Art. 4.Uno.a), Cuatro y Quinto Law 13/1997, of 23 December, which regulates the autonomous section of the Personal Income Tax and other transferred taxes, of the Comunitat Valenciana.

Amount of the deduction

- **300 euros** for each child **born or adopted** during the tax period.
- **300 euros** for each **fostered** in foster care with an educating family, emergency, temporary or permanent, administrative or judicial during the tax period.

  Therefore, for these purposes, the provisions of Article 173 bis of the Civil Code shall apply, which regulates the modalities of foster care, differentiating between emergency, temporary and permanent foster care.

In the event that the duration of the foster care within the tax period is less than one calendar year, as a result of the death of the taxpayer, the amount of the deduction shall be prorated according to the percentage resulting from dividing the number of days of the duration of the foster care by the number of days comprising the tax period of the taxpayer (from 1 January to the date of death).

> ***Attention:*** *for taxpayers* ***deceased before 28 October 2022,*** *the amount of deduction in the two cases mentioned above will be 270 euros.*

Requirements and other conditions for the application of the deduction

- That the child born or adopted or, if applicable, the foster child fulfils the requirements that entitle him/her to the application of the corresponding minimum for descendants established by the state regulations governing IRPF.
- That the sum of the **general taxable income and the taxable savings income**, boxes ***[0500]*** and ***[0510]*** of the declaration, **does not exceed:**

  - 30,000 euros in individual declaration.

  - 47,000 euros in joint tax return.

> ***Attention:****for taxpayers* ***who died before 28 October 2022*** *the sum of the general tax base and the savings tax base may not exceed 25,000 euros.*

- The regime of **foster care** that gives the right to the application of the deduction will be that defined in article 127, section 2, of Law 26/2018, of 21 December, on the rights and guarantees of children and adolescents, **. This deduction will be prorated according to the number of days of duration of the foster care** within the tax period.

  Note: Please note that although article 4.1.a) of Law 13/1997 mentions Law 12/2008, of 3 July, on the comprehensive protection of children and adolescents of the Valencian Community, this law has been repealed by Law 26/2018, of 21 December, on the rights and guarantees of children and adolescents, with effect from 25 December 2018.

- **When more than one taxpayer is entitled** to the application of this deduction, **its amount shall be apportioned equally between them.**

Limits of the deduction according to the net tax base

Attention: *for taxpayers* ***deceased before 28 October 2022,*** *please take into account the limits that, in relation to the taxable bases, are contemplated for this deduction in the Renta 2021 Practical Manual.*

- The **full amount of the deduction (300 euros)** will only be applicable to taxpayers whose **sum of the general taxable income and the savings taxable income,** boxes ***[0500]*** and ***[0510]*** of the tax return, **is less than 27,000 euros**, in individual taxation, or **less than 44,000 euros**, in joint taxation.

- When the **sum of the net general tax base and the net savings tax base for the taxpayer is between 27,000 and 30,000 euros**, in individual taxation, or between 44,000 and 47,000 euros, in joint taxation, the amounts of the deduction will be as follows:

  a. **In individual taxation**, the result of multiplying the amount of the deduction (300 euros) by a percentage obtained by applying the following formula:

  100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 27,000)

  b. **In joint taxation**, the result of multiplying the amount of the deduction (300 euros) by a percentage obtained by applying the following formula:

  100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 44,000)

Compatibility

These deductions are consistent with the "multiple birth or adoption", "birth or adoption of children

with disabilities" and "large or single-parent family" deductions discussed below.

Temporary scope of the deduction in the case of birth or adoption

In the case of birth or adoption the deduction can be applied **also in the two following years** to the year of birth or adoption.

For multiple births or adoptions

Regulations:Art. 4.One.b), Four and Five Law 13/1997, of 23 December, which regulates the autonomous section of the Personal Income Tax and other transferred taxes of the Valencian Community.

Amount of the deduction

246 euros as a result of multiple births or two or more adoptions on the same date of the tax period.

> ***Attention:*** *for taxpayers* ***who died before 28 October 2022****, the amount of deduction shall be* ***224 euros****.*

Requirements and other conditions for the application of the deduction

- That the children born or adopted meet the requirements that entitle them to the application of the minimum for descendants established in the state regulations governing the IRPF.
- That the sum of the general taxable income and the savings taxable income , boxes ***[0500]*** and **[*0510*]** of the declaration, respectively, **does not exceed:**

  - 30,000 euros in individual declaration.

  - 47,000 euros in joint tax return.

  > ***Attention:****for taxpayers* ***who died before 28 October 2022*** *the sum of the general tax base and the savings tax base may not exceed 25,000 euros.*

- **Where more than one taxpayer is entitled to this deduction , the amount of the deduction shall be apportioned equally between them**.

Limits of the deduction according to the net tax base

> ***Attention:*** *for taxpayers* ***who died before 28 October 2022****, please take into account the limits on the taxable bases for this deduction in the Renta 2021 Practical Manual.*

- The **full deduction amount**(246 euros) will only apply to taxpayers whose **sum of the net general taxable base and net savings taxable base** (boxes ***[0500]*** and ***[0510]*** of the tax return)**is less than 27,000 euros, in individual taxation, or less than 44,000 euros, in joint taxation.**

- When **the sum of the taxpayer's general taxable income and savings taxable income is between 27,000 and 30,000 euros**, in individual taxation, **or between 44,000 and 47,000 euros**, in joint taxation, the **amounts of the deduction** will be as follows:

  - **In individual taxation,** the result of multiplying the amount of the deduction (246 euros) by a percentage obtained by applying the following formula:

    100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 27,000)

  - **In joint taxation,** the result of multiplying the amount of the deduction (246 euros) by a percentage obtained by applying the following formula:

    100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 44,000)

Compatibility

This deduction is compatible with the previous deduction "For birth, adoption or foster care" and with the deductions "For birth or adoption of children with disabilities" and "For large or single-parent families".

For birth or adoption of children with disabilities

Regulations:Art. 4.One.c), Four and Fifth and sixth additional provision Law 13/1997, of 23 December, which regulates the autonomous section of the Personal Income Tax and other transferred taxes of the Valencian Community.

Amounts of the deduction

- **246 euros in the case of the only child who** has a physical or sensory disability of 65% or more, or a mental disability of more than 33%.

- **303 euros**, when the child suffering from this disability **has at least one sibling with a degree of physical or sensory disability** equal to or greater than 65%, **or psychic,** to a degree equal to or greater than 33%.

  The status of a person with a disability shall be credited by means of the corresponding certificate issued by the competent organs in the field of social services of the Generalitat or by

the corresponding organs of the State or other Autonomous Communities.

Attention:*for taxpayers* ***who died before 28 October 2022*** *the amount of the deduction will be* ***224 and 275 euros*** *for the above cases respectively.*

Requirements and other conditions for the application of the deduction

- The child was born or adopted during the 2022 financial year and fulfils the requirements that entitle him/her to the application of the corresponding minimum for descendants established by the state regulations governing IRPF.
- That the sum of the **general taxable income and the taxable savings income**, boxes ***[0500]*** and ***[0510]*** of the declaration, **does not exceed:**

  - 30,000 euros in individual declaration.

  - 47,000 euros in joint tax return.

  Attention:*for taxpayers* ***who died before 28 October 2022*** *the sum of the general tax base and the savings tax base may not exceed 25,000 euros.*

- The deduction will also be applicable when, without reaching this degree of disability, the incapacity or the representative guardianship of persons with disabilities has been judicially declared **.**

  It should be noted that, with effect from 1 January 2023, the sixth additional provision of Law 13/1997 is amended to establish that guardianship with full powers of representation established by court order is assimilated to a degree of disability of 65%.

- **Where both parents or adoptive parents are entitled to the application of this deduction, the amount of the deduction shall be apportioned equally.**

Limits of the deduction according to the net tax base

Attention: for taxpayers deceased before 28 October 2022, please take into account the limits that, in relation to the taxable bases, are contemplated for this deduction in the Renta 2021 Practical Manual.

- **The full amount of the deduction (246 or 303 euros, as appropriate) will only be applicable to taxpayers whose sum of the general taxable income and the savings taxable income (boxes [*0500*] and [*0510*] of the tax return) is less than 27,000 euros, in individual taxation, or less than 44,000 euros, in joint taxation.**
- **When the sum of the taxpayer's general taxable income and savings taxable income is between 27,000 and 30,000 euros, in individual taxation, or between 44,000 and 47,000 euros, in joint taxation, the amounts of the deduction will be as follows:**

a. **In individual taxation, the result of multiplying the amount of the deduction (246 or 303 euros, as appropriate) by a percentage obtained by applying the following formula:**

> **100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 27,000)**

b. **In joint taxation, the result of multiplying the amount of the deduction (246 or 303 euros, as appropriate) by a percentage obtained by applying the following formula:**

> **100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 44,000)**

Compatibility

This deduction is compatible with the previous deductions "For birth, adoption or foster care", "For multiple birth or adoption" and with the deduction "For large or single-parent family".

Large or single-parent families

Regulations:Art. 4.One.d), Four and Five Law 13/1997, of 23 December, which regulates the autonomous section of the Personal Income Tax and other transferred taxes of the Valencian Community.

Amounts of the deduction

- **330 euros**, in the case of general-category large or single-parent families.
- **660 euros**, in the case of special-category large or single-parent families.

> ***Attention:*** *for taxpayers* ***who die before 28 October 2022,*** *the deduction amounts will be* ***300 and 600 euros,*** *respectively, depending on whether they are large families or single parents in the general or special category.*

Requirements for the application of deductions

a. Large family:

The taxpayer must be a large family on the date on which the tax becomes chargeable.

The conditions necessary to be considered a large family and its classification by category shall be determined in

accordance with the provisions of Law 40/2003, of 18 November, on the protection of large families (BOE of 19 November).

b. Single parent family:

The taxpayer must be a single parent family on the date of accrual of the tax (normally 31 December).

In the case of single-parent families, recognition of the status of single-parent family will be made in accordance with the provisions of Decree 19/2018, of 9 March, of the Consell, which regulates the recognition of the status of single-parent family in the Valencian Community (DOCV of 23 March).

c. The sum of the general tax base and the savings tax base, **may not exceed the following amounts:**

- **When the taxpayer belongs to a large or single-parent family in the general category:**

  - 30,000 euros in individual declaration.

  - 47,000 euros in a joint declaration.

- **When the taxpayer belongs to a large family or a special category single-parent family:**

  - 35,000 euros in individual tax return.

  - 58,000 euros in joint tax return.

> ***Attention:****for taxpayers* ***who died before 28 October 2022*** *the sum of the general tax base and the savings tax base may not exceed 25,000 euros, if they belonged to a large or single-parent family in the general category, or 30,000 euros if they belonged to a special category.*

The deduction shall be carried out by the taxpayer with whom the remaining members of the large or single-parent family live together.When these **cohabit with more than one taxpayer declaring the IRPF, the amount of the deduction will be apportioned in equal parts** in the declaration of each of them.

Limits of the deduction according to the net tax base

> ***Attention:*** *for taxpayers* ***who died before 28 October 2022****, please take into account the limits on the taxable bases for this deduction in the Renta 2021 Practical Manual.*

1.Large or single-parent family of general category

- The **full amount of the deduction** (330 euros) will only be applicable to taxpayers whose **sum of the general taxable income and the savings taxable income** (boxes ***[0500]*** and ***[0510]*** of the tax return) **is less than 27,000 euros, in individual taxation, or less than 44,000 euros, in joint taxation.**

- When the sum of the taxpayer's general taxable income and savings taxable income **is between 27,000 and 30,000 euros**, in individual taxation, or **between 44,000 and 47,000 euros**, in joint taxation, **the amounts of the deduction will be as follows**:

  a. **In individual taxation,** the result of multiplying the amount of the deduction (330 euros) by a percentage obtained by applying the following formula:

  100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 27,000)

  b. **In joint taxation**, the result of multiplying the amount of the deduction (330 euros) by a percentage obtained by applying the following formula:

  100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 44,000)

2.Large family or single parent special category case

- **The full amount of the deduction** (660 euros) will only be applicable to taxpayers whose **sum of the general taxable income and the savings taxable income** (boxes ***[0500]*** and ***[0510]*** of the tax return) **is less than 31,000 euros**, in individual taxation, or **less than 54,000 euros,** in joint taxation.

  The apportionment of the deduction will only be made when it has more than one person who, by presenting tax return, can apply to fulfill all the requirements established for this, including the maximum amount of the net tax base, although it will not apply effectively.Therefore, persons who do not submit a declaration or those who have a settlement basis higher than that required are not taken into consideration for the purpose of the assessment.

- When the **sum of the net general tax base and the net savings tax base for the taxpayer is between 31,000 and 35,000 euros**, in individual taxation, or **between 54,000 and 58,000 euros**, in joint taxation, the amounts of the deduction will be as follows:

  a. **In individual taxation**, the result of multiplying the amount of the deduction (660 euros) by a percentage obtained by applying the following formula:

  100 × (1 – the resulting coefficient of dividing by 4,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 31,000)

  b. **In joint taxation**, the result of multiplying the amount of the deduction (660 euros) by a percentage obtained by applying the following formula:

100 × (1 – the resulting coefficient of dividing by 4,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 54,000)

Compatibility

This deduction is consistent with the above deductions, "by birth, adoption or family foster care", "by multiple birth or adoption" and "by birth or adoption of children with disabilities".

For the amounts intended for non-occasional care in nurseries and early childhood education centres for children under the age of three in permanent foster care.

Regulations:Art. 4.Uno.e), Cuatro y Quinto y disposición adicional decimosexta Ley 13/1997, de 23 de diciembre, por la que se regula el tramo autonómico del Impuesto sobre la Renta de las Personas Físicas y restantes tributos cedidos, de la Comunitat Valenciana

Amount of the deduction

The **15 per cent of the amounts paid**, during the tax period, for the care of children or permanent foster children under three years of age in nurseries and first cycle infant education centres.

Requirements and other conditions for the application of the deduction

- **That the parents or foster parents who live with the minor are self-employed or employed** for which they receive income from work or economic activities.
- The sum of the general tax base and the savings tax base , **should not exceed**:
  - **30,000 euros** in individual declaration.
  - **47,000 euros** in a joint declaration.

> ***Attention:****for taxpayers **who died before 28 October 2022** the sum of the general tax base and the savings tax base may not exceed 25,000 euros.*

- **When two taxpayers are entitled** to the application of this deduction for the same child or foster child, **its limit will be apportioned between them in equal parts**s.
- If during the year the child or foster child **ceases to be under three years of age, the limit of this deduction shall be prorated by the number of days of the tax period in which the child or foster child was under three years of age**.The same treatment also applies when the child was born or fostered during the financial year.
- Furthermore, the application of the deduction is subject to the condition that the payment of the

monetary amounts derived from the act or legal business giving entitlement to its application **is made by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions**.

This requirement is established by the sixteenth additional provision of Law 13/1997 of 23 December 1997, which regulates the regional section of IRPF and other transferred taxes.

Limits of the deduction according to the net tax base

Attention: *for taxpayers* ***deceased before 28 October 2022****, please take into account the maximum deduction limits as well as the limits that, in relation to the net taxable income, are contemplated for this deduction in the Renta 2021 Practical Manual.*

- **The maximum limit** of the deduction will be **297 euros, for each of the children or permanent foster children under three years of age**, enrolled in nurseries and first cycle child education centres.
- This **maximum limit of 297 euros** will only be applicable for taxpayers whose **sum of the general taxable income and the savings taxable income** (boxes ***[0500]*** and ***[0510]*** of the tax return) **is less than 27,000 euros, in individual taxation, or less than 44,000 euros, in joint taxation.**
- When the sum of the taxpayer's general taxable income and savings taxable income **is between 27,000 and 30,000 euros**, in individual taxation, **or between 44,000 and 47,000 euros**, in joint taxation, **the amounts and limits of the deduction are as follows**:

  a. **In individual taxation,** the result of multiplying the maximum deduction limit (297 euros) by a percentage obtained by applying the following formula:

  100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 27,000)

  b. **In joint taxation**, the result of multiplying the maximum limit of the deduction (297 euros) by a percentage obtained by applying the following formula:

  100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 44,000)

For reconciling work with family life

Regulations:Art. 4.Uno.f), Cuatro y Quinto Ley 13/1997, de 23 de diciembre, por la que se regula el tramo autonómico del Impuesto sobre la Renta de las Personas Físicas y restantes tributos cedidos, de la Comunitat Valenciana

Amount of the deduction

460 euros for each child or cared for under the permanent foster care modality, over the age of three and under five.

However, this deduction is also applicable to pre-adoptive foster care regulated in article 173 bis of the Civil Code, provided that it was formalised prior to 18 August 2015 (date of entry into force of Law 26/2015, of 28 July, which modifies the modalities of foster care regulated in the aforementioned article).

Attention:*for taxpayers **who died before 28 October 2022** , the amount of the deduction will be **418 euros** for each child or foster child in the permanent foster care modality, older than three years and younger than five years.*

Requirements and other conditions for the application of the deduction

This deduction will correspond exclusively to the mother or foster mother and will be a requirement for its application:

- That the children or foster children that generate the right to the deduction give right, in turn, to the application of the corresponding minimum for descendants established in the state regulations governing IRPF.
- **That the foster mother is self-employed or employed** for which she is registered in the corresponding Social Security or mutual insurance scheme.This requirement shall be understood to be met in the months in which this situation occurs on any day of the month.

  Attention: *in the case of married same-sex couples, both, if both meet the requirements, are entitled to the application of the same.*

- That **the sum of the general taxable base and the savings taxable base**, boxes ***[0500]*** and ***[0510]*** of the declaration, does not exceed:
  - **30,000 euros** in individual declaration.
  - **47,000 euros** in a joint declaration.

  Attention:*for taxpayers **who died before 28 October 2022** the sum of the general tax base and the savings tax base may not exceed 25,000 euros.*

- **The deduction will be calculated proportionally to the number of months in which the above requirements are met**, it being understood for this purpose that:

  a. The determination of children or persons entitled to the application of the deducción shall be made in accordance with their situation on the last day of each month.

  b. The requirement of registration in the corresponding regime of the Social Security Institute

or mutual fund you meet the months in which this situation occurs on any day of the month.

- **In the case of adoption**, the deduction may be made, regardless of the age of the child, during the fourth and fifth year following the date of registration in the Civil Register.
- **In the case of permanent foster care**, the deduction may be made, regardless of the age of the child, during the fourth and fifth year following the date of the administrative decision by which the foster care was formalised, provided that it is still in force on the last day of the tax period.In the case of a reception to be constituted judicially, the initial reference for the said computation shall be that of the administrative resolution by which it was formalized on a provisional basis.
- **In the event of the death of the mother or where custody is awarded exclusively to the father**, he shall be entitled to the outstanding deduction provided that he meets the other conditions laid down for this purpose.You will also be entitled to the practice of the deduction the cozy in those who would not be welcoming.

  In the case of married persons of the same sex, when both are men, and parents of the child entitled to the deduction, the two shall be entitled to the application of the deduction.

- **When there are several taxpayers entitled to the application of this deduction** in respect of the same child or foster child, **its amount shall be apportioned equally among them**.

Limits of the deduction according to the net tax base

Attention: *for taxpayers* ***deceased before 28 October 2022,*** *please take into account the limits that, in relation to the taxable bases, are contemplated for this deduction in the Renta 2021 Practical Manual.*

- **The deduction is limited for each child** or foster child to the total contributions and contributions to Social Security and alternative mutual insurance companies accrued in each tax period, and which, in addition, have been accrued from the day on which the child reaches the age of three until the day before the child reaches the age of five.

  For the purposes of calculating this limit, contributions and contributions shall be calculated at their full amounts, without taking into account any allowances that may apply.

- The **full amount of the deduction** (460 euros) will only be applicable to taxpayers whose **sum of the general taxable income and the savings taxable income** (boxes ***[0500]*** and ***[0510]*** of the tax return) **is less than 27,000 euros,** in individual taxation, **or less than 44,000 euros,** in joint taxation.
- When the **sum of the net general tax base and the net savings tax base for the taxpayer is between 27,000 and 30,000 euros**, in individual taxation, or **between 44,000 and 47,000 euros**, in joint taxation, the amounts of the deduction will be as follows:

  a. **In individual taxation,** the result of multiplying the amount of the deduction (460 euros) by a percentage obtained by applying the following formula:

100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 27,000)

b. **In joint taxation**, the result of multiplying the amount of the deduction (460 euros) by a percentage obtained by applying the following formula:

100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 44,000)

For taxpayers with a disability, to a degree equal to or greater than 33 percent, aged 65 or over

Regulations:Art. 4.One.g), Four and Fifth and sixth additional provision Law 13/1997, of 23 December, which regulates the autonomous section of the Personal Income Tax and other transferred taxes of the Valencian Community.

Note:*this deduction shall not be applicable if, as a consequence of the situation of disability referred to below, the taxpayer receives any type of benefit that is exempt from IRPF.*

Amount of the deduction

197 euros for each disabled taxpayer aged 65 or over.

Attention:*for taxpayers **deceased before 28 October 2022,** the amount of the deduction will be **179 euros** for each disabled taxpayer aged 65 or over.*

Requirements and other conditions for the application of the deduction

The application of the deduction is conditional on the fulfilment **simultaneously** of the following two requirements:

- **The taxpayer must be at least 65 years of age** on the date on which the tax becomes chargeable (normally 31 December).
- **Who has a degree of disability** equal to or greater than **33 per 100**.

  The status of a person with a disability shall be credited by means of the corresponding certificate issued by the competent organs in the field of social services of the Generalitat or by the corresponding organs of the State or other Autonomous Communities.

The deduction will also be applicable when, without reaching this degree of disability, se has **been judicially declared the incapacity or representative guardianship** of persons with disabilities.

It should be noted that, with effect from 1 January 2023, the sixth additional provision of Law 13/1997 is amended to establish that guardianship with full powers of representation established by court order is assimilated to a degree of disability of 65%.

- The **sum of the general taxable base and the savings taxable base**, boxes ***[0500]*** *and* ***[0510]*** of the declaration, **does not exceed:**

  - 30,000 euros in individual declaration.

  - 47,000 euros in joint tax return.

> ***Attention:****for taxpayers* ***who died before 28 October 2022*** *the sum of the general tax base and the savings tax base may not exceed 25,000 euros.*

Limits of the deduction according to the net tax base

> ***Attention:*** *for taxpayers* ***who died before 28 October 2022****, please take into account the limits on the taxable bases for this deduction in the Renta 2021 Practical Manual.*

- The **full amount of the deduction** (197 euros) will only be applicable to taxpayers whose **sum of the general taxable income and the savings taxable income** (boxes [***0500***] and [***0510***] of the tax return) **is less than 27,000 euros,** in individual taxation, **or less than 44,000 euros,** in joint taxation.

- When **the sum of the general taxable base and the taxable base of the taxpayer's savings is between 27,000 and 30,000 euros**, in individual taxation, **or between 44,000 and 47,000 euros**, in joint taxation, the **amounts of the deduction** will be as follows:

  a. **In individual taxation,** the result of multiplying the amount of the deduction (197 euros) by a percentage obtained by applying the following formula:

  > **100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 27,000)**

  b. **In joint taxation**, the result of multiplying the amount of the deduction (197 euros) by a percentage obtained by applying the following formula:

  > **100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and**

44,000)

For ascendants over 75 years of age or over 65 years of age with disabilities

Regulations:Art. 4.Uno.h), Cuatro y Quinto and sixth additional provision Law 13/1997, of 23 December, which regulates the autonomous section of the Personal Income Tax and other transferred taxes, of the Comunitat Valenciana.

Amount of the deduction

197 euros for each ascendant in direct line, by blood, affinity or adoption, **over 75 years of age**, or **over 65 years of age** who is considered to be a person with a disability under the terms set out below:

- **Recognised degree of physical or sensory disability: 65 per cent or more**.
- **Recognised degree of mental disability: 33 per cent or more**.

The deduction will also be applicable when, without reaching this degree of disability, the incapacity has been judicially declared **incapacity or representative guardianship** of persons with disabilities.

It should be noted that, as of the entry into force of Law 8/2021 on the reform of the Civil Code, the references made to judicial incapacitation extend to judicial decisions establishing the representative guardianship of persons with disabilities.

Attention:*for taxpayers **who died before 28 October 2022** the amount of the deduction will be 179 euros.*

Requirements and other conditions for the application of the deduction

- **The relatives in the ascending line must live with the taxpayer** for at least half of the tax period.Among other cases, disabled relatives in the ascending line who, depending on the taxpayer, are placed in specialised centres, shall be considered as living with the taxpayer.
- **The ascendants must not have an annual income**, excluding exempt income, **of more than 8,000 euros.**
- Ascendants should not file personal income tax returns with income over 1,800 euros.
- That the sum of the taxpayer's general taxable income and savings taxable income , boxes [***0500***] and ***[0510]*** of the return, **does not exceed**:
    - **30,000 euros** in individual declaration.
    - **47,000 euros** in a joint declaration.

> ***Attention:*** *for taxpayers* ***who died before 28 October 2022*** *the sum of the general tax base and the savings tax base may not exceed 25,000 euros.*

- The determination of the personal and family circumstances to be taken into account will be made on the basis of the **situation existing on the date of accrual of the tax** (normally 31 December).
- **When more than one taxpayer is entitled** to the application of this deduction in respect of the same ascendants, **the amount of the deduction shall be apportioned equally among them**.

  However, when the taxpayers filing the tax return have different degrees of kinship with the ascendant, the application of the deduction shall correspond to those of the closest degree, unless they do not have annual incomes, excluding exemptions, of more than 8,000 euros, in which case it shall correspond to those of the next degree.

Limits of the deduction according to the net tax base

> ***Attention:*** *for taxpayers* ***who died before 28 October 2022****, please take into account the limits on the taxable bases for this deduction in the Renta 2021 Practical Manual.*

- The **full amount of the deduction** (197 euros) will only be applicable to taxpayers whose **sum of the general taxable income and the savings taxable income** (boxes ***[0500]*** and ***[0510]*** of the return) **is less than 27,000 euros,** in individual taxation, **or less than 44,000 euros,** in joint taxation**.**
- When the **sum of the net general tax base and the net savings tax base for the taxpayer is between 27,000 and 30,000 euros**, in individual taxation, or **between 44,000 and 47,000 euros**, in joint taxation, the amounts of the deduction will be as follows:

  a. **In individual taxation,** the result of multiplying the amount of the deduction (197 euros) by a percentage obtained by applying the following formula:

  > **100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 27,000)**

  b. **In joint taxation**, the result of multiplying the amount of the deduction (197 euros) by a percentage obtained by applying the following formula:

  > **100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 44,000)**

For hiring persons affiliated to the Special System for Domestic Employees of the General Social Security Scheme for the care of persons on an indefinite basis.

Regulations:Art. 4.Uno.i), Cuatro y Quinto Law 13/1997, of 23 December, which regulates the autonomous section of the Personal Income Tax and other transferred taxes, of the Comunitat Valenciana.

Amount of the deduction

50 per cent of the contributions paid for the contributions made during the tax period for hiring a person on an indefinite basis to care for the taxpayer's dependent descendants or ascendants indicated, and who is included in the Special System for Domestic Employees of the General Social Security Scheme.

The percentage of 50 per cent shall be applied to the amount of the contributions paid in the months in which the following requirements are met on the last day of the month, as set out below in the section "Requirements and other conditions for the application of the deduction".

> ***Important**: taxpayers entitled to the deduction must state the tax identification number of the person employed in Annex B.7 of the return.*

Requirements and other conditions for the application of the deduction

The amount of this deduction shall be applied to contributions made in the months in which the following conditions are met on the last day:

- **That the taxpayer has been in charge:**

  a. **one or more persons under 5 years of age born, adopted or fostered** who meet the cohabitation and income requirements that entitle them to the application of the minimum for descendants.

  b. **one or more persons in the direct ascending line, by blood or adoption, who meet the requirements of cohabitation and income** are entitled to the application of the minimum for ascendants **and are:**

     - Over 75 years of age, or

     - Over 65 years of age if they are considered to have a physical, organic or sensory disability with a degree equal to or greater than 65% or with a cognitive, psychosocial, intellectual or developmental disability with a degree equal to or greater than 33%.

  c. **ascendants linked by ties of affinity** who, fulfilling the above requirements (75 years of age or 65 years of age with a degree of physical, organic or sensory disability with a degree equal to or greater than 65% or with a cognitive, psychosocial, intellectual or developmental

disability with a degree equal to or greater than 33%), meet the requirements of cohabitation and income that are demanded to generate the right to the application of the minimum for ascendants for relatives by blood or adoption.

That is:

-Living with the taxpayer for at least half of the year.

8,000 per year, excluding income exempted from IRPF.

Failure to file a declaration of IRPF with an income of over 1,800 euros.

- **The taxpayer carries out activities as a self-employed person or as an employee** for which they receive income from work or economic activities.
- **That the sum of the general taxable income and the savings taxable income** (boxes ***[0500]*** and ***[0510]*** of the declaration) **does not exceed** the following amounts:
  - **€30,000 in individual taxation.**
  - **47,000 euros in a joint declaration.**

> ***Attention:****for taxpayers **who died before 28 October 2022** the sum of the general tax base and the savings tax base may not exceed 25,000 euros.*

- **When two taxpayers are entitled** to the application of this deduction, **its limit shall be apportioned equally between them.**

Insofar as the deduction is applied by the taxpayer who pays amounts and is listed as the employer, provided that he/she has dependents and/or descendants who meet the requirements established in the regulations, the prorating of the limit will only be applicable if two taxpayers have hired one or more persons during the year to care for the same ascendants/descendants who meet the requirements established to generate the right to the application of the minimum for their direct relatives.

Deduction ceilings

The amount of this deduction, calculated on the basis of the months in whose last day the above-mentioned requirements are met, **may not exceed** the following limits:

A. For taxpayers who died before 28 October 2022

- For dependent descendants:

  - 600 euros if the taxpayer has a dependent child under 5 years of age **born, adopted or fostered.**

  - 1,000 euros if the taxpayer is responsible for two or more minors or is a single parent **.**

  For these purposes, the provisions of Decree 19/2018, of 9 March, of the Consell, which regulates the recognition of the status of single-parent family in the Comunitat Valenciana,

shall apply.

- For dependent ascendants:

  - 300 euros when the taxpayer is dependent on **an ascendant**.

  - 500 euros if you are dependent on **two or more relatives in the ascending line**.

It should be noted that this deduction, which was introduced by Law 7/2021 of 29 December on fiscal, administrative and financial management and organisational measures of the Generalitat 2022, with effect from 1 January 2022, has recently been amended by Decree-Law 14/2022 of 24 October, which came into force on 28 October 2022.

B. For all other taxpayers

- For dependent descendants:

  - 660 euros if the taxpayer has a dependent child under 5 years of age **born, adopted or fostered.**

  - 1,100 euros if the taxpayer is responsible for two or more minors or is a single parent **.**

  For these purposes, the provisions of Decree 19/2018, of 9 March, of the Consell, which regulates the recognition of the status of single-parent family in the Comunitat Valenciana, shall apply.

- For dependent ascendants:

  - 330 euros when the taxpayer is dependent on **an ascendant**.

  - 550 euros if you are dependent on **two or more relatives in the ascending line**.

Note: *the amounts and quantitative limits of this deduction established for the purposes of individual taxation shall be applied in the same amount in joint taxation, without any increase or multiplication depending on the number of members of the family unit*.

Example

Couple formed by Mrs. P.R.M. and Mr. J.S.R. with two common children for whom both apply the minimum for descendants.J.S.R.'s father also lives with them throughout the year, for whom he is entitled to the minimum allowance for descendants.

Mrs. P.R.M. is listed as the employer of a person who was hired on 1 April 2022 to care for her children and her ascendant and for whom she has paid contributions totalling 2,541.42 euros in that year.

Determine the deduction to be applied.

Solution

Preliminary note: only Mrs. P.R.M. is entitled to apply this deduction, since she is the one who appears as the employer of the domestic worker in the Social Security system.

Taxpayer Mrs. P.R.M:50% s/ 2.541,42 = 1.270,71

Maximum limit:1,430 euros (1,100 for the two children + 330 for a relative in the ascending line who meets the cohabitation and income requirements).

As 1,270.71 does not exceed the maximum limit, you are entitled to deduct this amount ('1,270.71).

Application of the deduction limits according to the net tax base

A. For taxpayers who died before 28 October 2022

- The maximum limits of the deduction (600, 1,000 or 300, 500 euros, as appropriate) will only be applicable to taxpayers whose **sum of the general net taxable income and the savings net taxable income is less than 23,000 euros, in individual taxation.**

- When **the sum of the taxpayer's general taxable income and savings taxable income is between 23.000 and 25.000 euros**, in individual taxation, **the limits of the deduction** will be the result of multiplying the maximum limit (600, 1.000 or 300, 500 euros, as appropriate) by a percentage obtained from the application of the following formula:

  100 × (1 - the coefficient resulting from dividing by 2,000 the difference between the sum of the general tax base and the savings base of the household and 23,000)

  It should be noted that this deduction, which was introduced by Law 7/2021 of 29 December on fiscal, administrative and financial management and organisational measures of the Generalitat 2022, with effect from 1 January 2022, has recently been amended by Decree-Law 14/2022 of 24 October, which came into force on 28 October 2022.

B. For all other taxpayers

- The maximum limits of the deduction (660, 1,100 or 330, 550 euros, as applicable) will only be applicable to taxpayers whose **sum of the general net taxable income and the savings net taxable income is less than 27,000 euros, in individual taxation, or 44,000 euros, in joint taxation.**

- When **the sum of the taxpayer's general taxable income and savings taxable income is between 27.000 and 30.000 euros**, in individual taxation, or **between 44.000 and 47.000 euros,** in joint taxation, **the limits of the deduction** will be as follows:

a. **In individual taxation,** the result of multiplying the maximum deduction limit (660, 1,100 or 330, 550 euros, as appropriate) by a percentage obtained by applying the following formula:

100 × (1 - the coefficient resulting from dividing by 3,000 the difference between the sum of the general tax base and the savings base of the household and 27,000)

b. **In joint taxation**, the result of multiplying the maximum limit of the deduction (660, 1,100 or 330, 550 euros, as appropriate) by a percentage obtained by applying the following formula:

100 × (1 - the coefficient resulting from dividing by 3,000 the difference between the sum of the general tax base and the savings base of the household and 44,000)

Incompatibility

This deduction is incompatible with the previous deductions, "For the amounts destined to the non-occasional custody in nurseries and centres of first cycle of infant education of children or fostered in the modality of permanent foster care, under three years of age", "For conciliation of work and family life "and "For ascendants over 75 years of age or over 65 years of age with disabilities".

For obtaining income derived from renting a dwelling, whose rent does not exceed the reference price for private rents in the Comunitat Valenciana (deduction for the lessor).

Regulations:Art. 4.Uno.j) Ley 13/1997, de 23 de diciembre, por la que se regula el tramo autonómico del Impuesto sobre la Renta de las Personas Físicas y restantes tributos cedidos, de la Comunitat Valenciana

Amount of the deduction

5 per cent of the total income for the tax period, provided that the following conditions are met.

Requirements and other conditions for the application of the deduction

- That the full income derives from **residential rental contracts**, in accordance with the legislation on urban leases, **started during the tax period**.

  In accordance with the provisions of Article 2 of Law 29/1994, of 24 November, on Urban Leases, it is considered to be a residential lease when the lease is for "a habitable building whose primary purpose is to satisfy the permanent housing needs of the lessee".

  For its part, Article 3 of the same law states that "a lease for a use other than that of a dwelling is considered to

be a lease of a building whose primary purpose is a use other than that established in the previous article". It also adds that "in particular, leases of urban property concluded on a seasonal basis, be it summer or any other, shall be considered as such".

Therefore, the deduction will not be applicable to income arising from seasonal leases and all those cases in which the rented property does not constitute the habitual or permanent residence of the tenant, a requirement which, in accordance with Law 29/1994, defines the legal nature of the home rental contract.

- In the event that the dwelling had been previously rented for a duration of less than three years, **the tenant does not coincide with the person established in the previous contract**.

  If the previous contract lasted more than three years, the deduction can be applied regardless of whether or not the new tenants are the same as the previous tenants.

  If the previous contract had a duration of less than three years, the deduction can only be applied if none of the new tenants coincide with the previous tenants.

- That the agreed monthly rent **does not exceed the reference price for private rents in the Valencian Community**.

  In order to determine whether the agreed monthly rent exceeds the reference price for private rents, the rent generated by the rental contract must also include the costs and taxes, other than utilities, which according to the contract are for the tenant's account and which have therefore been passed on to the tenant, such as IBI, community charges, etc.

- Before the end of the tax period **, the deposit of the deposit of the deposit** referred to in the legislation on urban leases, in favour of the Generalitat, must have been made.

Attention: *Please note that for taxpayers who died before 28 October 2022, the additional requirement is that the rented property must be located in the areas indicated for this purpose by the regional ministry responsible for housing when establishing the reference price for private rents in the Valencia Region.*

The information on the prices of reference rents is available in the map viewer of the Valencian Community (https://visor.gva.es/).For further information, please consult the website:https://calab.es/observatorio-del-habitat/precio-de-referencia/precios-del-alquiler/

Maximum deduction base

The maximum annual base for this deduction is set at **at 3,300 euros.**

Attention:*Please note that for taxpayers* ***who died before 28 October 2022****, the maximum base for the deduction will be 3,000 euros.*

For the first purchase of their primary residence by young people of age equal to or less than 35 years

Regulations:Art. 4.Uno.k) and additional provision sixteen Law 13/1997, of 23 December, which regulates the autonomous section of the Personal Income Tax and other transferred

taxes of the Valencian Community.

Amount of the deduction

5 percent of the amounts paid during the tax period for the **first purchase of their main residence** by taxpayers **aged 35 or under**, **with the exception** of the part of these amounts corresponding to **interest**.

For these purposes, in accordance with the state regulations governing personal income tax, the construction or extension of the habitual residence is assimilated to the acquisition of the habitual residence.

Requirements and other conditions for the application of the deduction

In addition to the **requirements established in general terms in the state regulations** that regulate the deduction for investment in primary residence, the following requirements must also be met for the application of this deduction in the Autonomous Community:

- This is the **first purchase of your primary residence**.
- The concepts of habitual residence and acquisition of the same are those set out in the **state regulation** regulating the IRPF.
- That the taxpayer's age , at the date of accrual of the tax (normally 31 December), **is equal to or less than 35 years old.**
- The application of the deduction is subject to the condition that the payment of the monetary amounts derived from the act or legal business giving entitlement to its application **is made by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions**.

  Note: This requirement is established by the sixteenth additional provision of Law 13/1997, of 23 December, which regulates the regional section of the IRPF and other transferred taxes.

- It is required that the audited amount of the taxpayer's assets at the end of the tax period **exceeds the value of the assets audited at the beginning of the tax period** by at least the amount of the investments made.

  For this purpose, the increases or decreases in value experienced during the aforementioned tax period shall not be counted for the assets which at the end of the tax period remain part of the taxpayer's assets.

  See chapter 16 at .

- The deduction can only be applied by taxpayers **sum of the general taxable income and the savings taxable income** (boxes ***[0500]*** and ***[0510]*** of the tax return) **does not exceed** the following amounts:
  - **30,000 euros** in individual declaration.
  - **47,000 euros** in a joint declaration.

*Note:for taxpayers **who died before 28 October 2022**, the sum of the general tax base and the savings tax base may not exceed 16,212.56 euros, an amount equivalent to twice the public multi-purpose income indicator (IPREM).*

Limits of the deduction according to the net tax base

- **The full amount of the deduction** will only be applicable to taxpayers whose **sum of the general taxable income and the savings taxable income is less than than 27,000 euros, in individual taxation, or 44,000 euros, in joint taxation.**
- When **the sum of the taxpayer's general taxable income and savings taxable income is between 27.000 and 30.000 euros**, in individual taxation, or **between 44.000 and 47.000 euros,** in joint taxation, **the amounts of the deduction will be as follows**:

  a. **In individual taxation,** the result of multiplying the amount of the deduction by a percentage obtained by applying the following formula:

  100 × (1 - the coefficient resulting from dividing by 3,000 the difference between the sum of the general tax base and the savings base of the household and 27,000)

  b. **In joint taxation**, the result of multiplying the amount of the deduction by a percentage obtained by applying the following formula:

  100 × (1 - the coefficient resulting from dividing by 3,000 the difference between the sum of the general tax base and the savings base of the household and 44,000)

***Attention:** for taxpayers deceased before 28 October 2022, the limits set out in this section in relation to the taxable bases shall not apply.*

Compatibility

This deduction is compatible with the deduction "For the purchase of a primary residence by people with disabilities" and with the deduction "For obtaining income derived from renting a home, whose income does not exceed the reference price for private rents in the Valencia Region".

For the acquisition of the primary residence by persons with disabilities

Regulations:Art. 4.Uno.l) and additional provision sixteen Law 13/1997, of 23 December,

which regulates the autonomous section of Personal Income Tax and other transferred taxes of the Valencian Community.

Amount of the deduction

5 per cent of the amounts paid during the tax period for the purchase of the main residence, with the exception of the part of these amounts corresponding to interest, by taxpayers with the following degrees of disability:

- **Degree of physical or sensory disability equal to or greater than 65 per cent**, or
- **Degree of mental disability equal to or greater than 33 per cent**,

The status of a person with a disability must be accredited by means of the corresponding certificate issued by the competent organs in the field of social services of the Generalitat or by the corresponding organs of the State or other Autonomous Communities.

The deduction will also be applicable when, without reaching this degree of disability, the incapacity has been judicially declared **incapacity or representative guardianship** of persons with disabilities.

> It should be noted that, with effect from 1 January 2023, the sixth additional provision of Law 13/1997 is amended to establish that guardianship with full powers of representation established by court order is assimilated to a degree of disability of 65%.

Requirements and other conditions for the application of the deduction

- The concepts of habitual residence and acquisition of the same are those set out in the state regulations governing the IRPF.

  For these purposes, it should be borne in mind that, in accordance with state tax regulations, the construction or extension of the habitual residence is assimilated to the acquisition of the habitual residence.

  In addition to the general requirements established in the state regulations governing the deduction for investment in primary residence, the following requirements must also be met for the application of this regional deduction:

- The application of the deduction is subject to the condition that the payment of the monetary amounts derived from the act or legal business giving entitlement to its application **is made by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions.**

  > This requirement is established by the sixteenth additional provision of Law 13/1997, of 23 December, which regulates the regional section of the IRPF and other transferred taxes.

- It is required that the audited amount of the taxpayer's assets at the end of the tax period **exceeds the value of the assets audited at the beginning of the tax period** by at least the amount of the investments made.

  For this purpose, the increases or decreases in value experienced during the aforementioned tax period shall not be counted for the assets which at the end of the tax period remain part of

the taxpayer's assets.

See chapter 16 at .

- The deduction can only be applied by taxpayers **sum of the general taxable income and the savings taxable income** (boxes ***[0500]*** and ***[0510]*** of the tax return) **does not exceed** the following amounts:
  - **30,000 euros** in individual declaration.
  - **47,000 euros** in a joint declaration**.**

> ***Note****:for taxpayers* ***who died before 28 October 2022****, the sum of the general tax base and the savings tax base may not exceed 16,212.56 euros, an amount equivalent to twice the public multi-purpose income indicator (IPREM).*

Limits of the deduction according to the net tax base

- **The full amount of the deduction** will only be applicable to taxpayers whose **sum of the general taxable income and the savings taxable income is less than than 27,000 euros, in individual taxation, or 44,000 euros, in joint taxation.**
- When **the sum of the taxpayer's general taxable income and savings taxable income is between 27.000 and 30.000 euros**, in individual taxation, or **between 44.000 and 47.000 euros,** in joint taxation, **the amounts of the deduction will be as follows**:

  a. **In individual taxation,** the result of multiplying the amount of the deduction by a percentage obtained by applying the following formula:

  > **100 × (1 - the coefficient resulting from dividing by 3,000 the difference between the sum of the general tax base and the savings base of the household and 27,000)**

  b. **In joint taxation**, the result of multiplying the amount of the deduction by a percentage obtained by applying the following formula:

  > **100 × (1 - the coefficient resulting from dividing by 3,000 the difference between the sum of the general tax base and the savings base of the household and 44,000)**

> ***Attention:*** *for taxpayers* ***who die before 28 October 2022*** *the limits set out in this section will not apply to the taxable income.*

Compatibility

This deduction is compatible with the deduction "For the first acquisition of their main residence by taxpayers aged 35 or under" with the deduction "For obtaining income derived from renting a home, whose income does not exceed the reference price of private rents in the Valencian Community".

For quantities intended for the purchase or rehabilitation of primary residence, from public aid

Regulations:Art. 4.Uno.m) and additional provision sixteen Law 13/1997, of 23 December, which regulates the autonomous section of the Personal Income Tax and other transferred taxes of the Valencian Community.

> ***Attention:*** *for taxpayers* ***deceased before 28 October 2022****, please note the amount of deduction provided for for this deduction in the Practical Manual Renta 2021.*

Amount and requirements for the application of the deduction

The quantity coming from the following:

- **112 euros** per taxpayer, provided that the taxpayer has actually spent, during the tax period, on the **acquisition or refurbishment** of the dwelling which constitutes or will constitute their habitual residence, amounts **from a subsidy** for this purpose granted by the Generalitat, charged to its own budget or to that of the State.

  The amounts will be understood to be effectively destined to the acquisition or rehabilitation of the habitual residence in accordance with the rules of temporary imputation of income established in the state regulations governing the IRPF.

  > **Note:**the criteria for the temporary imputation of certain aid relating to the renovation of primary residences are discussed in Chapter 11.

  Where the aid is charged in several tax periods, the amount of the deduction shall be apportioned between the years in which such imputation occurs.

  For its part, the concepts of habitual residence and rehabilitation of the same are those established in the aforementioned regulations.

- The **amount resulting from applying the average general regional tax rate to the amount of the public aid**, provided that the taxpayer has effectively used, during the tax period, the amounts from the public aid for this purpose granted by the Generalitat, charged to its own budget or to that of the State, for the purchase or refurbishment of the home that constitutes or will constitute his or her habitual residence.

  In the case of public aid for rehabilitation, it has to be granted in the area of construction rehabilitation and urban regeneration and renovation in those neighborhoods or buildings and houses that require the demolition and replacement of their buildings, the redevelopment of

their free spaces or the revision of their equipment and endowments, including in their case the temporary rehousing of the residents.

> ***Note:****when the requirements for both are met, the taxpayer must choose to apply one amount or another (112 euros or the one resulting from applying the general autonomous average tax rate on the amount of public aid).*

- The application of the deduction **is subject to the condition** that the payment of the monetary amounts derived from the act or legal business giving entitlement to its application **is made by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions**.

  This requirement is imposed by the sixteenth additional provision of Law 13/1997 of 23 December 1997, which regulates the regional section of the IRPF and other transferred taxes.

- It is also required that **the audited amount of the taxpayer's assets at the end of the tax period exceeds the value at the beginning of the tax period** by at least the amount of the investments made.

  For this purpose, the increases or decreases in value experienced during the aforementioned tax period shall not be counted for the assets which at the end of the tax period remain part of the taxpayer's assets.

  See chapter 16 at .

Incompatibility

This deduction is incompatible, for the same amounts, with the deduction "for the first purchase of your habitual dwelling by taxpayers of age equal to or less than 35 years" and with the deduction "for the acquisition of habitual dwelling by person with disability".

Lease of the primary residence

Regulations:Art. 4.Uno.n), Cuatro y Quinto y disposición adicional decimosexta Ley 13/1997, de 23 de diciembre, por la que se regula el tramo autonómico del Impuesto sobre la Renta de las Personas Físicas y restantes tributos cedidos, de la Comunitat Valenciana

Amounts and maximum amounts of the deduction

- **20 percent**, with the limit of **800 euros**.
- **25 per cent** with the limit of **950 euros** if the tenant meets **one** of the following **conditions:**

  1. Be at least 35 years of age.
  2. Have a recognised degree of physical or sensory disability equal to or greater than 65 per cent, or a mental disability greater than 33 per cent.
  3. To be considered a victim of gender violence according to the provisions of Law 7/2012, of

23 November, of the Generalitat, integral against violence against women in the Valencian Community.

- **30 per cent** with the limit of **1,100 euros**, if two or more of the above conditions are met.
- The maximum amount of deduction shall be **pro rata for the number of days during which the lease remains in force** within the tax period and in which the personal circumstances required for the application of the different percentages of deduction are met.

It should be noted that in order to be able to take this deduction, the taxpayer is required to pay rent as a tenant for his or her main residence during the tax period.Therefore, in the case of marriage, whatever its economic regime, only the amounts paid by the spouse signing the lease contract will be deductible, without prejudice to the fact that such a contract has internal effects between the spouses.

Attention: for taxpayers deceased before 28 October 2022, the deduction limit will be EUR 700, EUR 850 or EUR 1,000, respectively, depending on the taxpayer's eligibility.

Requirements and other conditions for the application of the deduction

- **The date of the lease contract must be after 23 April 1998** and its duration must be equal to or more than one year.

  Remember: *in order to deal with the impact of Covid-19, the first additional provision of Decree Law 1/2020 of 27 March (DOCV of 30 March) abolished, with effect from 1 January 2019, the requirement for taxpayers, as tenants, to submit the corresponding self-assessment of the Transfer Tax and Stamp Duty derived from the rental contract of the habitual residence.*

- **That it is the rental of the taxpayer's habitual residence, effectively occupied** by the taxpayer.For these purposes, the concept of habitual residence as set out in the state regulations governing IRPFshall apply.
- That, during at least half of the tax period, neither the taxpayer nor any of the **members of their family unit are holders, individually or jointly,** of the total freehold or of a real right of use or enjoyment constituted **over another dwelling less than 50 kilometres away** from the rented dwelling, unless there is an administrative or judicial decision that prevents them from using it as a residence.

  In the case of **a woman victim of gender violence,** for the purposes of applying this deduction, the aggressor spouse who is not legally separated will be considered **as not forming part of the family unit.** Nor will the property that the taxpayer shared with the aggressor be counted as her habitual residence.

  Accuracy:the concept of family unit is that set out in Article 82 of the Law of IRPF and is examined in Chapter 2 of this manual.

- That the taxpayer **is not entitled** in the same tax period to **any deduction for investment in permanent residence**.
- **That the sum of the general taxable base and the taxable base of the savingor**, boxes ***[0500]*** and ***[0510]*** of the declaration, **does not exceed** the following amounts:

  - 30,000 euros in individual declaration.

  - 47,000 euros in joint tax return.

> ***Attention:*** *for taxpayers* ***who died before 28 October 2022*** *the sum of the general tax base and the savings tax base may not exceed 25,000 euros.*

- **When two or more taxpayers declaring IRPF** are entitled to the application of this deduction for the same home**, the limit will be apportioned equally between them.**

Limits of the deduction according to the net tax base

> ***Attention:*** *for taxpayers* ***who died before 28 October 2022****, please take into account the limits on the taxable bases for this deduction in the Renta 2021 Practical Manual.*

- The maximum limits of the deduction (800, 950 or 1,100 euros, as appropriate) will only be applicable to taxpayers whose **sum of the general taxable income and the savings taxable income is less than 27,000 euros,** in individual taxation, **or less than 44,000 euros,** in joint taxation.
- When **the sum of the taxpayer's general taxable income and savings taxable income is between 27,000 and 30,000 euros**, in individual taxation, or **between 44,000 and 47,000 euros,** in joint taxation, **the limits of the deduction** will be as follows:

  a. **In individual taxation,** the result of multiplying the maximum deduction limit (800, 950 or 1,100 euros as appropriate) by a percentage obtained by applying the following formula:

  > **100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 27,000)**

  b. **In joint taxation**, the result of multiplying the maximum limit of the deduction (800, 950 or 1,100 euros as appropriate) by a percentage obtained by applying the following formula:

  > **100 × (1 - the coefficient resulting from dividing by 3.000 the difference between the sum of the taxpayer's general and savings tax base and 44.000)**

  The apportionment of the maximum limits of the deduction **should only be made when there**

is more than one person who, by filing a tax return, can apply the deduction for the same home because they meet all the requirements for it, including the maximum amount of the taxable base, even if they do not actually apply it.Therefore, persons who do not submit a declaration or those who have a settlement basis higher than that required are not taken into consideration for the purpose of the assessment.

- The application of the deduction is subject to the condition that the payment of the monetary amounts derived from the act or legal business giving entitlement to its application **is made by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions**.

  This requirement is established in the sixteenth additional provision of Law 13/1997, of 23 December, which regulates the regional section of the IRPF and other transferred taxes.

Compatibility

This deduction is compatible with the following deduction "For renting a dwelling as a consequence of carrying out an activity, as an employed or self-employed person, in a different municipality".

Note:*taxpayers entitled to the deduction must complete the section "Additional information on the regional deduction for renting" in Annex B.8 of the tax return in which, in addition to the data necessary to quantify the deduction, the NIF/NIE of the lessor of the dwelling and, if it exists, that of the second lessor or, if applicable, if a NIF from another country has been entered, an X will be marked in the corresponding boxes, respectively.*

For rental of a property, as a result of the carrying out of an activity, on their own behalf or that of someone else, in a different town

Regulations:Art. 4.Uno.ñ), Cuatro y Quinto y disposición adicional decimosexta Ley 13/1997, de 23 de diciembre, por la que se regula el tramo autonómico del Impuesto sobre la Renta sobre las Personas Físicas y restantes tributos cedidos, de la Comunitat Valenciana

Amount of the deduction

10 per cent of the amounts paid in the tax period for the rental of a dwelling, as a consequence of **carrying out a self-employed or employed activity, in a municipality other than** than the one in which the taxpayer previously resided.

It should be noted that in order to be able to take this deduction, the taxpayer is required to pay rent as a tenant for his or her main residence during the tax period.Therefore, in the case of marriage, whatever its economic regime, only the amounts paid by the spouse signing the lease contract will be deductible, without prejudice to the fact that such a contract has internal effects between the spouses.

Attention: *only the taxpayer who is the holder of the rental contract and who resides in the*

rented dwelling by reason of his activity is entitled to apply the deduction, and only for the rent paid which, for this purpose, is attributable to him.

Requirements and other conditions for the application of the deduction

- That the rented property, located in the Comunitat Valenciana, is more than 50 kilometres away from the property in which he/she resided immediately prior to the rental.
- **That the sums paid for the lease are not remunerated by the employer.**
- That the taxpayer's general and savings tax base, **,** sum of the boxes ***[0500]*** and ***[0510]*** of the tax return, **does not exceed the following** amounts:

  a. **30,000 euros** in individual declaration.

  b. **47,000 euros** in a joint declaration.

  Attention:*for taxpayers **who died before 28 October 2022** the sum of the general tax base and the savings tax base may not exceed 25,000 euros.*

- The application of the deduction is subject to the condition that the payment of the monetary amounts derived from the act or legal business giving entitlement to its application **is made by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions**.

  This requirement is established in the sixteenth additional provision of Law 13/1997, of 23 December, which regulates the regional section of the IRPF and other transferred taxes.

Limits of the deduction according to the net tax base

Attention: *for taxpayers **who died before 28 October 2022**, please take into account the limits on the taxable bases for this deduction in the Renta 2021 Practical Manual.*

- The maximum amount of the deduction shall be **of EUR 224**.
- This maximum limit of 224 euros will only be applicable to taxpayers whose **sum of the general taxable income and savings taxable income is less than 27,000 euros,** in individual taxation, **or less than 44,000 euros,** in joint taxation.
- When **the sum of the taxpayer's general taxable income and savings taxable income is between 27,000 and 30,000 euros**, in individual taxation, or **between 44,000 and 47,000 euros,** in joint taxation, the **limits of the deduction** will be as follows:

  1. **In individual taxation,** the result of multiplying the maximum deduction limit (224 euros) by a percentage obtained by applying the following formula:

100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 27,000)

2. **In joint taxation**, the result of multiplying the maximum limit of the deduction (224 euros) by a percentage obtained by applying the following formula:

100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 44,000)

- **The limit** of this deduction **will be prorated for the number of days the lease remains in force** within the financial year.
- **When two or more taxpayers declaring IRPF** are entitled to the application of this deduction for the same home**, the limit will be apportioned equally between them.**

  The apportionment of the maximum limit of the deduction should only be made when there is more than one person who, by filing a tax return, can apply the deduction for the same home because they meet all the requirements for it, including the maximum amount of the net tax base, even if they do not actually apply it.Therefore, persons who do not submit a declaration or those who have a settlement basis higher than that required are not taken into consideration for the purpose of the assessment.

Compatibility

This deduction is compatible with the deduction previously commented "for lease of the habitual dwelling".

Note:*taxpayers entitled to the deduction should state in Annex B.7 the NIF/NIE of the lessor of the dwelling and, if applicable, if a NIF from another country has been entered, an X should be marked in the corresponding box.*

For investments in facilities for self-consumption of electricity or for the use of certain renewable energy sources in homes in the Community of Valencia, as well as for the share of investments in collective facilities where such homes are located

Regulations:Art. 4.Uno.o) and additional provision sixteen Law 13/1997, of 23 December, which regulates the autonomous section of the Personal Income Tax and other transferred taxes of the Valencian Community.

Amount of the deduction

Attention:*this deduction was in 2017 and 2018 exclusively applicable to investments made in the taxpayer's main residence. From 2019 it was extended to all types of housing.And from 1 January 2021, different percentages will be established depending on whether it is a primary residence or another type of residence.*

- **40 per cent of the amount of the sums invested** in installations carried out in the **habitual residence** of the Comunitat Valenciana and in collective installations of the building destined for any of the purposes indicated below:

  a. Electricity self-consumption installations, as established in article 9.1 of Law 24/2013, of 26 December, on the Electricity Sector, and the regulations that develop it, which have been registered in the Administrative Register of Self-consumption of the Valencian Community.

     In accordance with the provisions of article 9.1 of Law 24/2013, the following types of self-consumption are distinguished:

     - Self-consumption supply mode without surplus:where the physical devices installed prevent any surplus energy from being injected into the transmission or distribution network.
     - Self-consumption supply modality with surpluses:where generation facilities may, in addition to supplying energy for self-consumption, inject surplus energy into the transmission and distribution grids.

  b. Thermal energy production facilities from solar, biomass or geothermal energy for hot water generation, heating and/or air conditioning.

  c. Installations for the production of electricity from solar photovoltaic or wind energy, for the electrification of dwellings isolated from the electricity distribution grid and whose connection to the grid is technically, environmentally or economically unfeasible.

- **20 per cent of the amount of the amounts invested** in installations, destined for any of the purposes indicated above, **carried out in the dwellings that constitute second homes** for the taxpayer, provided that these are not related to the exercise of an economic activity.

  Attention: *in order to determine whether or not the home is used for the exercise of economic activities, the state regulations governing Personal Income Tax will be applied*.

  Note: the features that characterise the exercise of an economic activity and the income derived from it are discussed in Chapter 6.

- **Those installations that are compulsory by virtue of the application of Royal Decree 314/2006, of 17 March, approving the Technical Building Code (CTE) will not be eligible for this deduction** .

Requirements for the application of deductions

- The dwellings must **be located** in the territory of the Comunitat Valenciana.

> ***Note:*** *for the purposes of this deduction, the concept of housing contained in the autonomous community regulations governing housing shall apply.*

- **In the case of housing complexes under the horizontal property regime** in which these installations are carried out on a shared basis, provided they have legal coverage, this deduction **may be applied by each of the owners individually** according to the participation coefficient that corresponds to them, provided that they comply with the rest of the established requirements.

- The actions subject to deduction must be carried out **by installation companies** that meet the requirements established in the regulations.

- The deduction **requires prior recognition by the regional administration.**

  To this end, the Instituto Valenciano de Competitividad Empresarial (IVACE) will issue the corresponding accreditation certificate.

  The IVACE determines the typology, technical requirements, maximum reference costs and other characteristics of the equipment and installations to which the deduction established in this section is applicable, being able to carry out the control and technical verification actions on the installed equipment that it considers appropriate.

  The certificate will be issued by the IVACE, in accordance with the Resolution of 8 February 2022, of the President of the Valencian Institute for Business Competitiveness (IVACE), which establishes the requirements and procedure for obtaining the certificate, and accredits that both the applicant and the installation meet all the requirements for the application of the deduction.

  The procedure requires the certificate to be requested by each taxpayer wishing to apply the deduction, who must justify the amount invested by means of an invoice issued in the name of the applicant.

  However, in the case of marriages in community of property regime, the accreditation of the deduction will be admissible by means of a certificate issued by the IVACE in the name of only one of the spouses, provided that the investment has been made during the period of the community of property, and both may deduct in their personal income tax return the 50 per cent corresponding to the amounts paid for the investment in these installations.

  On the other hand, in the case of marriages in a regime of separation of property, or in any other case of acquisition of the installation jointly, the right to the application of the deduction will correspond to the person who has effectively made the investment, and each of the taxpayers wishing to apply the deduction must request the accreditation certificate from the IVACE.

- In order to apply the deduction, **must keep the supporting documents** of expenditure and payment, which must comply with the provisions of the applicable regulations.

Deduction base

- The **basis for this deduction** is made up of the amounts actually paid during the year by the taxpayer.

  In the case of payments from financing obtained from a bank or financial institution, the capital depreciation of each tax year, with the exception of interest, will be considered as part of the deduction basis.

Financing costs, other than interest, are only part of the base when they are included in the capital to be financed.

> ***Note:*** *to apply the deduction, proof of expenditure and payment must be kept, which must comply with the provisions of the applicable regulations. .*

- The application of the deduction is subject to the condition that the payment of the monetary amounts derived from the act or legal business giving entitlement to its application **is made by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions.**

  This requirement is established in the sixteenth additional provision of Law 13/1997, of 23 December, which regulates the regional section of the IRPF and other transferred taxes.

Maximum annual base

- **The maximum annual base for this deduction** is set at **8,800 euros**.The indicated base will also be considered as the maximum deductible investment limit for each dwelling and financial year .The part of the investment supported, if any, by public grants is not eligible for deduction.

  The limit of 8,800 euros per home and year is applied for the joint of taxpayers in respect of the same home.

  In the case of several taxpayers and with respect to the same property, **the limit of 8,800 euros is distributed according to the percentage of ownership of the real right** that is held over the property of the taxpayers, whether or not they are taxpayers declaring for the IRPF.

> ***Attention:*** *for taxpayers deceased before 28 October 2022, the maximum deduction base will be 8,000 euros.*

- The amounts corresponding to the tax period not deducted may be applied in the tax assessments for the tax periods ending in the next four years and thereafter .

Rules of application

- The amounts paid in a year remaining to be deducted shall be deducted at the maximum amount permitted for each of the following years and without being practicable outside the four-year period.

- Where amounts invested in years prior to 2022 and not deducted remain to be deducted, the percentage applicable in 2022 to those amounts shall be that for the year in which the investments were made.

  Therefore, if amounts are invested in a main residence in 2022 and there are amounts pending deduction from years prior to 2021, the applicable percentage will be 20 per cent of the amounts pending deduction and 40 per cent of the amounts invested in 2021 and 2022.

- If in a given year there are both amounts paid in the year and amounts from previous years that are still to be deducted, these shall be applied first for the purpose of determining the amounts paid in the year that can be deducted in subsequent years.
- The deduction for the amounts paid in an exercise in which the taxpayer has not made a declaration, as well as the unapplied deduction for reasons other than the application of the maximum basis of the deduction, cannot be applied in subsequent years.
- The deduction for amounts invested in an exercise in which the taxpayer has not made a declaration, as well as the “not enjoyed” deduction for reasons other than the application of the maximum basis of the deduction (e.g. since the deduction has no effect on the final result of the declaration), it only has effect on that exercise, without making it possible to transfer it to subsequent exercises.
- In exceptional cases where the deduction is applied to more than one dwelling, if the total investment made in the year exceeds the maximum base for the deduction, the deduction for each of the dwellings is made, firstly, on the basis of the specific circumstances of each dwelling and, secondly, in proportion to the deductible investment, both in the year of the investment and in the case of application to the four immediate and successive tax periods.

Other conditions for the application of the deduction

- The application of this deduction requires that **the verified amount** of the taxpayer's assets at the end of the tax period **exceeds the value** which was verified at the beginning of the tax period by at least the amount of the investments made.

  For this purpose, the increases or decreases in value experienced during the aforementioned tax period shall not be counted for the assets which, at the end of the tax period, continue to be part of the taxpayer's assets.

  See chapter 16 at .

For donations for ecological purposes

Regulations:Art. 4.Uno.p) and additional provision sixteenthLaw 13/1997, of 23 December, which regulates the autonomous section of the Personal Income Tax and other transferred taxes of the Valencian Community.

Amount of the deduction

Taxpayers will be entitled to deduct from the regional tax liability the result of applying the following percentages to the amount of the donations made during the tax period in favour of the entities indicated below:

Amount up to	Percentage of deduction
First EUR 150	20

Remaining amount of donations	25

Requirements and other conditions for the application of the deduction

- To qualify for this deduction, **donations must have been made to any of the following entities**:

  a. The Generalitat and the local corporations of the Region of Valencia.

  b. Public entities dependant on any of the territorial Administrations mentioned above, whose social purpose is the defense and conservation of the ambiente environment.

  c. The non-profit organisations referred to in sections a) and b) of article 2 of Law 49/2002, of 23 December, on the tax regime for non-profit organisations and tax incentives for patronage (BOE of 24 December), provided that their exclusive purpose is the defence of the environment and that they are registered in the corresponding Registers of the Comunitat Valenciana.

  Article 2 (a) and (b) of Law 49/2002 refers to foundations and associations declared to be of public utility.

- Furthermore, the application of the deduction is subject to the condition that the payment of the monetary amounts derived from the act or legal business giving entitlement to its application **is made by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions.**

  This requirement is laid down in the sixteenth additional provision of Law 13/1997 of 23 December 1997, which regulates the regional section of personal income tax and other transferred taxes.

For donations of property belonging to the Valencian Cultural Heritage

Regulations:Art. 4.Uno.q) and sixteenth additional provision Law 13/1997, of 23 December, which regulates the autonomous section of the Personal Income Tax and other transferred taxes of the Comunitat Valenciana.

Amount of the deduction

- **20 per cent for the first 150 euros, and**
- **25 per cent for the rest of the value of pure and simple donations made**, during the tax period, of assets which, forming part of the Valencian Cultural Heritage, are registered in the General Inventory of the aforementioned Heritage, in accordance with current regional legal regulations.

Requirements and other conditions for the application of the deduction

- That the donations are made in favour of any of the following entities referred to in article 3 of Law 20/2018, of 25 July, on non-professional cultural, scientific and sporting patronage in the

Valencian Community:

a. The non-profit entities, domiciled fiscally in the Valencian Community, whose social object is of a cultural, scientific or non-professional sports character.

Non-profit entities are defined as:

1. Foundations.
2. Declared public utility associations.
3. Sports federations and associations in the territory of the Region of Valencia.
4. The federations and associations of non-profit entities referred to in the preceding paragraphs.

b. The Generalitat, its public bodies and the instrumental public sector of the Generalitat.

c. The local entities of the Region of Valencia, their public bodies, foundations and consortia that depend on them.

d. The public and private universities of the Region of Valencia, their foundations and the major colleges attached to them.

e. The institutes and research centers of the Region of Valencia or based in it.

f. The higher centers of artistic teachings of the Region of Valencia.

g. The persons or entities benefiting from patronage shall also be persons or entities objectively comparable to those provided for in the previous point based in other autonomous communities, member states of the European Union or associated states of the European Economic Area which carry out projects or activities declared of social interest under the terms of Law 20/2018, of 25 July, of cultural, scientific and non-professional sports patronage in the Valencian Community.

- Furthermore, the application of the deduction is subject to the condition that the payment of the monetary amounts derived from the act or legal business giving entitlement to its application **is made by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions**.

For donations for the conservation, repair and restoration of property belonging to the Valencian Cultural Heritage

Regulations:Art. 4.Uno.q) and sixteenth additional provision Law 13/1997, of 23 December, which regulates the autonomous section of the Personal Income Tax and other transferred taxes of the Comunitat Valenciana.

Amount and requirements for the application of the deduction

- **20 per cent for the first 150 euros, and**
- **25 per cent for the rest of the value** of the **monetary amounts** donated for the conservation, repair and restoration of Valencian Cultural Heritage assets registered in its General Inventory.

Requirements and other conditions for the application of the deduction

- That donations be made in favor of any of the following entities:

  a. The non-profit entities, domiciled fiscally in the Valencian Community, whose social object is of a cultural, scientific or non-professional sports character.

     Non-profit entities are defined as:

     1. Foundations.
     2. Declared public utility associations.
     3. Sports federations and associations in the territory of the Region of Valencia.
     4. The federations and associations of non-profit entities referred to in the preceding paragraphs.

  b. The Generalitat, its public bodies and the instrumental public sector of the Generalitat.

  c. The local entities of the Region of Valencia, their public bodies, foundations and consortia that depend on them.

  d. The public and private universities of the Region of Valencia, their foundations and the major colleges attached to them.

  e. The institutes and research centers of the Region of Valencia or based in it.

  f. The higher centers of artistic teachings of the Region of Valencia.

  g. The persons or entities benefiting from patronage shall also be persons or entities objectively comparable to those provided for in the previous point based in other autonomous communities, member states of the European Union or associated states of the European Economic Area which carry out projects or activities declared of social interest under the terms of Law 20/2018, of 25 July, of cultural, scientific and non-professional sports patronage in the Valencian Community.

- These must be donations for the financing of **expenditure programmes or actions** aimed at the conservation, repair and restoration of the aforementioned assets.

  For this purpose, when the donor is the Generalitat or one of its public entities of a cultural nature, the amount received in each exercise will be affected, as a minimum credit, to the program of expenditure of the budgets of the immediately subsequent financial year that have for the purpose of conservation, repair and restoration of works of art and, in general, of goods of historical, artistic and cultural value.

- The application of the deduction is subject to the condition that the payment of the monetary amounts derived from the act or legal business giving entitlement to its application **is made by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions**.

  This requirement is established by the sixteenth additional provision of Law 13/1997, of 23 December, which regulates the regional section of the IRPF and other transferred taxes.

For amounts earmarked by their owners for the conservation, repair and restoration of Valencian Cultural Heritage assets.

Regulations:Art. 4.Uno.q) and additional provision sixteen Law 13/1997, of 23 December,

which regulates the autonomous section of Personal Income Tax and other transferred taxes of the Valencian Community.

Amount and requirements for the application of the deduction

- **20 per cent for the first 150 euros, and**
- **25 per cent for the rest of the value of the amounts allocated by the owners of assets belonging to the Valencian Cultural Heritage, registered in the General Inventory of the same, to the conservation, repair and restoration of the aforementioned assets.**
- The application of the deduction is subject to the condition that the payment of the monetary amounts derived from the act or legal business giving entitlement to its application **is made by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions**.

For donations allocated for the promotion of the Valencian language

Regulations:Art. 4.Uno.r) and sixteenth additional provision Law 13/1997, of 23 December, which regulates the autonomous section of the Personal Income Tax and other transferred taxes of the Comunitat Valenciana.

Amount and requirements for the application of the deduction

- **20 per cent for the first 150 euros, and**
- **25 per cent for the remainder of the value of donations of monetary amounts made during the tax period to the following entities:**

  a. The Generalitat, public bodies and the public instrumental sector of the Generalitat.

  b. The local entities of the Region of Valencia, their public bodies, foundations and consortia dependant on them.

  c. Public and private universities established in the Valencian Community.

  d. The higher centers of artistic teachings of the Region of Valencia.

  e. Entities registered on the last day of the tax period in the Census of entities for the promotion of Valencian.

  For this purpose, when the donatee is the Generalitat or one of its public entities of a cultural nature, the amount received in each exercise will be affected, as a minimum credit, to the program of expenses of the budgets of the immediately subsequent financial year that have as object the promotion of the valencian language.

- Furthermore, the application of the deduction is subject to the condition that the payment of the monetary amounts derived from the act or legal business giving entitlement to its application **is made by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions**.

For donations or assignments of use or gratuitous bail for other purposes of cultural, scientific or non-professional sports

Regulations:Art. 4.Uno.s) and sixteenth additional provision Law 13/1997, of 23 December, which regulates the autonomous section of the Personal Income Tax and other transferred taxes of the Comunitat Valenciana.

Amount of the deduction

25 per cent of the **amounts in which donations or loans for use or loan** made to non-professional cultural, scientific or sporting projects or activities declared or considered to be of social interest in which the requirements indicated in the following section are met.

However, in the event that the taxpayer applies the deduction for donations made to entities included in the scope of Law 49/2002, provided for in Article 68.3.a) of the Personal Income Tax Law, the first 150 euros of the value of the donation will benefit from a deduction **of 20 per cent.**

Requirements for the application of deductions

- That the donations or loans of use or loan are made to **cultural, scientific or non-professional cultural, scientific or sporting projects or activities declared or considered to be of social interest**, other than those foreseen for donations relating to Valencian cultural heritage and those destined to the promotion of the Valencian language.

- That the donations or loans of use or gratuitous bailment are made **in favour of the persons and entities that are beneficiaries of article 3 of Law 20/2018**, of 25 July, of the Generalitat, on non-professional cultural, scientific and sporting patronage in the Comunitat Valenciana.

  In accordance with Article 3 of Law 20/2018, of 25 July, of the Generalitat, of the cultural, scientific and non-professional sports patronage in the Valencian Community, the following persons and entities are considered beneficiaries:

  a. The non-profit entities, domiciled fiscally in the Valencian Community, whose social object is of a cultural, scientific or non-professional sports character.

     Non-profit entities are defined as:

     1. Foundations.
     2. Declared public utility associations.
     3. Sports federations and associations in the territory of the Region of Valencia.
     4. The federations and associations of non-profit entities referred to in the preceding paragraphs.

  b. The Generalitat, its public bodies and the instrumental public sector of the Generalitat.

  c. The local entities of the Region of Valencia, their public bodies, foundations and consortia that depend on them.

  d. The public and private universities of the Region of Valencia, their foundations and the major colleges attached to them.

e. The institutes and research centers of the Region of Valencia or based in it.

f. The higher centers of artistic teachings of the Region of Valencia.

g. Cultural companies that have their fiscal address in the Region of Valencia and that have as their social object any of the following:

   1. Cinematography, audiovisual arts and multimedia arts.
   2. Performing arts, music, dance, theater and circus.
   3. Plastic arts or fine arts, photography or design.
   4. Book and reading and literary, phonographic and cinematographic editions in any format or support.
   5. Research, documentation, conservation, restoration, recovery, dissemination and promotion of the tangible and intangible cultural heritage of the Valencian Community.
   6. Folklore and popular traditions of the Valencian Community, especially popular music and traditional dances.
   7. Applied arts such as jewelry and craft pottery.
   8. Any other artistic or cultural activity.

h. The natural persons resident and with fiscal domicile in the Region of Valencia who, in the usual way, carry out cultural, scientific and sports activities of non-professional character.For the purposes of this law, natural persons exercising non-professional cultural, scientific or sporting activities in connection with the modalities of patronage received from their spouse, stable, ascending, descendent or collateral until the third grade shall not be considered beneficiaries. or of those who form part with the aforementioned physical person of an entity on the system of attribution of rents.

i. Museums and museum collections recognized by the Generalitat Valenciana, as well as archives in the Valencian Community.

- Persons or entities benefiting from patronage shall also be persons or entities objectively comparable to those provided for in the previous point, based in other autonomous communities, member states of the European Union or associated states of the European Economic Area, which carry out cultural projects or activities, non-professional scientists or sports professionals declared or considered of social interest who are entitled to this deduction.

Basis of deductions

- The **basis for deductions for donations** made will be:

  a. **In the case of monetary donations**, the amount of the donation.

  b. **In the case of donations of goods or rights**, the book value they had at the time of transfer and, failing that, the value determined in accordance with the rules of Wealth Tax.

  c. **In the constitution of a right in rem of usufruct over real estate**, the annual amount resulting from applying, in each of the tax periods of duration of the usufruct, 4 per cent of the cadastral value, determined proportionally to the number of days corresponding to each tax period.

  d. **In the constitution of a real right of usufruct on securities**, the annual amount of

dividends or interest received by the usufructuary in each of the tax periods of the duration of the usufruct.

e. **In the constitution of a right in rem of usufruct over goods and rights**, the annual amount resulting from applying the legal interest rate for each financial year to the value of the usufruct determined at the time of its constitution in accordance with the rules of the Transfer Tax and Stamp Duty.

f. **In donations of goods of cultural interest, inventoried goods not declared to be of cultural interest, goods of local relevance or works of art of guaranteed quality,** the valuation carried out by the Valuation Board for Valuation of Valencian Cultural Heritage Goods.In the case of cultural assets that do not form part of the Valencian cultural heritage, the board will also assess the sufficiency of the quality of the work.

- **Maximum base:**The value determined in accordance with the provisions of the previous point shall have as a maximum limit **the normal market value of the property or right transferred at the time of its transfer**.
  - The **base of the deductions for loans of use or bailment** will be the annual amount resulting from applying, in each of the tax periods of the duration of the loan, **4 per 100 to the valuation of the property** carried out by the Valuation Board for Valuation of Valencian Cultural Heritage Property, **determined proportionally to the number of days corresponding to each tax period**.

    In the case of **loans of use or loan of premises for the carrying out of projects or activities**, **4 per 100 of the cadastral value will be applied, proportionally to the corresponding number of days of each tax period.**
  - Furthermore, the application of the deduction is subject to the condition that the payment of the monetary amounts derived from the act or legal business giving entitlement to its application **is made by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions**.

Documentary justification of certain regional deductions for donations or assignments of use or gratuitous bail

1.Deductions for donations

Regulations:Art. 4.Tres.a) Law 13/1997, of 23 December, which regulates the autonomous section of Personal Income Tax and other transferred taxes, of the Comunitat Valenciana.

To qualify for deductions:

- For donations for ecological purposes,
- For donations of goods belonging to the Valencian Cultural Heritage,
- For monetary donations for the conservation, repair and restoration of Valencian Cultural Heritage assets,

- For donations destined to the promotion of the Valencian language and
- By donations or transfers of use or loan for other non-professional cultural, scientific or sporting purposes.

The effectiveness of the donation made, as well as its value, must be accredited by means of **certification issued** by the person or entity making the donation, which **must contain at least the following points:**

- Name and surname or social name and tax identification number, both of the donor and of the person or donor entity.
- Express mention that the person or entity donataria is included among the beneficiaries of the cultural patronage of article 3 of Law 20/2018, of 25 July, of cultural patronage, scientific and non-professional sports in the Valencian Community.
- Date and amount of the donation when it is cash.
- Date and amount of the valuation of the donation in the case of non-cash donations.
- Date, amount of valuation and duration in the case of the constitution of a real right of usufruct or a loan of use or comfort.
- Destination that the beneficiary person or entity shall give to the donation received or to the object of the actual right of usufruct or to the one received on loan of use or comfort.
- In the case of non-cash donations, the constitution of a real right of usufruct or loan of use or comfort, public document or other document that accredits the delivery of the donated good, the constitution of the right of usufruct or of the loan of use or comfort.
- In relation to donations of property belonging to the Valencian Cultural Heritage, the identification number which corresponds to the donated good must be indicated in the Valencian General Inventory of the Cultural Heritage.

However, in the case of donations **whose beneficiary is the Generalitat, its public bodies, public sector foundations and consortiums attached to the same**, **will be accepted as a substitute for the certificate of the donating entity, certification from the regional ministry with competence in tax matters.**

2.Deductions for loans of use or gratuitous bail

Regulations:Art. 4.Tres.b) Law 13/1997, of 23 December, which regulates the autonomous section of Personal Income Tax and other transferred taxes, of the Comunitat Valenciana.

In order to be entitled to deductions on the loan of use or bailment of goods of cultural interest, inventoried goods not declared to be of cultural interest, goods of local relevance or works of art of guaranteed quality, as well as premises for carrying out cultural, scientific or sporting projects or activities that are non-professional, declared or considered to be of social interest, this must be accredited by means of the **certificate issued** by the person or entity receiving the bailment, **which must contain, at least, the following points:**

- Name and surname or social name and tax identification number of both the co-user and the co-holder.
- Express mention that the person or comfort entity is included among the beneficiaries of the cultural patronage referred to in Article 3 of Law 20/2018, of 25 July, of cultural, scientific and non-professional sports patronage in the Valencian Community.
- The date on which the good was delivered and the duration of the loan for use or comfort.
- Amount of the loan valuation for use or comfort.
- Public document or other authentic document accrediting the constitution of the loan or accommodation.
- The destination that the person or comfort entity will give to the object of the loan of use.

Joint requirement for certain regional deductions for donations or assignments of use or gratuitous bailment

Deductions:

- For monetary donations for the conservation, repair and restoration of Valencian Cultural Heritage assets,
- For amounts earmarked by their owners for the conservation, repair and restoration of assets that are part of the Valencian Cultural Heritage,
- For donations destined to the promotion of the Valencian language and
- By donations or transfers of use or loan for other non-professional cultural, scientific or sporting purposes.

Joint requirement

- **The base of the above deductions** may not exceed **30 per 100** of the taxpayer's **general net taxable income and savings base**, sum of boxes ***[0500]*** and ***[0510]*** of the tax return.
- In any case, the **revocation of the donation** will determine the obligation to pay the taxes corresponding to the benefits enjoyed in the tax period in which said revocation takes place, plus any interest for late payment, in the manner established by the state regulations governing the IRPF.

For taxpayers with two or more descendants

Regulations:Art. 4.Uno.t) Ley 13/1997, de 23 de diciembre, por la que se regula el tramo autonómico del Impuesto sobre la Renta sobre las Personas Físicas y restantes tributos cedidos, de la Comunitat Valenciana

Amount of the deduction

The **10 percent of the amount of the regional gross tax liability**, in individual or joint taxation, after deducting the reductions to determine the regional net tax liability, excluding this deduction, referred to in the state regulations governing the IRPF.

This amount is determined by subtracting from the regional tax liability, box [***0546***] of the return, the amounts entered in boxes ***[0548], [0551], [0553], [0555], [0557], [0559] [0561]*** and ***[0563]***, corresponding to the regional part of the general deductions under state regulations, as well as the amount of the regional deductions, box ***[0564]***, excluding this deduction and box ***[0566]*** corresponding to the new deduction applicable to family units made up of tax residents in Member States of the European Union, and the amounts entered in boxes [0566] corresponding to the new deduction applicable to family units made up of tax residents in Member States of the European Union.

Requirements for the application of deductions

- That the descendants generate in favour of the taxpayer the right to the application of the corresponding minimum for descendants established by the state regulations governing the IRPF.
- That the **sum of the following tax bases, general and savings**, boxes ***[0435]*** and ***[0460]*** of the declaration, **does not exceed 30,000 euros**:

  a. Those taxpayers who are entitled, for the same descendants, to apply the tax-free threshold for descendants.

  b. Those of the own descendants that give right to said minimum.

  c. Those of all members of the family unit who are taxed in conjunction with the taxpayer and who are not included in the preceding two letters.

> ***Attention:*** *for taxpayers* ***who died before 28 October 2022****, the sum of the general and savings tax bases may not exceed* ***24,000 euros.***

Due to the increase in the cost of external financing for the investment in the primary residence.

Regulations:Art. 4.Uno.u) Law 13/1997, of 23 December, which regulates the autonomous section of Personal Income Tax and other transferred taxes of the Comunitat Valenciana.

> ***Attention:*** *this deduction* ***is not applicable*** *in the case of taxpayers* ***deceased before 28 October 2022.***

Subjective scope of the deduction

This deduction may only be applied by taxpayers **with a constituted loan:**

- For the acquisition or renovation of a dwelling which is or will be their habitual residence, or
- For the adaptation of the dwelling that constitutes their habitual residence due to disability.

The concept of habitual residence is that contained in the current state regulations governing the IRPF.

Amount and requirements for the application of the deduction

- **50 per cent of the positive difference** between the amounts paid during the tax period and those paid during the previous year, provided that they have not applied the state deduction for investment in their main residence.
- The deduction shall only be applicable to taxpayers whose sum of the general taxable income and savings taxable income , boxes ***[0500]*** and **[*0510*]** of the return, respectively, **does not exceed:**

  - 30,000 euros in individual declaration.

  - 47,000 euros in joint tax return.

Special case:loans made during 2021

In the event that the loan was granted during the calendar year prior to the tax period, the interest paid during that year shall be subtracted from the result of prorating the amount of interest paid during the tax period by the quotient derived from dividing by 360 the number of days elapsed from the day following the date on which the loan was granted and the last day of the year of granting, without this calculation resulting in an amount greater than that actually paid during the tax year.

Limits of the deduction according to the net tax base

- **The maximum annual amount of the deduction is 100 euros.**
- The maximum limit of the deduction (100 euros) will only be applicable to taxpayers whose **sum of the general taxable income and the savings taxable income is less than 27,000 euros, in individual taxation, or 44,000 euros, in joint taxation.**
- When **the sum of the taxpayer's general taxable income and savings taxable income is between 27.000 and 30.000 euros**, in individual taxation, or **between 44.000 and 47.000 euros,** in joint taxation, **the limits of the deduction** will be as follows:

  a. **In individual taxation,** the result of multiplying the deduction limit (100 euros) by a percentage obtained by applying the following formula:

100 × (1 - the coefficient resulting from dividing by 3,000 the difference between the sum of the general tax base and the savings base of the household and 27,000)

b. **In joint taxation**, the result of multiplying the deduction limit (100 euros) by a percentage obtained by applying the following formula:

100 × (1 - the coefficient resulting from dividing by 3,000 the difference between the sum of the general tax base and the savings base of the household and 44,000)

For quantities allocated for the purchase of school materials

Regulations:Art. 4.Uno.v), Cuatro y Quinto y disposición adicional decimosexta Ley 13/1997, de 23 de diciembre, por la que se regula el tramo autonómico del Impuesto sobre la Renta de las Personas Físicas y restantes tributos cedidos, de la Comunitat Valenciana

Amount of the deduction

110 euros for each child or minor in permanent foster care who, on the date of accrual of the tax (normally 31 December), is attending a public or private school in the Valencian Community in Primary Education, Compulsory Secondary Education or in special education units.

Attention: *for taxpayers deceased before 28 October 2022, the maximum amount of the deduction shall be EUR 100.*

Requirements and other conditions for the application of the deduction

- That the children or foster children give right to the application of the corresponding minimum for descendants established by the state regulations governing the IRPF.
- The taxpayer must be unemployed and registered as a jobseeker with a public employment service .When parents or guardians live together this circumstance can be fulfilled by the other parent or adoptive parent.
- **That the sum of the general taxable base and the savings taxable base**, boxes ***[0500]*** and ***[0510]*** of the declaration, **does not exceed** the following amounts:

  - 30,000 euros in individual declaration.

  - 47,000 euros in joint tax return.

> ***Attention:****for taxpayers* ***who died before 28 October 2022*** *the sum of the general tax base and the savings tax base may not exceed 25,000 euros.*

- **Where two taxpayers are entitled to this deduction** , **, the amount of the deduction shall be apportioned equally between them**.
- The amount of this deduction **will be prorated for the number of days** of the tax period in which the taxpayer is **unemployed and registered as a jobseeker with a public employment service.**For these purposes, when the parents or foster parents, who live together, fulfil this requirement, the sum of the days of both, with the limit of the tax period, will be taken into account.
- The application of the deduction is subject to the condition that the payment of the monetary amounts derived from the act or legal business giving entitlement to its application **is made by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions**.

Limits of the deduction according to the net tax base

> ***Attention:*** *for taxpayers* ***who died before 28 October 2022****, please take into account the limits on the taxable bases for this deduction in the Renta 2021 Practical Manual.*

- The **full amount of the deduction** (110 euros for each child or foster child) will only be applicable to taxpayers whose **sum of the general taxable base and the savings taxable base is less than 27,000 euros,** in individual taxation, **or less than 44,000 euros,** in joint taxation.
- When **the sum of the taxpayer's general taxable income and savings taxable income is between 27,000 and 30,000 euros**, in individual taxation, or **between 44,000 and 47,000 euros,** in joint taxation, the **deduction amounts** will be as follows:

  a. **In individual taxation**, the result of multiplying the amount of the deduction (110 euros for each child or foster child) by a percentage obtained by applying the following formula:

  > **100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 27,000)**

  b. **In joint taxation**, the result of multiplying the amount of the deduction (110 euros for each child or foster child) by a percentage obtained by applying the following formula:

  > **100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and**

44,000)

For conservation works or improvement of the quality, sustainability and accessibility in the primary residence, carried out in the period

Regulations:Art. 4.Uno.w), Cuatro y Quinto y disposición adicional decimosexta Ley 13/1997, de 23 de diciembre, por la que se regula el tranche autonómico del Impuesto sobre la Renta de las Personas Físicas y restantes tributos cedidos, de la Comunitat Valenciana

Amount of the deduction

- **20 per cent of the amounts paid** in 2022 for the works carried out.
- **50 per cent of the amounts paid** in 2022 for work carried out to improve accessibility for people with a degree of **disability equal to or greater than 33 per cent.**

  Persons with a degree of disability equal to or greater than 33%.This can be either the taxpayer himself or other persons living with him in the same property.

Requirements for the application of deductions

Note:*this deduction may coexist and be compatible with the deduction regulated in the thirteenth additional provision for conservation or improvement works carried out in 2014 and 2015, with one or the other being applied depending on the year in which the works were carried out:this deduction for works carried out in 2017 and subsequent years, and the second deduction for works carried out in 2014 or 2015*

- The 20 per cent deduction applies to work carried out on or after 1 January 2017.
- The 50 per cent deduction applies to works aimed at improving accessibility for people with disabilities that have been carried out as of 1 January 2022.
- The work **must be carried out in the taxpayers' habitual residence** of which they are the owners or holders of a real right of use and enjoyment, or in the building in which it is located.
- **Those actions aimed at conserving or improving the quality, sustainability and accessibility of the primary residence and which are eligible for the deduction at** for any of the programmes in force at the date of accrual - indicated below - will be eligible for the deduction, provided that they comply with the provisions of Annex I of the Order of 7 December 2009, of the Regional Ministry of the Environment, Water, Town Planning and Housing, which approves the design and quality conditions in development of Decree 151/2009 of 2 October, of the Regional Council.

  Currently these plans are:the Recovery, Transformation and Resilience Plan and the State Plan for Access to Housing 2022-2025.

  The requirements of the programmes relating to building refurbishment, energy efficiency and accessibility, for

which this management centre is responsible, are set out below.

1. Recovery, Transformation and Resilience Plan

   The regulation is contained in Royal Decree 853/2021, of 5 October, which regulates the aid programmes for residential rehabilitation and social housing under the Recovery, Transformation and Resilience Plan.

   The aid programmes regulated by this Royal Decree are set out in Article 2 and are as follows:

   - Support programme for rehabilitation actions at neighbourhood level.
   - Support programme for rehabilitation offices
   - Aid programme for rehabilitation actions at building level.
   - Programme of aid for actions to improve energy efficiency in housing.
   - Support programme for the preparation of the existing building book for refurbishment and the drafting of refurbishment projects.
   - Programme of aid for the construction of social rental housing in energy-efficient buildings.

2. State Plan for access to housing 2022-2025
   The regulation of this plan is contained in Royal Decree 42/2022, of 18 January, which regulates the Bono Alquiler Joven and the State Plan for access to housing 2022-2025.

   The aid programmes are set out in Article 18 of this regulation, and are as follows:

   - Agreed loan subsidy programme.
   - Housing rental assistance programme.
   - Programme to help victims of gender-based violence, people who have been evicted from their homes, homeless people and other particularly vulnerable people.
   - Programme to help tenants in a situation of supervening vulnerability.
   - Programme to help young people and to contribute to the demographic challenge.
   - Programme to increase public housing stock.
   - Programme for the promotion of housing for the elderly or people with disabilities.
   - Programme for the promotion of temporary accommodation, cohousing models, intergenerational housing and similar modalities.
   - Programme for making SAREB and public entity housing available for rent as affordable or social housing.
   - Programme to promote the provision of housing by the autonomous communities and local councils for rental as affordable or social housing.
   - Programme to improve accessibility in and to housing.
   - Programme to help eradicate degraded areas, shantytowns and substandard housing.
   - Programme of assistance for the payment of rent protection insurance.

3. Regional regulations on housing renovation, design and quality.

   Article 113 of Royal Decree 42/2022, of 18 January, which regulates the Bono Alquiler Joven and the State Plan for access to housing 2022-2025, considers eligible actions of the Programme for the improvement of accessibility in and to housing, in particular:

   a) The installation of lifts, stair lifts, ramps, automatic door openers incorporating motorised mechanisms or other accessibility devices, as well as any accessibility measure that facilitates the autonomy and independent living of people with reduced mobility, both in buildings and in single-family homes, including devices adapted to the needs of people with sensory or intellectual disabilities, as well as their adaptation, once installed, to the corresponding sectorial regulations.This includes the integration by means of a single identification mechanism (smart phone, cameras, screens or other technological devices equivalent in functionality) of the opening and access control systems and other systems requiring personal control and the adaptation, where they exist, to a height not exceeding 1,40 m of the devices already installed.

   b) The installation or provision of assistive products such as cranes or similar devices, as well as technological guidance systems that allow for the location, access and use by persons with disabilities to common elements of the building, such as gardens, sports areas, swimming pools and similar.

   c) The installation of information, communication or warning elements such as luminous and visual,

vibrotactile or audible signals that allow for orientation in the use of stairs, lifts and the interior of dwellings.In particular, the installation of elements that improve accessibility and safety in the use of lifts, such as two-way communication in the car.

(d) The installation of hearing support products for accessibility in the environment, such as magnetic loops.

e) The installation of electronic communication elements or devices between dwellings and the exterior, such as video door entry systems that provide visual and audio information and similar.

(f) The installation of alarm devices in the lift to ensure a visual, audible and two-way communication system with the outside in the event of an emergency or entrapment.As well as the installation of magnetic loops in such devices.

g) The installation of home automation and other technological advances to promote the personal autonomy of elderly or disabled people.

h) Any intervention that facilitates universal accessibility in the interior spaces of dwellings (single-family dwellings, grouped in rows or in collective residential buildings) or in the collective residential buildings themselves, as well as in their escape routes.This includes works aimed at extending circulation spaces within the dwelling that comply with the conditions of the Technical Building Code in terms of accessible housing, as well as improving accessibility conditions in bathrooms and kitchens, as well as the necessary modifications and adaptations adapted to the specific needs of people with disabilities who live in the dwellings.Also included are the necessary and complementary works on elements directly related to the action to improve universal accessibility and whose poor state of conservation makes the intervention advisable.

i) Any intervention that improves compliance with the parameters established in the Documento Básico del Código Técnico de la Edificación DB-SUA, Seguridad de utilización y accesibilidad.In particular the installation of elements that improve accessibility and safety of use in lifts, such as improved car levelling.

In line with the previous budget, the fourteenth base of Order 6/2022, of 29 June, of the Second Vice-presidency and Regional Ministry of Housing and Bioclimatic Architecture, which approves the regulatory bases for the granting of subsidies to improve accessibility to housing under the State Plan for Access to Housing 2022-2025, which contains the documentation to be provided in the application for accessibility aid, can be taken as a reference for the accreditation of the execution of the works.

Note:*the deduction may be applied in the year in which the work is paid for, provided that, subject to the conditions laid down, the work is carried out on or after 1 January 2017.*

- The deduction may only be applied by taxpayers whose **sum of the general taxable income and the savings taxable income**, boxes ***[0500]*** and ***[0510]*** of the tax return, **does not exceed** the following amounts:

  - 30,000 euros in individual declaration.

  - 47,000 euros in joint tax return.

Attention:*for taxpayers **who died before 28 October 2022** the sum of the general tax base and the savings tax base may not exceed 25,000 euros.*

- **This deduction is not available at**:

  a. Works carried out in parking spaces, gardens, parks, swimming pools and sports facilities

and other similar elements, except in the case of works aimed at improving accessibility for people with a degree of disability equal to or greater than 33%.

b. Investments for the use of renewable energy sources in the usual housing to which the deduction provided for in Article 4(1)(o) of Law 13/1997 applies.

   Therefore, when the investment meets the requirements to be able to apply the investment deduction for the use of renewable energy sources in the usual housing and the deduction for conservation works or quality improvement, sustainability and accessibility of habitual housing the taxpayer is excluded from the application of this deduction.

c. The part of the investment financed with subsidies administrations.

d. In order for this deduction to be applied, the persons or entities materially carrying out the work must be identified by means of their tax identification number.

- The application of the deduction is subject to the condition that the payment of the monetary amounts derived from the act or legal business giving entitlement to its application **is made by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions**.

Deduction base

The basis for this deduction will be constituted by the **amounts paid, by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions**or**,** to the persons or entities carrying out such works.

In no case shall the amounts paid by means of **be eligible for these deductions.**

Maximum annual basis for deduction

- **The maximum annual base** for this deduction is **5,500 euros**.

> ***Attention:****for taxpayers* ***who died before 28 October 2022*** *the maximum annual base will be 5,000 euros.*

- When there are **several taxpayers with the right** to make the deduction in respect of the same property, **the maximum annual deduction base will be weighted for each of them according to their percentage of ownership** in the property.

  The amount of the aforementioned limit on the accumulated deduction base (5,500 euros) will be weighted proportionally for each of the owners, without it being understood that it applies to each of them independently.

> ***Note:****A requirement for the application of this deduction is the identification, by means of their NIF, of the persons or entities that materially carry out the works.*

Limits of the deduction according to the net tax base

> ***Attention:*** *for taxpayers* ***who died before 28 October 2022****, please take into account the limits on the taxable bases for this deduction in the Renta 2021 Practical Manual.*

- The **full amount of the deduction** will only be applicable to taxpayers whose **sum of the general taxable base and the savings taxable base is less than 27,000 euros,** in individual taxation, **or less than 44,000 euros,** in joint taxation**.**
- When **the sum of the taxpayer's general taxable income and savings taxable income is between 27,000 and 30,000 euros**, in individual taxation, or **between 44,000 and 47,000 euros,** in joint taxation, the **deduction amounts** will be as follows:

  a. **In individual taxation,** the result of multiplying the amount or limit of deduction by a percentage obtained by applying the following formula:

  > **100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 27,000)**

  b. **In joint taxation**, the result of multiplying the deduction amount or limit by a percentage obtained by applying the following formula:

  > **100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 44,000)**

For conservation works or improvement of the quality, sustainability and accessibility in the primary residence, carried out in 2014 and 2015

Regulations:Thirteenth additional provision Law 13/1997, of 23 December 1997, regulating the autonomous section of the Personal Income Tax and other transferred taxes of the Comunitat Valenciana.

> ***Note:*** *this deduction may coexist and be compatible with the deduction regulated in Article 4(1)(w) of Law 13/1997 for conservation or improvement works carried out in 2022, with one or the other being applied depending on the year in which the works were carried out:the present deduction for works carried out in 2014 or 2015 and the second deduction for works carried out in 2017 and subsequent years.*

Amount of the deduction

- The **10 per 100** of the amounts paid in the tax period for work carried out in 2014.
- The **25 per 100** of the amounts paid in the tax period for work carried out in 2015.

Requirements for the application of deductions

- The works must have been carried out **from 1 January 2014 to 31 December 2015**.
- The work **must be carried out in the taxpayers' habitual residence** of which they are the owners or holders of a real right of use and enjoyment, or in the building in which it is located.
- The works **must be for the purpose of conservation, or the improvement of quality, sustainability and accessibility,** in the terms provided by the State Plan for the promotion of housing rental, building rehabilitation, and urban regeneration and renovation, 2013-2015, approved by Royal Decree 233/2013, of 5 April, or in those provided for in the regional regulations on rehabilitation, design and quality in housing.

> ***Note:****the deduction may be applied in the year in which the work is paid for, provided that, subject to the conditions laid down, the work is carried out from 1 January 2014 to 31 December 2015.*

- The deduction may only be applied by taxpayers whose **sum of the general taxable income and the savings taxable income**, boxes ***[0500]*** and ***[0510]*** of the tax return, **does not exceed** the following amounts:

  - 25,000 euros in individual declaration.

  - 40,000 euros in a joint declaration.

- **This deduction is not available at**:

  a. Works that are carried out in parking spaces, gardens, parks, swimming pools and sports facilities and other similar items.

  b. Investments for the use of renewable energy sources in the usual housing to which the deduction provided for in Article 4(1)(o) of Law 13/1997 applies.

  Therefore, when the investment meets the requirements to be able to apply the investment deduction for the use of renewable energy sources in the usual housing and the deduction for conservation works or quality improvement, sustainability and accessibility of habitual housing the taxpayer is excluded from the application of this deduction.

  c. The part of the investment financed with subsidies administrations.

Deduction base

- The **base of this deduction** will be constituted by the amounts paid, by means of **credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit**

institutions, to the persons or entities carrying out such works.

In no case will give rise to the right to apply this deduction, the amounts paid by deliveries of money legal tender.

The taxpayer may prove that the works have been carried out in the required period and that their amount has been satisfied effectively, by any means valid in law.

- **The maximum annual basis for this deduction** shall be:

  In individual taxation

  a. **When the sum of the general tax base and the savings tax base is less than 23,000 euros** per year:4,500 euros per year

  b. **When the sum of the general and savings tax base is between 23,000 and 25,000 euros per year**:the result of applying the percentage obtained from the application of the following formula to eur 4.500 per year:

  > **100 × (1 - the coefficient resulting from dividing by 2,000 the difference between the sum of the taxpayer's general and savings tax base and 23,000)**

  In joint taxation

  a. **When the sum of the general tax base and the savings tax base is less than 37,000 euros per year:**4,500 euros per year.

  b. **When the sum of the general and savings tax base is between 37,000 euros and 40,000 euros**:the result of applying the percentage obtained from the application of the following formula to eur 4.500 per year:

  > 100 × (1 – the resulting coefficient of dividing by 3.000 the difference between the sum of the general livable basis and the taxpayer's saving and 37.000)

Maximum base per dwelling

- **The cumulative base of the deduction** for the tax periods in which the deduction applies **may not exceed 5,000 euros per dwelling**.

- When there are **several taxpayers with the right** to make the deduction in respect of the same property, **the maximum annual deduction base and the accumulated base will be weighted for each of them according to their percentage of ownership** in the property.

  The amount of the aforementioned limit of the accumulated base of the deduction (5,000 euros) will be weighted proportionally for each of the holders, without it being understood that it is applied to each of them independently.

> ***Note:****A requirement for the application of this deduction is the identification, by means of their NIF, of the persons or entities that materially carry out the works.*

For amounts earmarked for cultural subscriptions

Regulations:Art. 4.Uno.x) and sixteenth additional provision Law 13/1997, of 23 December, which regulates the regional section of Personal Income Tax and other transferred taxes of the Valencian Community.

Amount of the deduction

21% of the amounts paid for the purchase of cultural subscriptions from companies or institutions that are members of the specific agreement signed with Culturarts Generalitat on the Valencian Cultural Subscription.

Requirements for the application of deductions

- The deduction can only be applied by taxpayers **with an income of less than 50,000 euros.**

  For these purposes, the income of the taxpayer acquiring the cultural subscriptions will be understood to be the **sum of the general taxable base and the savings taxable base**, boxes **[*0500*]** and ***[0510]*** of the tax return.

- **The maximum deduction base** will be **165 euros** per tax period.

  > ***Attention:*** *for taxpayers **who died before 28 October 2022**, the maximum deduction base is **150 euros** per tax period.*

- Furthermore, the application of the deduction is subject to the condition that the payment of the monetary amounts derived from the act or legal business giving entitlement to its application **is made by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions**.

For the purchase of new vehicles belonging to the categories included in Order 5/2020 of 8 June

Regulations:Art. 4.One.y).Four and Five and additional provision sixteen Law 13/1997, of 23 December 1997, which regulates the autonomous section of the Personal Income Tax and other transferred taxes of the Comunitat Valenciana.

Amount of the deduction

10 percent of the amounts allocated by the taxpayer during the tax period to the purchase of new vehicles belonging to the categories included in Order 5/2020, of 8 June, of the Regional Ministry of Territorial Policy, Public Works and Mobility, which approves the regulatory bases for

the granting of subsidies for the acquisition or electrification of urban bicycles and electric vehicles for personal mobility.

Requirements for the application of deductions

- They must be new vehicles **belonging to one of the following categories** included in Order 5/2020, of 8 June, of the Regional Ministry of Territorial Policy, Public Works and Mobility, which approves the regulatory bases for the granting of subsidies for the acquisition or electrification of urban bicycles and electric vehicles for personal mobility:

  1. Conventional bicycles - not electrified.The bicycles to be supported must be urban bicycles.
  2. Electric bicycles
  3. Urban bicycle electrification kits.
  4. Personal Mobility Vehicles (PMV)

- The deduction may only be applied by taxpayers for whom the **sum of the net general tax base and the net savings tax base**, boxes ***[0500]*** and ***[0510]*** of the tax return, **do not exceed** the following amounts:

  - **30,000 euros** in individual declaration.
  - **47,000 euros** in a joint declaration.

> ***Attention:****for taxpayers **who died before 28 October 2022** the sum of the general tax base and the savings tax base may not exceed 25,000 euros.*

Basis of deduction

- The basis for deduction is the amount used for the purchase of the vehicle.
- The application of the deduction is subject to the condition that the **delivery of the monetary amounts** derived from the act or legal business giving entitlement to its application **is made by credit or debit card, bank transfer, nominative cheque or deposit in accounts in credit institutions**.
- Per tax period **each taxpayer may deduct the amounts used for the purchase of a single vehicle**.
- The deduction **can only be applied by taxpayers who are listed on the purchase invoice of the vehicle.**

Maximum deduction base

1. The **maximum base of the deduction** will be constituted by the maximum eligible amount for each type of vehicle, in accordance with the aforementioned Order 5/2020, of 8 June, increased by 10%, from which the part of the acquisition financed with public subsidies or aid

will be excluded.

For the purposes of determining the maximum deductible amount, the amount of public aid and subsidies must be deducted from the total amount paid by the taxpayer and the result of this operation may not exceed the maximum eligible amount for each type of vehicle, in accordance with the aforementioned Order 5/2020 of 8 June.

In accordance with the aforementioned Order, the typology, requirements and maximum deduction bases are those indicated in the following table:

Typology	Requirements	Maximum deduction basis for deceased up to 28/10/2012	Maximum deduction base for all other taxpayers
Conventional bicycles	Urban in character	500 € or 700 € for family bicycles with a child carrier.	550€ or 750€ in the case of family bicycles with a child carrier.
Electric bicycles	1. Urban bike, with pedal assistance, and standard equipment. 2. Electric motor power of 250 W or less. 3. Range approx. 50 km. 4. Lithium-ion battery, 36 V and minimum capacity of 9 A.h. 5. The power supply should be cut off when the bicycle reaches 25 km/hour, or when the person stops pedalling. 6. Compliance with the UNE-EN 15194:2018 standard.Electrically Assisted Cycles.EPAC Bicycles.	€1,400	€1,540
Urban bicycle electrification kits	They shall comply with the limitations for electric bicycles.	€600	€660
Personal Mobility Vehicles (PMV)	1. Maximum speed 25 km/hour 2. Minimum range 30 km. 3. Lithium-ion battery, minimum capacity of 7.8 A.h.	€450	€495

***Attention**: Please note that the deduction will be applicable to vehicles listed in Order 5/2020, of 8 June, even if they were not eligible for aid because their purchase price exceeded the maximum eligible amounts provided for in the aforementioned order, although these amounts serve as a reference for the maximum limit of the basis for the deduction.*

2. In the event that there is more than one taxpayer entitled to apply the deduction on the same vehicle, **the maximum base for the deduction should be apportioned between them**.

3. The **maximum base of the deduction to be applied in the joint tax return will be the same as in individual taxation**, without increasing or multiplying it according to the number of members of the family unit.**This maximum base is per taxpayer**.

Examples

a. Marriage formed by Mr. M.T and Mrs. R.V, in which during 2022 each spouse purchased an electric bicycle for an amount of 1,600 euros.

According to Order 5/2020 of 8 June, the price of electric bicycles may not exceed 1,400 euros, including VAT plus 10%, i.e. 1,540 euros (maximum deductible amount).

Therefore, in the joint tax return the amount of the applicable deduction will be 10 per 100 of the maximum deductible amounts.This is 10% s/ (1.540 + 1.540) = 308 Euros

Note: the only restriction is that in the same tax period each taxpayer may only deduct the amounts used for the purchase of a single vehicle.Here there are two taxpayers and the acquisition by each of them of two electric bicycles, for which 10% of the maximum deductible amount (1,400 euros) corresponds to each of the bicycles acquired.

b. The same marriage as in the previous example:if Mr. M.T buys an electric bicycle for 1,600 euros and Mrs. R.V buys a conventional bicycle for 700 euros.Mr. M.T. receives public aid for the purchase of the electric bicycle in the amount of 200 euros.

In accordance with Order 5/2020 of 8 June, the price of electric bicycles may not exceed 1400 euros, including VAT, and that of conventional (non-electric) bicycles may not exceed 500 euros, including VAT, or 700 euros in the case of family bicycles with a load element for child transport.

The maximum base shall be this maximum amount plus 10 per cent.Therefore:

Electric bicycles (1.400 x 10%s/ 1.400)= 1.540

Conventional bicycles:500 x 10% s/500 = 550

Therefore, in the joint tax return, the amount of the deduction applicable will be 10 per cent of the maximum bases.

That is, 10% of (1,540 - 200 aid) = 134 euros.

10% s/550 = 55 euros.

Total amount of the deduction:134 + 55 = 189.

c. The same marriage as in the previous examples:if Mr. M.T buys an electric bicycle for 1,200 euros and Mrs. R.V buys a conventional bicycle for 350 euros.

As the amounts paid for the purchase of the bicycles are lower than the maximum eligible price established in Order 5/2020 of 8 June (1,400 euros for electric bicycles and 500 euros for conventional bicycles) increased by 10% (i.e. 1,540 euros for electric bicycles

and 550 euros for conventional bicycles), the amounts paid will be taken into account.

Therefore, a deduction of 10 per cent of the amounts paid for the purchase of each bicycle may be included in the joint tax return.That is, 10% x (1,200 + 350) = 155 euros.

Limit of the deduction according to the net base

Attention: *for taxpayers* ***who died before 28 October 2022****, please take into account the limits on the taxable bases for this deduction in the Renta 2021 Practical Manual.*

- The maximum amount of the deduction resulting in accordance with the above paragraphs will only be applicable by taxpayers whose **sum of the general taxable income and the savings taxable income is less than 27,000 euros,** in individual taxation, **or less than 44,000 euros,** in joint taxation.
- When the **sum of the net general tax base and the net savings tax base for the taxpayer is between 27,000 and 30,000 euros**, in individual taxation, or **between 44,000 and 47,000 euros**, in joint taxation, the **amounts and limits of the deduction** will be as follows:

  a. **In individual taxation,** the result of multiplying the amount or maximum limit of the deduction by a percentage obtained by applying the following formula:

  100 × (1 – the resulting coefficient of dividing by 3,000 the difference between the sum of the taxpayer's net general tax base and net savings tax base and 27,000)

  b. **In joint taxation**, the result of multiplying the amount or maximum limit of the deduction by a percentage obtained by applying the following formula:

  100 × (1 - the coefficient resulting from dividing by 3.000 the difference between the sum of the taxpayer's general and savings tax base and 44.000)

For investment in the acquisition of shares or equity in new or newly created companies

Regulations:Art. 4.Uno.z), Sixth and sixteenth additional provision Law 13/1997, of 23 December, which regulates the autonomous section of the Personal Income Tax and other transferred taxes of the Comunitat Valenciana.

Attention: *for taxpayers* ***deceased before 28 October 2022****, please note the limits for this deduction in the Practical Manual Renta 2021.*

A. In general

Amount and deduction limit

- **30 per cent** of the amounts invested during the year in the subscription and payment of shares or holdings in companies as a result of agreements to set up or increase the capital of public limited companies, limited liability companies and worker owned companies or voluntary or obligatory contributions made by members to cooperative companies.
- **Limit**.The amount of the deduction may not exceed **6,600 euros**, both in individual and joint taxation.

> ***Attention:*** *the limits of EUR 6,600 (in general) and EUR 9,900 (for the additional increase of the deduction for certain circumstances discussed in section 2) are independent of each other where they apply to different investments.*

Requirements and other conditions for the application of the deduction

- They must not be shares or holdings in an entity through which the same activity is carried out **as that previously carried out through another ownership.**

- **The entity in which the investment is to be realised has to meet the following requirements:**

1. **The must have its registered office and tax domicile in the Valencian Community and maintain it for the three years following incorporation or extension.**

2. **You have to carry out an economic activity during the three years following incorporation or extension.**

   For this purpose, it does not have to have as its main activity the management of movable or immovable assets, in accordance with the provisions of Article 4.8.2.a) of Law 19/1991, of 6 June 1991, on Wealth Tax.

3. **It must have at least one person employed under a full-time employment contract, registered with the general social security system during the three years following the incorporation or extension.**

4. **If the investment was made by means of a capital increase or new contributions, the company must have been incorporated within the three years prior to the date of the capital increase, provided that, in addition, during the twenty-four months following the start date of the corporate income tax period in which the investment was made, its average workforce is increased by at least one person with respect to the average workforce in the twelve previous months and that this increase is maintained for a further twenty-four months.**

   For the calculation of the total average workforce of the company and its increase, the persons employed shall be taken into account, under the terms of the labour

legislation, taking into account the contracted working day in relation to the full working day.

The requirements contained in numbers 3 and 4 are not applicable for worker owned companies and worker cooperatives.

- **Transactions for which the deduction is applicable have to be formalised in a public deed, in which the identity of the investors and the amount of the respective investment have to be specified.**

- **The acquired shares must be held in the taxpayer's assets for a minimum period of three years after incorporation or enlargement .**

- **In addition, the application of the deduction is conditional on delivery of the monetary amounts derived from the legal act or business entitled to application of the deduction being done by credit or debit card, bank transfer, named cheque or credit institution account deposit.**

B. Additional increase of the deduction for certain circumstances

- **The deduction may be increased by an additional 15 per cent, when, in addition to meeting the above requirements, the entities receiving funds meet any of the following conditions:**

  a. **Accredit that they are small and medium-sized innovative companies for the purposes of Royal Decree 475/2014, of 13 June, on rebates on Social Security contributions for research personnel, or are owned by universities or research organisations.**

  b. **Have their tax domicile at any municipality at risk of depopulation.**

     Municipalities at risk of depopulation

     1. **To be considered a municipality at risk of depopulation it must be a beneficiary of the Municipal Cooperation Fund for the fight against depopulation of the municipalities of the Valencian Community in the financial year in which the tax is accrued or in the previous financial year by fulfilling at least five of the following requirements:**

        a. **Population density. Number of inhabitants:less than or equal to 20 inhabitants per square kilometre.**

        b. **Population growth. Population growth rate over the last twenty years:less than or equal to zero percent.**

        c. **Vegetative growth rate. Percentage that represents the natural increase (difference between births and deaths) over the population in the period between the last twenty years:less than or equal to -10%.**

        d. **Ageing index. Percentage of the population over 64 years of age out of the population under 16 years of age:greater than or equal to two hundred and**

fifty percent.

e. **Dependency ratio.Ratio of the sum of the population under 16 and over 64 to the population aged 16 to 64, multiplied by 100:greater than or equal to sixty percent.**

f. **Migration rate. Percentage that represents the migration balance in the period between the last ten years (difference between the inflows and outflows of population for migratory reasons) over the total population of the last year:less than or equal to zero.**

These data will be determined in accordance with the population figures approved by the Government that appear in the latest municipal census in force, and official statistics published by the National Statistics Institute, by the Valencian Statistics Institute and official data from the Public Administrations.

2. **Municipalities that lose their status as beneficiaries of the fund because they meet only four of the six requirements shall retain this status for the year in which this circumstance arises.**

3. **However, municipalities which, even if they do not meet the above requirements, belong to functional areas with a population density of 12.5 inhabitants per square kilometre or less, shall also have this status.The functional areas will be determined in accordance with the official data on territorial demarcations registered in the Register of Local Entities of the Valencian Community, created by Decree 15/2011, of 18 February, of the Consell.**

4. **In any case, all municipalities with population of less than 300 inhabitantss will be considered as such.**

Municipalities benefiting from the Municipal Cooperation Fund for the fight against depopulation of the municipalities of the Valencian Region

The municipalities benefiting from the municipal cooperation fund are listed in the annex to the resolutions passed annually by the Presidency of the Generalitat, by which the specific line of the Municipal Cooperation Fund for the Fight against Depopulation of the Municipalities of the Valencian Community is assigned.

For the campaign of IRPF corresponding to the financial year 2022, the beneficiary municipalities would be those included in the following resolutions:

- **Resolution of 5 August (DOCV 09-August-2021), of the Generalitat, on the allocation of the specific line of the Municipal Cooperation Fund for the fight against depopulation of the municipalities of the Valencian Community corresponding to each beneficiary entity, for the budget year 2021.**

- **Resolution of 21 June 2022 (DOCV 25-July-2022), of the Presidency of the Generalitat, on the allocation of the specific line of the Municipal Cooperation Fund for the Fight against the Depopulation of the Municipalities of the Valencian Community to the respective beneficiary entities, for the 2022 budget year.**

The successive updates can be found at the following link:https://avant.gva.es/es/fons-cooperacio-despoblament

- **The maximum deduction limit in these cases is 9,900 euros, both in individual and joint taxation.**

> ***Attention:*** ***the limits of EUR 6,600 (in general) and EUR 9,900 (for the additional increase of the deduction for certain circumstances) are independent of each other when they apply to different investments.***

C. Amount of the deduction not applied in the year due to insufficient tax liability

In the event that the taxpayer does not have sufficient regional tax liability to apply all or part of this deduction in the period in which the right to its application is generated, the amount not deducted may be applied in the following three tax periods until the total amount is used up, if applicable.

It is for the taxpayer to determine the order of application of the amounts to be deducted from previous years.

In the event that there are amounts with the right to deduct that have been generated in the financial year and amounts pending deduction from previous financial years, the amounts from previous financial years shall have priority in their application.

> ***Note:*** ***taxpayers entitled to the deduction must enter the amount generated in 2022, the amount applied in the year and the amount still to be applied that can be deducted in the following three tax periods.In order to determine the total amount of the general deduction at 2022 you must complete the section "Additional information to the regional deduction for investment in the acquisition of shares and equity investments in new or recently created companies" in Annex B.8 of the tax return in which, in addition to the amount of the investment with the right to deduction, you must state the NIF of the new or recently created company and, if it exists, that of the second company, indicating the total amount of the deduction for investments in new or recently created companies in the corresponding box.***

For habitually residing in a municipality at risk of depopulation

Regulations:Art. 4.Uno.aa) Law 13/1997, of 23 December, which regulates the autonomous section of the Personal Income Tax and other transferred taxes, of the Comunitat Valenciana.

Amounts of the deduction

- **330 euros**
- The above amount **shall be increased** by:
  - **132 euros** in the event that the taxpayer is entitled to the application of the minimum for

descendants for **a person**.

- **198 euros** in the event that the taxpayer is entitled to the application of the minimum amount for descendants for **two persons.**
- **264 euros** in the event that the taxpayer is entitled to the application of the minimum for descendants for **three or more persons**.

Attention: *for taxpayers deceased before 28 October 2022, please take into account the amounts that for this deduction are contemplated in the Practical Manual Renta 2021.*

Details for the application of the increased amounts:

- The amount of the increase **is unique** depending on the number of descendants.
- When two or more taxpayers are entitled to the application of the minimum for descendants for the same person and meet the requirements, the additional amounts **shall be apportioned** between them in equal parts.
- The descendants to be taken into account, for the purposes of determining the increased amounts applicable, are only those for which the minimum for descendants **is applicable** and which, furthermore, do not give entitlement to the deductions "For birth, adoption or foster care", "For multiple birth or adoption" and "For birth or adoption of disabled children" *(see in this respect the section "Incompatibility" of this deduction).*

Example:

The taxpayer Mr A.R. lives in a municipality at risk of depopulation and has two descendants for whom the minimum for descendants of different mothers can be applied:his former spouse, Ms B.S., who lives in Valencia city, and his current spouse, Ms C.H., who has no other children, and with whom he lives together.

Determine the amount of the deduction that corresponds to each of them and the amount that would correspond to Mr. A.R. and Mrs. C.H. if they were to file a joint return.

Solution:

1. Amount of the deduction applicable by Mr A.R:330 + 132 + [(198 -132) ÷2] = 495

   The applicable deduction will be the result of adding the increase in the deduction to 330 euros:132 euros for the child who lives in Valencia city with Mrs. B.S. and for whom only Mr. A.R. is entitled to the deduction plus 33 euros for the child in common with Mrs. C.H. resulting from the difference between the increase that would correspond to Mr. AR.in your individual declaration ('198) minus the amount for the common child with C.H. ('132) divided by two.

2. Amount of the deduction applicable by Mrs B.S:is not entitled to the deduction because he/she does not live in a municipality at risk of depopulation

3. Amount of the deduction applicable by Mrs C.H:330 + (132 ÷ 2) = 396

   In this case, the increase will be 132 euros because the taxpayer is entitled to the application of the minimum for a descendant and the pro-rata increase will be applicable because Mr. A.R:is also entitled)

4. Amount of the deduction applicable in the case of a joint declaration by Mr A.R. and Mrs C.H.:330 +132 + (198-132) = 528

   In the case of a joint declaration, the applicable deduction will be the result of adding to 330 euros the increase in the deduction corresponding to the child of Mr. A.R. and Mrs. B.S., which is 132 euros, plus the difference between the increase corresponding to Mr. AR.in your individual declaration ('198) minus the amount for the common child with C.H. ('132).

Conditions for the application of the deduction

- **With regard to habitual residence** , the concept of habitual residence as set out in the state regulations governing IRPFwill apply.

- **Municipalities at risk of depopulation.**

  1.In order for a municipality to be considered at risk of depopulation, it must be a beneficiary of the Municipal Cooperation Fund for the fight against depopulation of the municipalities of the Valencian Community in the financial year in which the tax is accrued or in the previous financial year by fulfilling at least five of the following requirements:

  a. **Population density**.Number of inhabitants:less than or equal to 20 inhabitants per square kilometre.

  b. **Population growth**.Population growth rate over the last twenty years:less than or equal to zero percent.

  c. **Vegetative growth rate**.Percentage that represents the natural increase (difference between births and deaths) over the population in the period between the last twenty years:less than or equal to -10%.

  d. **Ageing index**.Percentage of the population over 64 years of age out of the population under 16 years of age:greater than or equal to two hundred and fifty percent.

  e. **Dependency ratio**.Ratio of the sum of the population under 16 and over 64 to the population aged 16 to 64, multiplied by 100:greater than or equal to sixty percent.

  f. **Migration rate**.Percentage that represents the migration balance in the period between the last ten years (difference between the inflows and outflows of population for migratory reasons) over the total population of the last year:less than or equal to zero.

  These data will be determined in accordance with the population figures approved by the Government that appear in the latest municipal census in force, and official statistics published by the National Statistics Institute, by the Valencian Statistics Institute and official data from the Public Administrations.

2.Municipalities that lose their status as beneficiaries of the fund because they meet only four of the six requirements shall retain this status for the year in which this circumstance arises.

3.This status will also be granted to municipalities which, although they do not meet the aforementioned requirements, belong to functional areas with a population density equal to or less than 12.5 inhabitants per square kilometre.The functional areas will be determined in accordance with the official data on territorial demarcations registered in the Register of Local Entities of the Valencian Community, created by Decree 15/2011, of 18 February, of the Consell.

4.In any case, all municipalities with **population of less than 300 inhabitants will be considered as such.**

Municipalities benefiting from the Municipal Cooperation Fund for the fight against depopulation of the municipalities of the Valencian Region

The municipalities benefiting from the municipal cooperation fund are listed in the annex to the resolutions passed annually by the Presidency of the Generalitat, by which the specific line of the Municipal Cooperation Fund for the Fight against Depopulation of the Municipalities of the Valencian Community is assigned.

For the campaign of IRPF corresponding to the financial year 2022, the beneficiary municipalities would be those included in the following resolutions:

- Resolution of 5 August (DOCV 09-August-2021), of the Generalitat, on the allocation of the specific line of the Municipal Cooperation Fund for the fight against depopulation of the municipalities of the Valencian Community corresponding to each beneficiary entity, for the budget year 2021.
- Resolution of 21 June 2022 (DOCV 25-July-2022), of the Presidency of the Generalitat, on the allocation of the specific line of the Municipal Cooperation Fund for the Fight against the Depopulation of the Municipalities of the Valencian Community to the respective beneficiary entities, for the 2022 budget year.

The successive updates can be found at the following link:https://avant.gva.es/es/fons-cooperacio-despoblament.

- In the case of joint taxation **the same deduction amounts apply** as are established for individual taxation purposes.

Incompatibility

This deduction is incompatible, for the same descendant or similar, with the deductions "For birth, adoption or foster care", "For multiple births or adoptions" and "For birth or adoption of children with disabilities".

For amounts paid for fertility treatments carried out in authorised clinics or centres

Regulations:Art. 4.Uno.ab) Law 13/1997, of 23 December, which regulates the autonomous section of Personal Income Tax and other transferred taxes of the Comunitat Valenciana.

Attention: *this deduction* ***is not applicable*** *in the case of taxpayers* ***deceased before 28 October 2022****.*

Amount and requirements for the application of the deduction

- **100 euros** provided that the following requirements are met **:**

  a. That the taxpayer is a woman **aged between 40 and 45**, both inclusive, at the date of accrual of the IRPF.

  Only the woman receiving fertility treatment shall be entitled.

  b. That in the tax period **you have paid for fertility treatments** carried out in authorised clinics or centres.

- The deduction shall only be applicable to taxpayers whose sum of the general taxable income and savings taxable income , boxes ***[0500]*** and **[*0510*]** of the tax return, respectively, **does not exceed:**

  - 30,000 euros in individual declaration.

  - 47,000 euros in joint tax return.

Limits of the deduction according to the net tax base

- The full amount of the deduction will only be applicable to taxpayers whose **sum of the general taxable income and the savings taxable income is less than 27,000 euros, in individual taxation, or 44,000 euros, in joint taxation.**

- When **the sum of the taxpayer's general taxable income and savings taxable income is between 27.000 and 30.000 euros**, in individual taxation, or **between 44.000 and 47.000 euros,** in joint taxation, the **amounts of the deduction** will be as follows:

  a. **In individual taxation,** the result of multiplying the amount of the deduction (100 euros) by a percentage obtained by applying the following formula:

  100 × (1 - the coefficient resulting from dividing by 3,000 the difference between the sum of the general tax base and the savings base of the household and 27,000)

  b. **In joint taxation**, the result of multiplying the amount of the deduction (100 euros) by a percentage obtained by applying the following formula:

  100 × (1 - the coefficient resulting from dividing by 3,000 the difference between the sum of the general tax base and the savings base of the household and

44,000)

For amounts from public aid granted by the Generalitat by virtue of Decree Law 3/2020, of 10 April, to workers affected by an ERTE and to those who have reduced their working hours for family reconciliation due to the declaration of the state of alarm due to the health crisis caused by Covid-19.

Regulations:Letter a) of the 17th additional provision Law 13/1997, of 23 December, which regulates the autonomous section of the Personal Income Tax and other transferred taxes of the Comunitat Valenciana.

Amount and requirements of the deduction

The amount of this deduction shall be **the result of applying the average general regional tax rate to the amount of the amounts of public aid** granted.

The deduction may be applied by taxpayers who have obtained public aid granted by the Generalitat by virtue of Decree Law 3/2020, of 10 April, on the adoption of urgent measures to establish economic aid for workers affected by an ERTE, and to those who have reduced their working hours for family reconciliation due to the declaration of the state of alarm due to the health crisis caused by Covid-19, which have been included in the taxable base of the taxpayer.

For monetary donations to finance research, innovation and scientific or technological development programmes in the field of treatment and prevention of Covid-19 infections.

Regulations:Letter c) of the 17th additional provision Law 13/1997, of 23 December, which regulates the autonomous section of the Personal Income Tax and other transferred taxes of the Comunitat Valenciana.

Amount of the deduction

Taxpayers will be entitled to deduct from their regional tax liability the result of applying the following percentages to the amount of monetary donations made during the tax period, aimed at financing research, innovation and scientific or technological development programmes in the field of the treatment and prevention of infections caused by Covid-19:

Deduction base Amount up to	Percentage of deduction
150 euros	20
Rest deduction base	25

Requirements and other conditions for the application of the deduction

To qualify for this deduction, **donations must have been made to any of the following entities**:

a. The Administration of the Generalitat Valenciana and the instrumental entities that depend on it.

b. The non-profit entities referred to in articles 2 and 3 of Law 49/2002, of 23 December, on the tax regime for non-profit entities and tax incentives for patronage, provided that their exclusive or main purpose is research, scientific or technological development or innovation in the territory of the Valencian Community.

c. Public universities, public research institutes and technology centres located in the Region of Valencia.

For donations to help finance the costs of the Covid-19 health crisis.

Regulations:Letter d) of the 17th additional provision Law 13/1997, of 23 December, which regulates the autonomous section of the Personal Income Tax and other transferred taxes of the Comunitat Valenciana.

Amount and requirements for the application of the deduction

- Taxpayers will be entitled to deduct from the regional tax liability the result of applying the following percentages to the amount of the donations made during the tax period, **, whether in cash or in kind**, to contribute to the financing of the expenses caused by the health crisis, produced by Covid-19, **:**

Amount up to	Percentage of deduction
150 euros	20
Rest deduction base	25

- Donations must have been made in accordance with Article 4 of **Decree Law 4/2020, of 17 April, of the Consell**, on extraordinary measures of economic and financial management to deal with the crisis caused by Covid-19.

> Article 4 ("Regime applicable to donations made to address the health crisis caused by Covid-19") of Decree Law 4/2020 of 17 April provides that:
>
> 1.Donations made to contribute to the financing of the costs caused by the health crisis caused by Covid-19 will be paid into the Generalitat's Treasury account with IBAN ES03 2100 8681 5002 0009 0086.These donations shall generate credit in the budget of the Generalitat, in accordance with the nature of the actions for which they are earmarked, without the need for express acceptance.
>
> For these purposes, donations of money that have been made or that may be made in other accounts designated by the departments of the Administration of the Consell, shall be transferred by the authorised

parties to the account provided for in the previous paragraph.

2.Donations of equipment and supplies related to the fight against Covid-19 that are considered movable property shall be deemed to have been accepted on mere receipt by the regional ministry responsible for health or by the body designated by it as the recipient.

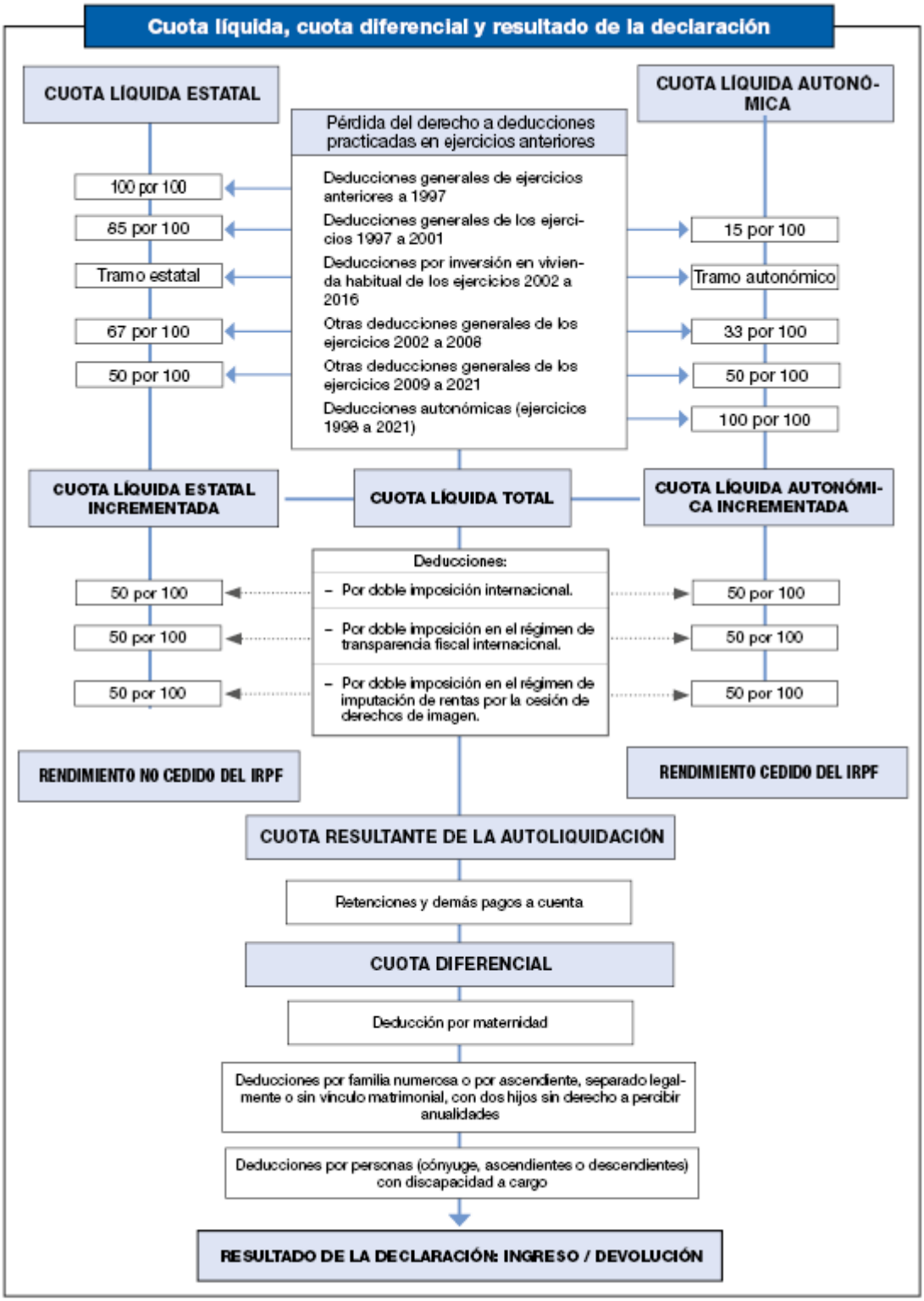
3.Donations of real estate will be accepted by the competent regional ministry in matters of patrimony, in accordance with the provisions of Law 14/2003, of 10 April, on the Patrimony of the Generalitat, and the real estate may be used directly in the fight against Covid-19 or sold and the proceeds applied to this purpose.

4.The amounts obtained through these channels are earmarked exclusively for the financing of expenditure arising from the crisis caused by Covid-19 and may be used to cover expenditure such as health equipment and infrastructure, material, supplies, recruitment of staff, research and any other expenditure that may contribute to reinforcing the response capacities to the crisis arising from Covid-19.

Chapter 18.Liquid quota, quota resulting from the self-assessment, differential quota and result of the declaration

Introduction

Once the amount of the net national and regional tax payments has been quantified, and taking into account the transfer of IRPF to the Autonomous Communities, the remaining operations that must be carried out to determine the result of the tax return are shown, graphically and in summary form, in the following table:


Cuota líquida, cuota diferencial y resultado de la declaración
CUOTA LÍQUIDA ESTATAL
CUOTA LÍQUIDA AUTONÓMICA
Pérdida del derecho a deducciones practicadas en ejercicios anteriores
100 por 100
85 por 100
Tramo estatal
67 por 100
50 por 100
Deducciones generales de ejercicios anteriores a 1997
Deducciones generales de los ejercicios 1997 a 2001
Deducciones por inversión en vivienda habitual de los ejercicios 2002 a 2016
Otras deducciones generales de los ejercicios 2002 a 2008
Otras deducciones generales de los ejercicios 2009 a 2021
Deducciones autonómicas (ejercicios 1998 a 2021)
15 por 100
Tramo autonómico
33 por 100
50 por 100
100 por 100
CUOTA LÍQUIDA ESTATAL INCREMENTADA
CUOTA LÍQUIDA TOTAL
CUOTA LÍQUIDA AUTONÓMICA INCREMENTADA
Deducciones:
– Por doble imposición internacional.
– Por doble imposición en el régimen de transparencia fiscal internacional.
– Por doble imposición en el régimen de imputación de rentas por la cesión de derechos de imagen.
50 por 100
50 por 100
50 por 100
50 por 100
50 por 100
50 por 100
RENDIMIENTO NO CEDIDO DEL IRPF
RENDIMIENTO CEDIDO DEL IRPF
CUOTA RESULTANTE DE LA AUTOLIQUIDACIÓN
Retenciones y demás pagos a cuenta
CUOTA DIFERENCIAL
Deducción por maternidad
Deducciones por familia numerosa o por ascendiente, separado legalmente o sin vínculo matrimonial, con dos hijos sin derecho a percibir anualidades
Deducciones por personas (cónyuge, ascendientes o descendientes) con discapacidad a cargo
RESULTADO DE LA DECLARACIÓN: INGRESO / DEVOLUCIÓN

Increase of state and regional net tax amounts, for loss of right to deductions from previous years

Introduction

Regulations:Art. 59 and third transitional provision Reglamento IRPF.See also art. 122.2, second paragraph, LGT

When in the year 2022 **any of the requirements for consolidating the right to the deductions already taken are not met** and, consequently, the right to them is lost, in whole or in part, the taxpayer will be obliged to add the amounts unduly deducted, plus the corresponding late payment interest, to the state tax liability and the regional tax liability accrued in the year 2022.

The amounts by which the State and Autonomous Community net contributions are to be increased shall be determined in accordance with the following breakdown:

- **General deductions from tax liability for tax years prior to 1997:**

  The amount of undue deductions, whatever their nature or concept, plus interest for late payment shall be applied in full to increase the net state tax liability.

- **General deductions from tax liability for the years 1997 to 2001:**

  The amount of undue deductions, whatever their nature or concept, plus late payment interest, shall be applied 85 per cent to increase the state tax liability and 15 per cent to increase the regional tax liability.

- **Deduction for investment in primary residence for the years 2002 to 2021.**

  The amount of the state portion of the undue deduction plus late payment interest will be applied to increase the net state tax liability and the amount of the regional portion plus the corresponding late payment interest will be applied to increase the net regional tax liability.

  The amount of the State tranche and the amount of the Autonomous Community tranche shall be those applied in the returns corresponding to the financial years 2002 to 2021 to be regularised.For example:

  For the 2008 tax year, if the right to the deduction for investment in main residence made in the 2008 tax return is lost, the amount of the state tax bracket will be the amount entered in box ***[0700]*** and the amount of the regional tax bracket in box ***[0701]***, of the tax return for that tax year.

  For the financial year 2009, if the adjustment affects that financial year, the determination of the regional tranche of the deduction for investment in principal residence must be made taking into account a 50 per cent transfer, as well as the exercise of regulatory powers by the respective Autonomous Community.The state tranche, on the other hand, will be determined

by the difference between the total amount of the deduction for investment in primary residence and the regional tranche of the same.

It should be borne in mind that, in the aforementioned financial year, although it was settled taking as a reference a transfer of 33% and the regulations in force on 31 December 2009, the yield transferred to the Autonomous Communities is 50%, so that the amount corresponding to the State and Autonomous Community tranches of the deduction for investment in primary residence for the financial year 2009 can be determined as follows:

a. **Taxpayers resident in 2009 in the Autonomous Community of Catalonia or in the Autonomous Community of the Balearic Islands:**

   - State tax bracket, is the result of adding the amounts shown in boxes ***[0700]*** and **[0701]** of the tax return for that year and subtracting the amount shown in box ***[0772]*** of the tax return.I.e. *(**[0700]*** + ***[0701]*** - ***[0772]***).

   - Regional tax bracket, is the amount entered in box ***[0772]*** of the tax return for that year.

b. **Taxpayers resident in 2009 in the remaining Autonomous Communities:**

   The state tax bracket and the regional tax bracket are the same and their amount coincides for each of them with the amount shown in box ***[0772]*** of the tax return for that tax year.

c. **For 2010, 2011 and 2012** , the amount of the state section will be that entered in box ***[0700]*** and that of the regional section in box *[**701**]*of the tax return for the corresponding financial year.

   For the 2013 tax year,, the amount of the state tax bracket will be the amount entered in box ***[0470]*** and the amount of the regional tax bracket in box ***[0471]***, of the tax return for the aforementioned tax year.

   For the 2014 tax year the amount of the state tax bracket will be the amount entered in box ***[0547]*** and the amount of the regional tax bracket in box ***[0548]***, of the tax return for the aforementioned tax year.

   For the 2015 tax year the amount of the state tax bracket will be the amount entered in box ***[0492]*** and the amount of the regional tax bracket in box ***[0493]***, of the tax return for the aforementioned tax year.

   For the 2016 tax year the amount of the state tax bracket will be the amount entered in box ***[0501]*** and the amount of the regional tax bracket in box ***[5002]***, of the tax return for the aforementioned tax year.

   For the 2017 tax year the amount of the state tax bracket will be the amount entered in box ***[0516]*** and the amount of the regional tax bracket in box ***[0517]***, of the tax return for the aforementioned tax year.

   For the tax years 2018, 2019, 2020 and 2021 the amount of the state tax bracket will be the amount entered in box ***[0547]*** and the amount of the regional tax bracket in box ***[0548]***, of the tax return for the aforementioned tax year.

- **Remaining general deductions from the tax liability for the years 2002 to 2008:**

  The amount of the undue deductions plus interest on late payment shall be applied 67% to increase the net national tax liability and 33% to increase the net regional tax liability.

- **Remaining general deductions from the tax liability for the years 2009 to 2021:**

  The total amount resulting from adding the State and Autonomous Community parts of the deductions included in the tax returns for the years 2009 to 2021 which, where applicable, due to the loss of entitlement to them, must be regularised in the year 2022, plus late payment interest, shall be applied 50 per cent to increase the State tax liability and 50 per cent to increase the Autonomous Community tax liability.

  However, in the case of the deduction for investment in new or recently created companies in article 68.1 of the Personal Income Tax Act and the temporary deductions for works to improve the energy efficiency of dwellings in the fiftieth additional provision of the Act, as both apply exclusively to the full state tax liability, if the right to the deductions taken is lost, in whole or in part, due to non-compliance with the requirements, the amount of the undue deductions plus interest for late payment must be regularised by adding the amount of the undue deductions to the net state tax liability.The amount of deductions for which entitlement has been lost in 2022 shall be entered in box ***[0574]*** and default interest in box ***[0576].***

- **Autonomous deductions from the tax liability for the years 1998 to 2021:**

  The amount of the undue regional deductions plus late payment interest will be applied in full to increase the net regional tax liability.

> ***Note:****deductions incorrectly or improperly made in the year in which they were applied must be regularised by submitting the corresponding self-assessment in addition to the one originally submitted in that year, without this regularisation procedure being applicable.*

Main deductions made in previous years, the loss of entitlement to which determines the obligation to increase the net tax amounts

Among the deductions made in tax returns in previous tax years, the loss of entitlement to which determines the obligation to increase the net tax amount of the tax return for the 2022 tax year, the following should be noted:

General or regional deductions for investment in the main residence and for works to adapt the main residence for people with disabilities.

In general:circumstances determining the loss of entitlement to the deductions made

In accordance with the regulations in force in the financial years in which the deductions for this concept were applied, the right to these deductions will be lost when the following circumstances occur after those financial years:

a) Failure to comply with the three-year continuous period of occupation of the dwelling, unless there are exceptional circumstances that necessarily require a change of address.

See under Chapter 16, the concept of the usual dwelling.

b) Failure to comply with the twelve-month period, counted from the date of acquisition or completion of the works, for the taxpayer to effectively and permanently inhabit the dwelling, unless there are exceptional circumstances that prevent the dwelling from being occupied.

See under Chapter 16, the concept of the usual dwelling.

Note: *the transitional regime of the deduction for investment in housing allows taxpayers who are entitled to it to continue applying this deduction from 2013 onwards, in accordance with the regulation contained in the Personal Income Tax Law and Regulation in its wording in force on 31 December 2012.*

Special case:Amounts received for the return of the loan interest rate limitation clauses (ground clauses) that had been part of the base of the deduction for regular housing investment or deductions established by the Autonomous Community in previous years

Regulations:Forty-fifth additional provision Law IRPF

The refund, in cash or through other compensation measures, of amounts previously paid to financial institutions as interest for the application of clauses limiting loan interest rates (so-called floor clauses), together with the corresponding compensatory interest, deriving both from agreements entered into with financial institutions and from compliance with judgements or arbitration awards, will not be included in the taxable base of IRPF .

> Please note that Chapter 2 includes a general and detailed study of the tax treatment of the amounts received for the repayment of interest rate limitation clauses of loans arising from agreements with financial institutions or from compliance with judgments or arbitration awards.

However, when such amounts previously paid by the taxpayer who is the object of the refund, **had formed part, in previous years, of the basis of the deduction for investment in primary residence or of deductions established by the Autonomous Community**, the following cases must be differentiated for the purposes of their tax treatment:

a. If the repayment of these amounts is made in cash:

- The taxpayer **will lose the right to the deductions practised** in relation to the same, **having**

to add to the state and regional net tax liability, accrued in the financial year in which the agreement with the financial institution was concluded or in which a court ruling or arbitration award is issued (finality of the ruling, if applicable), **exclusively the amounts unduly deducted** in previous years under the terms provided in Article 59 of the Regulations of the IRPF, **without including late payment interest.**

This adjustment will only be made in respect of the **financial years in which the Administration's right to determine the tax debt by means of the appropriate settlement has not lapsed**.

> ***Remember:*** *the regularisation increases the state and regional tax liability in the amounts unduly deducted in previous years without including interest for late payment, i.e. the boxes* ***[0573]****,* ***[0576]****,* ***[0578]*** *and* ***[0581]*** *of the tax return, for interest for late payment, should not be completed.*

- However, the amounts that have been **paid by the taxpayer in 2022 and in relation to which, before the deadline for filing the self-assessment of the IRPF for that year** (30 June 2023), **an agreement is reached with the financial institution for their return** or as a result of a court ruling or arbitration award, will not form part of the basis for the deduction for investment in primary residence or of any regional deduction for the aforementioned year 2022.

b. If the repayment of these amounts is made by offsetting them against part of the capital pending repayment , the addition to the state and regional tax liability mentioned above will not apply to the part of the amounts that are used directly by the financial institution, following agreement with the taxpayer concerned, to reduce the principal of the loan.

However, the amounts subject to repayment that are used to reduce the principal of the loan in 2022 **will not form part of the basis for the deduction for investment in primary residence nor of any regional deduction of the IRPF of the aforementioned year.**

State deductions for amounts invested for the subscription of shares or holdings in new or newly created companies

The right to the deduction for investment in new or recently created companies made in previous years is lost, in whole or in part, when any of the requirements of article 68.1 of the Law of IRPF are not met.Among other assumptions:

- When the entity becomes admitted to trading on an organised market during the years of holding of the share or participation by the taxpayer.
- When the entity does not have the personal and material means to carry out the economic activity.In particular, when the management of movable or immovable assets referred to in article 4.8.Dos.a) of Law 19/1991, of 6 June 1991, on Wealth Tax, is carried out in any of the tax periods of the entity that ended prior to the transfer of the holding.
- When the shares or holdings are transferred without having remained in the taxpayer's assets for more than three years but less than twelve years.

- When the direct or indirect shareholding of the taxpayer, together with that held in the same entity by his spouse or any person related to the taxpayer by blood or marriage up to and including the second degree, exceeds, during any day of the calendar years of holding the shareholding, 40 per cent of the share capital of the entity or of its voting rights.

The taxpayer shall be obliged to add to the net state tax liability the total amount of the deductions unduly made plus the corresponding interest for late payment.

Other general deductions from previous years

General deductions from previous years for business investment

When, in a financial year subsequent to that in which the deductions for business investment were applied, there is non-compliance with any of the requirements established in the regulations governing Corporate Income Tax to consolidate the right to said deductions, the taxpayer must make the adjustment in the tax return for the financial year in which the non-compliance occurred, adding to the net tax liability, in the terms mentioned in the first two points above, the amount of the deductions applied whose right has been lost for this reason, plus the late payment interest corresponding to the period during which the deduction was taken.

For these purposes, it should be borne in mind that, although the deduction for job creation in article 37 of the LIS is not applicable from 2020, failure to comply with any of its requirements will result in the loss of the right to the deductions taken in previous years.

However, the obligation to maintain the employment relationship for at least three years from the date of its commencement shall not be deemed to have been breached when the employment contract is terminated, after the one-year probationary period has elapsed, due to objective causes or disciplinary dismissal when either is declared or recognised as justified, resignation, death, retirement or total, absolute or severe permanent disability of the worker.

Accuracy:see the Renta 2019 Practical Handbook for the requirements and amount of this deduction.

Deductions for donations of goods or works of art under Law 30/1994 or Law 49/2002

The loss of the right to the corresponding deduction for donations of goods or works of art in favour of foundations or associations declared to be of public utility included in the scope of application of Law 30/1994, of 24 November, on Foundations and Tax Incentives for Private Participation in Activities of General Interest, or in the scope of application of Law 49/2002, of 23 December, on the Tax Regime for Non-Profit Entities and Tax Incentives for Patronage, may occur as a consequence of the revocation of such donations.

Deductions for investments or expenditure on assets of cultural interest and for actions for the protection and dissemination of Spanish Historical Heritage and World Heritage.

The loss of the right to deductions made in previous years for the aforementioned items may occur due to non-compliance with the requirement that the Spanish Historical Heritage assets remain in the assets of the acquirer for a period of four years.

See, within Chapter 16, when considering this deduction the period of residence of these assets in the assets of their holder.

Deduction for housing energy efficiency improvement works:

The loss of entitlement to these deductions can occur due to non-compliance with the requirements.Among others, the following:

- Where a subsidy is granted and the subsidised amounts correspond to amounts that have been part of the basis for the deduction.In this case, the tax situation must be regularised in such a way that the amounts corresponding to this subsidy are not included in the deduction base (taking the maximum annual deduction base as a limit).
- Have included in the deduction base any of the costs relating to the installation or replacement of equipment using fossil fuels.
- When the works have been carried out on a dwelling in rental expectation and the requirement that the dwelling be rented before 31 December 2023 is not met.
- To have included in the deduction base amounts paid for works carried out on dwellings or parts of dwellings or properties excluded from the deduction.

Calculation of interest for late payment

Regulations:Art. 26 LGT

General issues

When the deductions to be regularised in the return corresponding to the current financial year have been made in returns for different financial years, the interest for late payment must be determined separately with respect to the amounts deducted in each return, subsequently transferring the sum to the corresponding box of those shown in the return with the numbers ***[0573], [0576], [0578] and [0581]***.

- If the tax returns in which the abovementioned deductions were made were paid, the interest for late payment corresponding to the amounts deducted in each of them shall be determined on the basis of the time elapsed between the date of expiry of the deadline for the tax return for the financial year in question and the date on which the tax return for the financial year 2022 is filed.
- If a refund was obtained as a result of the tax return in which the deductions now being refunded were made, the period of delay shall be calculated from the day following the date on which the refund was received until the date on which the tax return for the tax year 2022 is filed.

Table of due dates for submission and interest rates for late payments

For the purposes of calculating late payment interest, the due dates of the deadlines for filing positive returns for the last financial years prior to 2022 and the late payment interest rates in force in each of these financial years in accordance with the provisions of the respective General State Budget Laws are those set out in the following tables:

Deadline for filing tax returns		Interest rates for late payment in force on for each of the financial years indicated	
Exercise	Date	Exercise	Current rate
1993	20-06-1994	1994	11.00
1994	20-06-1995	1995	11.00
1995	20-06-1996	1996	11.00
1996	20-06-1997	1997	9.50
1997	22-06-1998	1998	7.50
1998	21-06-1999	1999	5.50
1999	20-06-2000	2000	5.50
2000	20-06-2001	2001	6.50
2001	01-07-2002	2002	5.50
2002	30-06-2003	2003	5.50
2003	01-07-2004	2004	4.75
2004	30-06-2005	2005	5.00
2005	30-06-2006	2006	5.00
2006	02-07-2007	2007	6.25
2007	30-06-2008	2008	7.00

Deadline for filing tax returns		Interest rates for late payment in force on for each of the financial years indicated	
Exercise	Date	Exercise	Current rate
2008	30-06-2009	2009 (up to 31 March)	7.00
2009	30-06-2010	2009 (from 1 April)	5.00
2010	30-06-2011	2010	5.00
2011	02-07-2012	2011	5.00
2012	01-07-2013	2012	5.00
2013	30-06-2014	2013	5.00
2014	30-06-2015	2014	5.00
2015	30-06-2016	2015	4.375
2016	30-06-2017	2016	3.75
2017	02-07-2018	2017	3.75
2018	01-07-2019	2018	3.75
2019	30-06-2020	2019	3.75
2020	30-06-2021	2020	3.75
2021	30-06-2022	2021	3.75
		2022	3.75
		2023	4.0625

Calculation rules

The interest shall be calculated by applying to the amount of the undue deduction the rate of late payment interest in force in each of the years between the due date of the tax return for the year in which the undue deduction was made (or, where applicable, from the day following the date on which the refund was obtained) and the date on which the tax return for the year 2022 is filed.

The sum of the interest for late payment in respect of each of those years shall determine the total amount of interest for late payment in respect of the undue deduction.

In the determination of interest for late payment, three periods can be distinguished for this purpose:

- Initial period

It shall comprise the number of days from the date after which the reporting period for the year in which the deduction now being repaid was taken (or, if applicable, from the day after the date on which the refund was obtained) and on december 31 of that year.

The determination of the amount of interest for late payment for this period can be done using the following calculation formula:

Interest on arrears initial period = Amount of deduction x (interest rate ÷ 100) x (period (no. of days) ÷ 365 or 366)

As the interest rate, expressed in 100, the interest rate of delay in force in the financial year to which the initial period corresponds shall be taken.

- Intermediate period

It shall cover each of the full years following the initial period until 31 December 2022.

The determination of interest for late payment for each of the calendar years included in this period can be done using the following formula:

Interest on arrears for each year = Amount of deduction x (interest rate ÷ 100)

The interest rate to be taken as the interest rate, expressed as a percentage of 100, shall be the interest rate for late payment in force in each of the years making up this period.

However, since the same rate of interest for late payment (11%) was in force in 1994, 1995 and 1996, the interest for those years forming part of the intermediate period may be determined on a flat-rate basis by multiplying the said rate of interest for late payment by the number of such years forming part of the said period.The same rule may be applied for the financial years 1999 and 2000 for which the same rate of interest for late payment (5.5%) was in force;for the financial years 2002 and 2003 for which the same rate of interest for late payment (5.5%) was in force;for the financial years 2005 and 2006 when the same default interest rate was in force (5%) and for the financial years 2008 and 2009 (until 31 March 2009) when the default interest rate was 7%.From 1 April 2009 until 31 December 2014 the interest rate for late payment is 5%.The interest rate for late payment established for 2015 was 4.375 per cent;for 2016, 2017, 2018, 2019, 2020, 2021 and 2022 3.75 per cent, and for 2023 4.0625 per cent.

- Final period

This is the period between 1 January 2023 and the day of submission of the return for the financial year 2022 (30 June 2023).

The interest for this period can be determined using the following formula:

Interest for late payment final period = Amount of deduction x (4,0625 ÷100) x (T23 ÷ 365)

T23 represents the number of days in the delay period in 2023, i.e. the days between 1 January and the date of submission of the tax return for the financial year 2022.

Note: *for 2023, the default interest rate of 4.0625 per cent approved by the forty-second additional provision of Law 31/2022, of 23 December, on the General State Budget for 2023 (BOE of 24 December) is applied.*

Example:calculation of default interest for undue deductions

On 28 November 2012, Mr R.I.T. signed a private purchase contract with the developer "ZZ" for the purchase of a newly built off-plan home, in which the following payment schedule was established:A first payment on account of 9,000 euros on the date of signing the private contract and 3 annual payments of 6,000 euros, the last due on 5 November 2015 and the remaining 173,000 euros on delivery of the property in October 2016 by taking out a mortgage loan.

Notwithstanding the above, due to exceptional circumstances not attributable to the taxpayer, the works were halted and Mr. R.I.T. proceeded to request from the tax authorities an extension of the four-year period for the completion of the works.This extension was granted for three more years, which is why in 2016, 2017 and 2018 no amount was paid and no deduction was made.

After the works were completed in 2019, the public deed of sale was signed on 14 October 2019 and in November 2018, Mr. R.I.T. moved in.However, for economic reasons, on 1 February 2022, he rented it out, thereby failing to comply with the requirement that the home be his residence for a continuous period of at least three years and, consequently, losing the right to the deductions made.

The amounts invested and the deductions made were as follows:

Year	Amounts invested	Deductions taken
2012	9,000 euros	1,350 euros (15%)
2013	€6,000	900 euros (15%)
2014	€6,000	900 euros (15%)
2015	€6,000	900 euros (15%)
2016	0	0

Year	Amounts invested	Deductions taken
2017	0	0
2018	0	0
2019	9,040 euros	1,356 euros (15%)
2020	9,040 euros	1,356 euros (15%)
2021	9,040 euros	1,356 euros (15%)

By what amount should the net state and regional tax liability for the 2022 tax return be increased, if that return is filed and paid on 30 June 2023 and, in relation to the returns in which the deduction was made, the return for 2012 was a refund and that refund was made on 29 November 2013, whereas the returns for 2013, 2014, 2015, 2019, 2020 and 2021 were positive?

Solution:

1.Amount of undue deductions

The taxpayer has failed to comply with the requirement that the property must have been the taxpayer's habitual residence for a continuous period of at least three years.

Consequently, the amount of deductions to be repaid is as follows:

- Deduction taken in the 2012 tax return:1,350.00
- Deduction taken in the 2013 tax return:900.00
- Deduction taken in the 2014 tax return:900.00
- Deduction taken in the 2015 tax return:900.00
- Deduction taken in the 2016 tax return:0.00
- Deduction taken in the 2017 tax return:0.00
- Deduction taken in the 2018 tax return:0.00
- Deduction taken in the 2019 tax return:1,356.00
- Deduction taken in the 2020 tax return:1,356.00
- Deduction taken in the 2021 tax return:1,356.00
- **Total 8.118,00**

Of the total undue deductions:

- The sum of the amounts of the deductions made in the 2012, 2013, 2014, 2014, 2015, 2019, 2020 and 2021 tax returns corresponding to the state tax bracket (50% s/8,118.00 = 4,059.00) will increase the state tax liability,
- The sum of the amounts of the deductions made in the 2012, 2013, 2014, 2014, 2015, 2019, 2020 and 2021 tax returns corresponding to the regional tax bracket (50% of 8,118.00 = 4,059.00) will increase the regional tax liability.

To these amounts must be added the corresponding interest for late payment, calculated separately for the amounts deducted in each of the years.

2.Amount of interest for late payment

Warning: *po calculate the interest for late payment for the period from 01-01-23 to 30-06-23, 4.0625 per cent has been applied, which is the interest rate for late payment approved by the forty-second additional provision of Law 31/2022, of 23 December, on the General State Budget for 2023 (BOE of 24 December).*

2.1 Default interest on the undue deduction for 2012 ('1,350)

a. Initial period: from 30-11-13 to 31-12-13 (32 days)

This is the period from the day following the date on which the refund was made, which was 30 November 2013, to the last day of that year.The default interest rate in force at that date was 5 per cent:

- Interest for late payment:(1.350 x 5 ÷ 100) x 32 ÷ 365 = 5,92

b. Intermediate period: from 01-01-14 to 31-12-22 (3,287 days)

This is the period from 1 January 2014 to 31 December 2022.The default interest rate in force in 2014 was 5 per cent, in 2015 it was 4.375 per cent and in 2016, 2017, 2018, 2019, 2020, 2021 and 2022 it was 3.750 per cent.Therefore:

- Interest on late payment in 2014:(1.350 x 5 ÷100) = 67,50
- Default interest for 2015:(1.350 x 4,375 ÷ 100) = 59,06
- Default interest for 2016:(1.350 x 3,75 ÷ 100) = 50,63
- Default interest for 2017:(1.350 x 3,75 ÷ 100) = 50,63
- Interest for late payment year 2018:(1.350 x 3,75 ÷ 100) = 50,63
- Interest for late payment 2019:(1.350 x 3,75 ÷ 100) = 50,63
- Default interest year 2020:(1.350 x 3,75 ÷ 100) = 50,63
- Default interest for the year 2021:(1.350 x 3,75 ÷ 100) = 50,63
- Default interest for the year 2022:(1.350 x 3,75 ÷ 100) = 50,63
- **Total (67.50+59.06+50.63+50.63+50.63+50.63+50.63+50.63+50.63+50.63+50.63+50.63) = 480.97**

c. Final period: from 01-01-23 to 30-06-23 (181 days)

This is the period between 1 January 2023 and the date of filing the personal income tax return for 2023, in this case, 30 June 2023.The interest rate for late payment in 2023 is 4.0625 per cent.

- Interest for late payment:(1,350 x 4.0625 ÷ 100) x 181 ÷ 365 = 27.20

d. Total late payment interest on the deduction for the year 2012.

Total interest on arrears:5.92 + 480.97 + 27.20 = 514.09 euros

2.2.Interest on arrears corresponding to the undue deduction in 2013 (900 euros)

a. Initial period:from 01-07-14 to 31-12-14 (184 days)

This is the period from the day following the due date for the 2013 tax return, which was 30 June 2014, to the last day of that year.The prevailing interest rate in this period was 5 per cent.

- Interest for late payment:[(900 x 5 ÷ 100) x 184 ÷ 365] = 22,68

b. Intermediate period:from 01-01-15 to 31-12-22 (2,922 days)

This is the period from 1 January 2015 to 31 December 2022.The interest rate for late payment was 4.375 per cent in 2015 and 3.75 per cent in 2016, 2017, 2018, 2019, 2020, 2021 and 2022.Therefore:

- Default interest for 2015:(900 x 4,375 ÷ 100) = 39,38
- Default interest for 2016:(900 x 3,75 ÷ 100) = 33,75
- Default interest for 2017:(900 x 3,75 ÷ 100) = 33,75
- Interest for late payment year 2018:(900 x 3,75 ÷ 00) = 33,75
- Interest for late payment 2019:(900 x 3,75 ÷ 00) = 33,75
- Default interest year 2020:(900 x 3,75 ÷ 00) = 33,75
- Default interest for the year 2021:(900 x 3,75 ÷ 00) = 33,75
- Default interest for the year 2022:(900 x 3,75 ÷ 00) = 33,75
- **Total (39.38 + 33.75 + 33.75 + 33.75 + 33.75 + 33.75 + 33.75 + 33.75 + 33.75) = 275.63**

c. Final period:from 01-01-23 to 30-06-23 (181 days)

This is the period between 1 January 2023 and the date of filing the personal income tax return for 2022, in this case, 30 June 2023.The interest rate for late payment in 2023 is 4.0625 per cent.

- Interest for late payment:(900 x 4.0625 ÷ 100) x 181 ÷ 365 = 18.13

Total late payment interest on the 2013 deduction.

Total interest on arrears:22.68 + 275.63 + 18.13 =316.44 euros

2.3 Default interest on the undue deduction for 2014 ('900)

a. Initial period:from 01-07-15 to 31-12-15 (184 days)

This is the period from the day following the due date for the 2014 tax return, which was 30 June 2015, to the last day of that year.The prevailing interest rate in this period was 4.375 per cent.

- Interest for late payment:[(900 x 4,375 ÷ 100) x 184 ÷ 365] = 19,85

b. Intermediate period:from 01-01-16 to 31-12-22 (2,557 days)

This is the period from 1 January 2016 to 31 December 2022.The default interest rate in force in 2016, 2017, 2018, 2019, 2020, 2021 and 2022 was 3.750 per cent.Therefore:

- Default interest for 2016:(900 x 3,75 ÷ 100) = 33,75
- Default interest for 2017:(900 x 3,75 ÷ 100) = 33,75
- Interest for late payment year 2018:(900 x 3,75 ÷ 100) = 33,75
- Interest for late payment 2019:(900 x 3,75 ÷ 100) = 33,75
- Default interest year 2020:(900 x 3,75 ÷ 100) = 33,75
- Default interest for the year 2021:(900 x 3,75 ÷ 100) = 33,75
- Default interest for the year 2022:(900 x 3,75 ÷ 100) = 33,75
- **Total (33.75 + 33.75 + 33.75 + 33.75 + 33.75 + 33.75 + 33.75 + 33.75 + 33.75) = 236.25**

c. Final period:from 01-01-23 to 30-06-23 (181 days)

This is the period between 1 January 2023 and the date of filing the personal income tax return for 2022, in this case, 30 June 2023.The interest rate for late payment in 2023 is 4.0625 per cent.

- Interest for late payment:(900 x 4.0625 ÷ 100) x 181 ÷ 365 = 18.13

d. Total late payment interest on the deduction for the year 2014.

Total interest on arrears:19,85 + 236,25.+ 18.13 = 274.23 euros

2.4 Late payment interest on the undue deduction for 2015 ('900)

a. Initial period:from 01-07-16 to 31-12-16 (184 days)

This is the period from the day after the due date for the 2015 tax year, which was 30 June 2016 to 31 December 2016.The interest rate for late payment in 2016 was 3.750 per cent.Therefore:

Default interest for 2016:[(900 x 3.75 ÷ 100) x 184 ÷ 366] = 16.97

b. Intermediate period:from 01-01-17 to 31-12-22 (2,190 days)

This is the period from 1 January 2017 to 31 December 2022.The default interest rate in force in 2017, 2018, 2019, 2020, 2021 and 2022 was 3.750 per cent.Therefore:

- Default interest for 2017:(900 x 3,75 ÷ 100)= 33,75
- Interest for late payment year 2018:(900 x 3,75 ÷100) = 33,75
- Interest for late payment 2019:(900 x 3,75 ÷100) = 33,75
- Default interest year 2020:(900 x 3,75 ÷100) = 33,75

- Default interest for the year 2021:(900 x 3,75 ÷100) = 33,75
- Default interest for the year 2022:(900 x 3,75 ÷100) = 33,75
- **Total (33.75 + 33.75 + 33.75 + 33.75 + 33.75 + 33.75 + 33.75 + 33.75) = 202.50**

c. Final period:from 01-01-23 to 30-06-23 (181 days)

This is the period between 1 January 2023 and the date of filing the personal income tax return for 2022, in this case, 30 June 2023.The interest rate for late payment in 2023 is 4.0625 per cent.

- Interest for late payment:(900 x 4.0625 ÷ 100) x 181 ÷ 365 = 18.13

d. Total late payment interest corresponding to the deduction for the year 2015.

Total interest on arrears:16.97 + 202.50 + 18.13 = 237.60 euros

2.5 Late payment interest on undue deduction for 2016 (no deduction was made)

There is no deduction and therefore no undue deduction and no interest for late payment.

2.6 Late payment interest on undue deduction in 2017 (no deduction was made)

There is no deduction and therefore no undue deduction and no interest for late payment.

2.7 Late payment interest on undue deduction in 2018 (no deduction was made)

There is no deduction and therefore no undue deduction and no interest for late payment.

2.8 Late payment interest on undue deduction for 2019 ('1,356)

a. Initial period:from 01-07-20 to 31-12-20 (184 days)

This is the period from the day after the due date for the 2019 tax year, which was 1 July 2020 to 31 December 2020.The interest rate for late payment in 2020 was 3.750 per cent.Therefore:

- Default interest year 2020:[(1.356 x 3,75 ÷ 100) x 184 ÷ 366] = 25,56

b. Intermediate period:from 01-01-21 to 31-12-22 (730 days)

This is the period from 1 January 2021 to 31 December 2022.The default interest rate in force in the years 2021 and 2022 was 3.750 per cent.Therefore:

- Default interest for the year 2021:[(1.356 x 3,75 ÷ 100)] = 50,85
- Default interest for the year 2022:[(1.356 x 3,75 ÷ 100)] = 50,85
- **Total (50.85 + 50.85) = 101.70**

c. Final period:from 01-01-23 to 30-06-23 (181 days)

This is the period between 1 January 2023 and the date of filing the personal income tax return for 2022, in this case, 30 June 2023.The interest rate for late payment in 2023 is 4.0625 per cent.

- Interest for late payment:(1,356 x 4.0625 ÷ 100) x 181 ÷ 365 = 27.32

d. Total interest for late payment corresponding to the deduction for the year 2019

Total interest on arrears:25.56 + 101.70 + 27.32 = 154.58 euros

2.8 Late payment interest for undue deduction of 2020 ('1,356)

a. Initial period:from 01-07-21 to 31-12-21 (184 days)

This is the period from the day following the date of expiry of the 2020 reporting period, which was 30 June 2021, to 31 December 2021.The interest rate for late payment in 2020 was 3.750 per cent.Therefore:

- Default interest for the year 2021:(1,356 x 3.75 ÷ 100) x 184 ÷ 365= 25.63

b. Intermediate period:from 01-01-22 to 31-12-22 (365 days)

This is the period from 1 January 2022 to 31 December 2022.The default interest rate in force in 2022 was 3.750 per cent.Therefore:

- Default interest for the year 2022:[(1.356 x 3,75 ÷ 100)] = 50,85

c. Final period:from 01-01-23 to 30-06-23 (181 days)

This is the period between 1 January 2023 and the date of filing the personal income tax return for 2022, in this case, 30 June 2023.The interest rate for late payment in 2023 is 4.0625 per cent.

- Interest for late payment:(1,356 x 4.0625 ÷ 100) x 181 ÷ 365 = 27.32

d. Total late payment interest on the deduction for the year 2020

Total interest on arrears:25.63 + 50.85 + 27.32 = 103.80 euros

2.10 Late payment interest for undue deduction of 2021 ('1,356)

a. Initial period:from 01-07-22 to 31-12-22 (184 days)

This is the period from the day following the date of expiry of the 2021 reporting period, which was 30 June 2022, to 31 December 2022.The default interest rate in force in 2022 was 3.750 per cent.

- Therefore:- Default interest for the year 2022:(1,356 x 3.75 ÷ 100) x 184 ÷ 365= 25.63

b. Final period:from 01-01-23 to 30-06-23 (181 days)

This is the period between 1 January 2023 and the date of filing the personal income tax return

for 2022, in this case, 30 June 2023.The interest rate for late payment during this period is 3.75 per cent.

Interest for late payment:(1,356 x 4.0625 ÷ 100) x 181 ÷ 365 = 27.32

c. Total interest for late payment corresponding to the deduction for the year 2021

Total interest on arrears:25.63 – 27.32 = 52.95 Euro

2.11 Interest on late payment to be computed in the 2022 tax return

- Corresponding to the undue deduction in 2012:514.09
- Corresponding to the undue deduction for 2013:316.44
- Corresponding to the undue deduction in 2014:274.23
- Corresponding to the undue deduction in 2015:237.60
- Corresponding to the undue deduction for 2019:154.58
- Corresponding to the undue deduction of 2020:103.80
- Corresponding to the undue deduction of 2021:52.95
- **Total interest:1,653.69**

50 percent of the late payment interest corresponding to the years 2012, 2013, 2014, 2015, 2019, 2020 and 2021 will increase the state tax liability (826.85 euros) and the remaining 50 percent (826.85 euros) will increase the regional tax liability or vice versa.

Deductions from the total liquid quota

Deduction for international double taxation, due to income obtained and taxed abroad

Regulations:Art. 80 Law IRPF

Purpose and general scheme of the deduction

Object of the deduction

The purpose of this deduction is to prevent income obtained abroad by taxpayers of IRPF from being subject to this tax in Spain and also to a tax of a similar nature abroad.

General deduction regime

In cases where the taxpayer's income includes income or capital gains obtained and taxed abroad, **the lesser of the following two 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 IRPF or to Non-Resident Income Tax as a consequence of the obtaining of said income or capital gains.

b. The result of applying **the average effective tax rate to the part of the taxable income taxed abroad.**

For these purposes, the average effective tax rate will be the result of multiplying 100 by the figure obtained from dividing the total tax liability by the tax base.For this purpose, a distinction should be made between the rate of taxation applicable to general and savings income, as appropriate.The rate of taxation thus determined shall be expressed to two decimal places.

For the application of the deduction for international double taxation to income obtained abroad that forms part of the taxable savings base, the effective average rate (EAT) corresponding to the taxable savings base (without any decomposition of this base) will be applied to the part of the taxable savings base obtained abroad, differentiating, in relation to the latter, according to whether the income obtained abroad is a return or a capital gain.

On the other hand, the average effective rate (AER) for the general tax base will be applied to the part of the general tax base obtained abroad without splitting the latter into income and gains.

Note: *when income is obtained abroad or through a permanent establishment, the aforementioned international double taxation deduction will be applied, without the double taxation elimination procedure provided for in Article 22 of the LIS.*

Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

Example:Deduction for international double taxation

The following figures are included in Mr ABT's income tax return for 2022. He is aged 30, single and resident in Malaga:

- General tax base:36,000
- Taxable base of savings:12,000

The general taxable base, all of whose components are positive, includes 6,000 euros obtained abroad, the taxpayer having paid 1,100 euros in the country where the tax was obtained for a tax of a similar nature to IRPF.

Similarly, the savings tax base, all of whose components are positive, includes net income from movable capital in the amount of 6,000 euros and a capital gain derived from the transfer of a capital item in the amount of 6,000 euros, for which a tax similar to IRPF has been paid abroad in the amount of 1,080 euros.

To determine the deduction for international double taxation applicable in the Personal Income Tax return for financial year 2022, assuming that there is no international double taxation agreement between Spain and the country where the income is obtained and that the taxpayer is entitled to a reduction of the general taxable base of 4,800 euros and to general deductions of the tax liability of 1,500 euros.

Solution:

General tax base:36,000

Reductions in the general tax base:4,800

General net base:31,200

Savings tax base and taxable savings base:12,000

1. **Application of the tax scales to the general taxable base (31,200)**

   General tax scale

   Up to 20,200 = 2,112.75

   Other:11,000 to 15% = 1,650

   Quota 1 resulting:3,762.75

   Regional scale of the tax

   Up to 21,100:2,207

   Other:10,100 to 15% = 1,515

   Resulting quota 2:(2,207 + 1,515) = 3,722

2. **Application of the tax scales to the general taxable base corresponding to the personal and family allowance**

   As the general net tax base (31.200) is higher than the personal and family minimum (5,550), it forms part of the general net tax base as a whole

   General scale:5.550 to 9,50% = 527,25

   Resulting quota 3:527.25

   Regional scale 5,550 at 9.50% = 527.25

   Resulting quota 4:527.25

3. **Determination of the general, state and regional tax liability.**

   State general full quota (quota 1 - quota 3):3,762.75 - 527.25 = 3,235.50

   Autonomous general full quota (quota 2 - quota 4):3,722 - 527.25 = 3,194.75

4. **Taxation of the net savings tax base (12,000)**

   State tax

   Up to 6000 at 9.5% = 570

   Remainder 6,000 x 10.5% = 630

   Sum:1,200

   Regional tax

Up to 6000 at 9.5% = 570

Remainder 6,000 x 10.5% = 630

Sum:1,200

5. **Determination of full quotas**

Regional amount payable (3,235.50 + 3,194.75) = 6,430.25

Full savings tax (1.200 + 1.200) = 2.400

Total amount payable (6,430.25+ 2,400) = 8,830.25

6. **Determination of the net quota**

Deductions:1,500.00

Total tax liability (8,830.25 - 1,500) = 7,330.25

7. **Deductions from the total net tax liability**

International double taxation deduction (the lesser of A or B)

A. **Amount actually paid abroad**

For yields:1,100

For capital gains:1,080

B. **The result of applying the average effective general and savings tax rate to the part of the general and savings tax base taxed abroad**.

B.1.Average effective general tax rate

The general encumbrance type is determined by the following operation:Total Liquid Quota x (overall full quota / total full quota) ÷ General Settable Basis

[7,330.25 x (6,430.25 ÷8,830.25)] ÷ 31,200 x 100 = 17.10%

B.2.Savings tax rate:

The type of savings lien is determined by the following operation:Total net tax payable x (total savings tax / total gross tax payable) ÷ Net savings tax base

[7,330.25 x (2,400 ÷8,830.25)] ÷ 12,000 x 100 = 16.60%

B.3.Part of general taxable income taxed abroad

The general liquiable base part taxed abroad is determined by applying the reduction which corresponds proportionally to the income obtained abroad and integrated into the liquiable base.This operation can be represented by the following formula:

General liquiable base x Foreign income) ÷ Positive components of the general tax base

(31.200 x 6.000) ÷ 36.000 = 5.200

B.4.Part of the savings taxable income taxed abroad:6,000

Note: Since in this example all components of the savings tax base are positive, the part of the savings tax base taxed abroad coincides with the amount obtained abroad, as no reduction is applicable to the savings tax base, since the personal minimum is entirely part of the general tax base and no reduction has been applied to it.

B.5.Input tax in Spain

- Share of the general net tax base (5,200 x 17.10%) = 889.20
- Part of the savings net tax base (6,000 x 16.60%) = 996

Amount of international double taxation relief (the lesser of A or B)

For income (889.20) + For capital gains (996) = 1,885.20

Deduction for international double taxation in the cases of application of the international tax transparency regime

Regulations:Art. 91.10 Ley IRPF

In cases where the imputation of income is applicable under the international tax transparency regime, 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 legislation of the country or territory concerned, shall be deductible for this concept in the part corresponding to the positive income included in the taxable base.

This deduction shall be made even if the taxes relate to tax periods other than the one in which the inclusion was made.

The deduction may not exceed the full tax liability that would be payable in Spain on the positive income imputed to the tax base.

Note:*in any event, taxes paid in countries or territories classified as non-cooperative jurisdictions may not be deducted.*

To this end, it should be noted that the first additional provision of Law 36/2006, of 29 November, on measures for the prevention of tax fraud (BOE of 30 November), following the amendment introduced by article sixteen of Law 11/2021, of 9 July, on measures to prevent and combat tax fraud (BOE of 10 July), contains the definition of countries and territories that are considered non-cooperative jurisdictions, which replaces that of tax havens, countries or territories with which there is no effective exchange of information, or where there is no or low taxation.

However, until such time as a Ministerial Order approves the countries or territories that are considered to be non-cooperative jurisdictions, the countries or territories provided for in

Royal Decree 1080/1991 of 5 July 1991, determining the countries or territories that are considered to be tax havens, will be considered to be non-cooperative jurisdictions.

Deduction for double taxation in the cases of allocation of income for assignment of image rights

Regulations:Art. 92.4 Law IRPF

As for cases of imputed income for assignments of image rights, the taxes which may be deducted by taxpayers that have included income derived from such assignments are as follows:

a. The personal tax paid, in Spain or abroad, by the person or entity first transferee of the rights of image in the Party corresponding to the share of the net income derived from the amount that has been included in this financial year.

b. The tax or levy actually paid abroad on the distribution of dividends or profit shares distributed by the first transferee, whether under a double taxation convention or under the domestic law of the country or territory concerned, to the extent of the amount included in its tax base by the taxpayer.

c. Personal tax of a nature similar to income tax satisfied by the physical person holding the image abroad or in Spain as a taxpayer of the income tax of non-residents corresponding to the compensation obtained as a result of the first assignment of the rights of image to the assignee.

These deductions shall be made even if the taxes relate to tax periods other than the one in which the inclusion was made.

Note:*in any event, taxes paid in countries or territories classified as non-cooperative jurisdictions may not be deducted.*

In this regard, it should be noted that the first additional provision of Law 36/2006, of 29 November, on measures for the prevention of tax fraud (BOE of 30 November), following the amendment introduced by article sixteen of Law 11/2021, of 9 July, on measures to prevent and combat tax fraud (BOE of 10 July), contains the definition of countries and territories that are considered non-cooperative jurisdictions, which replaces tax havens, countries or territories with which there is no effective exchange of information, or where there is no or low taxation.

However, until such time as a Ministerial Order approves the countries or territories that are considered to be non-cooperative jurisdictions, the countries or territories provided for in Royal Decree 1080/1991 of 5 July 1991, determining the countries or territories that are considered to be tax havens, will be considered to be non-cooperative jurisdictions.

Maximum limit

The amount of these deductions may not exceed, as a whole, the full quota that must be met in Spain for the imputation of rent for the assignment of image rights included in the taxable base.

Deductibles corresponding to bonus earnings

Regulations:Sixth transitional provision LIS

The profits from capital gains tax recognised for toll motorway concession companies and the other entities referred to in the sixth transitional provision of the LIS, continue to be applied at present in accordance with the rules of capital gains tax.

Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

Given that the rate of tax applicable on interest on the Capital income Tax was 24 per 100 and that the bonus granted amounted to 95 per 100, the recipient taxpayer of this type of income only supports an effective withholding of 1,2 per 100 (24 x 5%).However, the total amount of the bonus that amounts to 22,8 per 100 (24 x 95%) is also deductible by application of the tax benefit that is temporarily still applicable.However, this latter amount operates as a deduction of quota without generating a right to return, since this right derives from the amounts actually withheld.

Consequently, in the box ***[0591]*** of the return, the amount of the withholdings not actually made which, nevertheless, are considered as deductible for tax purposes from the tax liability shall be entered, and the withholdings actually paid shall be entered in the box corresponding to them.

Quota resulting from the self-assessment

The quota resulting from the autoliquidation is the result of applying on the total liquid quota or, where appropriate, on the total liquid quota increased the deductions for international double taxation, by international double taxation in the cases of application of the international tax transparency regime, by double taxation by the imputation of rents for the assignment of image rights, as well as the reducible deductions corresponding to subsidized yields.

In accordance with article 103 of the Law of the IRPF , the excess of payments on account in respect of the quota resulting from the liquidation will determine the refund derived from the regulations IRPF that, in each case, proceed.

Note:*the quota resulting from the autoliquidation shall be a positive or zero amount.*

Due tax

Regulations:Item 79 Law IRPF

The amount of the interim payments for 2022 (withholdings and prepayments, instalments and, if applicable, the non-resident income tax payments made by taxpayers who have acquired such status due to a change of residence) will be deducted from the tax liability resulting from the self-

assessment and the differential tax liability will be obtained.

Tax withheld (retenciones) and account deposits (ingresos a cuenta)

Withholding and income may come from the following income classes:

- Income from work.
- Returns on investments.
- By leases of urban buildings (constitutes or does not constitute economic activity).
- By income derived from economic activities (except for leases of urban buildings).
- By application of the special system for the allocation of income.
- For allocations of economic interest groupings and joint ventures.
- For allocations of income derived from the assignment of image rights.
- For wealth gains, including prizes and subscription fees.

The persons and entities obliged to make withholdings or payments on account are obliged to issue the taxpayer with a certificate certifying the withholdings made or payments on account, as well as the other data relating to the taxpayer that have been included in the corresponding annual summary of withholdings and payments on account of the IRPF.

> See in this respect the Resolution of the Tax Management Department of the AEAT of 15 December 1999 (BOE of 22 December), as well as Resolution 3/2001, of 22 October, of the aforementioned Tax Management Department of the AEAT (BOE of 31 October).

The certificate with the aforementioned requirements must be made available to the taxpayer prior to the opening of the deadline for filing the tax return for IRPF (article 108.3 Regulation IRPF).

Payments in instalments

Taxpayers who carry out economic activities will deduct the payments in instalments corresponding to the 2022 fiscal year, as shown on forms 130 or 131 presented.

Income Tax Fees of Non-residents satisfied by taxpayers who have acquired such status for change of residence

Individuals who, in 2022, became Personal Income Tax taxpayers by virtue of having their habitual residence in Spain for the purposes of this tax, may deduct the amount that they would have paid as non-resident income tax, provided that the tax was paid in 2022.

Any non-resident income tax withholdings and prepayments made in 2022 will be treated as Personal Income Tax prepayments for these taxpayers and, therefore, the amount of such withholdings and prepayments will be included among the corresponding withholdings and prepayments, depending on the type of income on which they were made.

Account deductions actually charged under Council Directive 2003/48/EC due before 1 January 2017

Regulations:Article 99.11 of the Personal Income Tax Law

Withholding taxes effectively levied in accordance with Article 11 of Council Directive 2003/48/EC

of 3 June 2003 on taxation of savings income in the form of interest payments, accrued prior to 1 January 2017, shall be considered as payments on account of IRPF.

In this respect it should be noted that Council Directive 2003/48/EC established a double system of taxation of savings income:exchange of information and retention at the source.

The latter system was followed by Luxembourg and Austria at the date of adoption of the agreement bringing into force the new Council Directive (EU) 2015/2060 of 10 November 2015 repealing Council Directive 2003/48/EC.To these countries should be added other non-EU countries such as the Swiss Confederation, the Principality of Liechtenstein, the Republic of San Marino, the Principality of Monaco, the Principality of Andorra with which agreements were signed providing for measures equivalent to those foreseen in Directive 2003/48/EC.

With the entry into force of the new directive, a single information exchange system is established for adoption by a transitional period for countries using the source withholding system (in particular for Austria, within the European Union and Switzerland, Liechtenstein, San Marino, Monaco and Andorra, outside the European Union).Period ended in 2017.

However, all agreements signed with non-EU countries include assumptions where the previous system of retention at source will still apply despite the entry into force of the new protocol.These assumptions are mainly linked to outstanding obligations prior to the entry into force of the information exchange system.

Result of the tax return

Introduction

The differential quota, as a general rule, is the result of the declaration .However, in those cases in which the taxpayer is entitled to the deduction for maternity established in article 81 of the Law of IRPF, or to the deductions for large families or disabled dependents established in article 81 bis of the Law of IRPF, the result of the declaration will be determined by the following operations indicated:

(±) Differential quota

(-) Maternity deduction and increase for authorised nursery or childhood education centre custody expenses

(-) Deduction for dependent children with disabilities

(-) Deduction for ascendants caring for persons with disabilities

(-) Deduction for a non-legally separated spouse with a dependent disability

(-) Deduction for large families

Deduction for legally separated or unmarried parent with two children not entitled to annual maintenance payments

(+) Amount of the early payment of the Maternity Deduction

(+) Amount of the advance payment of the "Deduction for dependent disabled descendants".

(+) Amount of the advance payment of the "Deduction for disabled dependent ascendants".

(+) Amount of the advance payment of the "Deduction for a non-legally separated spouse with a dependent disability".

(+) Amount of the advance payment of the "Deduction for large family".

(+) Amount of the advance payment of the "Deduction for a legally separated or unmarried parent with two children who is not entitled to maintenance payments".

(=) Result of the declaration (payable or refundable)

If the result of the return is a positive amount, do not forget to pay the full amount or the first instalment within the period between 11 April and 30 June 2023 inclusive.

If the result of the return is a negative amount, the taxpayer has the right to request a refund of the amount that results in their favour, a request that must be made in the payment or refund document form 100.

The amount of the refund may not exceed the sum of the amount shown in box ***[0609]*** for payments on account plus the sum, if positive, of the difference between the amounts shown in boxes **[*0611] and [0612]*** *plus box* ***[0613]*** in the deduction for maternity, of the difference in boxes ***[0623]*** and ***[0624]*** in the deduction for dependent disabled descendants;of boxes ***[0636]*** *and* ***[0637]*** in the deduction for dependent relatives in the ascending line with

disabilities and, of boxes ***[0248]*** and ***[0249]*** in the deduction for a spouse who is not legally separated with disabilities;of boxes ***[0660]*** and ***[0661]*** in the deduction for large families and, finally, of boxes ***[0662]*** and ***[0663]*** in the deduction for legally separated or unmarried ascendants with two children who are not entitled to receive maintenance payments.

Deduction for maternity and additional increase for custody expenses

The Tax Agency's Electronic Headquarters incorporates a "Renta Informador", where you can consult the requirements, limits, amounts and methods of payment of the deduction for maternity and the additional increase for nursery school or authorised child education centre expenses.

Regulations:Art. 81 and disposición adicional trigésima octava.4 Ley IRPF;art. 60 Reglamento IRPF

Deduction for maternity

Beneficiaries and children who are entitled to the application of the deduction

A. Beneficiaries of the deduction

Article 81 of the Law of IRPF regulates the deduction for maternity which reduces the differential quota of IRPF and which can be applied by the following persons:

1.Women with children under three years of age in which the following circumstances apply:

- **Who are entitled to the application of the minimum for descendants for the children to whom this deduction refers.**
- **Who are self-employed or employed**.
- **They must be registered in the corresponding social security or mutual insurance scheme.**

Note:*the deduction for maternity is incompatible with unemployment benefit or subsidy or with situations of voluntary leave of absence.However, the fact of being on sick leave does not mean that the working mother is no longer employed.*

2.In the event of the death of the mother or when the custody and guardianship is attributed exclusively to the father or, if applicable, to a guardian, provided that they meet the requirements mentioned in letter a) above.

In the event that there are several taxpayers entitled to the deduction for maternity in respect of the **same ward or foster child or minor under their guardianship and custody for pre-adoptive cohabitation or by judicial decision**, the amount shall be divided equally between

them.

> ***Note:*** *with the sole exception of the cases indicated in b) above, the deduction for maternity corresponds fully and exclusively to the mother, provided that she fulfils the requirements indicated for entitlement to it.Consequently, in no case other than those mentioned above is it permissible for the deduction to be applied by the father, nor is it permissible for it to be shared or apportioned between the father and the mother.*

B. Children eligible for the deduction

- Children by nature, from the month of their birth until the month before the month in which they reach the age of three years, both inclusive.

- Adopted children and minors linked to the taxpayer by reason of guardianship or foster care, permanent or pre-adoptive, or delegation of guardianship for pre-adoptive cohabitation.

In cases of adoption or permanent or pre-adoptive fostering or delegation of guardianship for pre-adoptive cohabitation, the deduction may be made, regardless of the age of the child, during the three years following the date of registration in the Civil Register.

Where registration is not required, the deduction may be made during the three years following the date of the judicial or administrative decision declaring it.

When the adoption takes place **of a child who has been in permanent or pre-adoptive foster care, of delegation of guardianship for pre-adoptive cohabitation** or when there is a change in the foster care situation, the deduction will be made for the time remaining until the aforementioned maximum period of three years has elapsed.

In guardianship cases, the guardian shall be entitled to the amount of the deduction that corresponds to the time it is deducted until the guardianship reaches the age of three years.

> ***Note:*** *the deduction is not applicable in the case of grandchildren and other descendants by blood other than children, or in the case of simple, emergency or temporary foster care, or in the case of minors in respect of whom custody is granted by court order.*

Amount and deduction limit

Amount of the deduction

- The amount of the deduction for maternity corresponding to each eligible child is **100 euros for each month** of the tax period **in which the aforementioned requirements** are met at the same time.
- The determination of children shall be made according to their status on the last day of each month.Consequently, in the case of children by nature, the whole month of birth shall be taken into account, without the month in which the child reaches the age of three years.

- As regards the requirement to be registered in the corresponding Social Security or Mutual Society scheme, this will be understood to be fulfilled when this situation occurs on any day of the month.

Limit of deduction

The amount of the maternity deduction for each eligible child **may not exceed** either of the following two amounts:

- Up to **1,200 euros per year**.
- **The amount of contributions and total Social Security and Mutual Insurance contributions** accrued in each tax period after the birth, adoption, delegation of guardianship for pre-adoptive cohabitation or foster care.

Therefore, in the tax period in which the child is born, the amount of contributions for the months preceding the birth shall not be taken into account in determining the second of these limits.

Similarly, in the three-year period of taxation, or in the case of the death of the minor, contributions or contributions accrued after the occurrence of such circumstances, which determine the loss of the right to apply the deduction, shall not be calculated.

That is:

- In the tax period in which the child reaches the age of three, only the social security contributions accrued during the period in which the child is entitled to the deduction should be taken into account and not those for the whole year in which the child reaches the age of three.
- Similarly, if the descendant dies during the year, only the social security contributions for the months up to the date of death will be taken into account and not those for the whole tax period.

The calculation shall be made for the full amounts, without taking into account any bonuses that may correspond to the personal situation of the member or member of a mutual society and including in this full amount the contributions corresponding to the worker and the employer.

Advance payment of maternity deduction

> ***Note:*** *Please note that only the amount corresponding to the maternity deduction may be claimed in advance, not including the additional increase for childcare costs in approved nurseries or child education centres as discussed in the following section.*

The **taxpayers entitled to the application of the deduction for maternity can request** from the State Tax Administration Agency its payment in advance for each of the months in which they are registered with the Social Security or Mutual Society and pay contributions for the minimum periods indicated below:

a. Workers with a full-time employment contract, registered for at least fifteen days of each

month, in the General Scheme or in the Special Schemes for Coal Mining and Sea Workers.

b. Workers with a part-time employment contract whose working day is at least 50% of the company's ordinary working day, on a monthly basis, and who are registered for the whole month in the schemes mentioned in the previous paragraph.

c. Employed workers who are registered in the Special Agricultural Social Security Scheme during the month and who work at least ten actual days in that period.

d. Workers included in the other special Social Security schemes not mentioned in the previous paragraphs or members of the respective mutual insurance companies that are alternatives to the Social Security who are registered for fifteen days during the month.

The application for early payment of the deduction must comply with form 140 approved by Order HAC/177/2020 of 27 February.

Attention ERTE:*in accordance with letter b.1º of article 267.1 of the rewritten text of the General Social Security Law (approved by Royal Legislative Decree 8/2015, of 30 October - BOE of 31 October-), in the case of temporary employment regulation proceedings in which the employment contract is suspended, the taxpayer is totally unemployed.For this reason, in these cases of suspension of the employment contract, as a consequence of the approval of a temporary employment regulation plan, an activity as an employee ceases to be carried out and the requirements to benefit from the maternity deduction and the corresponding advance payment cease to be met.*

Additional increase for childcare costs in approved day-care centres or nursery schools

The amount of the deduction for maternity may be increased by up to an additional 1,000 euros when the taxpayer entitled to this deduction has paid in the tax period the costs of caring for a child under three years of age in nurseries or authorised child education centres.

Important: *unlike the general deduction for maternity, taxpayers entitled to the application of the additional increase for childcare expenses cannot apply to the Tax Agency for its payment in advance, but must apply for the corresponding increase directly in the Personal Income Tax return.*

Requirements and conditions for applying the additional increase

In order for the maternity deduction to be increased by up to an additional 1,000 euros, the following conditions must be met:

1º. The above requirements regarding **beneficiaries and children entitled to the maternity deduction must be met**.

2º. In addition, it is necessary that the taxpayer has paid in the tax period **custody costs for the**

child under three years of age.

CUSTODY EXPENSES are amounts paid by the taxpayer that meet **the following conditions**:

a. To be paid to nurseries or childcare centres **authorised**.

> **Precisions:**
>
> The term “authorized” should be understood to be enforceable both in child education centers and in day-care centers.
>
> Maternity deduction is a measure linked to the educational field (first cycle of child education), with regard to its application to child education centers, public or private, which carry out the above cycle and are therefore authorized by the competent Educational Administration.See in this respect the Resolution of the TEAC of 26 May 2021, Claim number 00/0946/2021, appealed in an extraordinary appeal for the unification of criteria.
>
> Therefore, the deduction is not applicable in respect of expenses paid to natural or legal persons who may be engaged in the care of children under three years of age for purposes other than the educational purposes referred to above.This would be the case of expenses incurred in companies or establishments open to the public that host minors for different purposes (birthday celebrations or children's parties, Ludotecas, premises of mere custody, children's camps, etc.) or of expenses satisfied to individuals in the family home for the custody of minors (care performed by paid family members, custodial expenses satisfied with “kangaroos,” household employees, etc.), and which may or may not require administrative authorization, as would be the case in the opening of establishments open to the public, which require certain municipal or autonomous licenses, they will not be authorized by the educational administration because of the nature or purpose of the custody.

b. The following items should be paid to :

- pre-registration and registration of children under three years of age,
- attendance, in general and extended hours, and
- food.

c. That your payment corresponds to expenses that have been incurred for **full months**.

d. That **is not considered by the taxpayer as exempt income from work in kind** by application of the provisions of article 42.3.b) or d) of the Law of IRPF, i.e. by:

- The direct or indirect contracting by companies or employers of the service of first cycle of nursery education for the children of their employees in nurseries or authorised nursery education centres [Art, 42.3.b) Law IRPF].
- The provision of pre-school, infant, primary, primary, compulsory secondary, baccalaureate and vocational training education services by authorised educational centres for the children of their employees, free of charge or for less than the normal market price [Art. 42.3.d) Law IRPF].

Speciality:application of the increase until the child begins the second cycle of child education

In the tax period in which the youngest child reaches the age of three, the increase may apply to

expenses incurred after the child reaches that age until the month before the month in which the child can start the second cycle of nursery education.

For this purpose, please note that in the event that the descendant reaches three years in January or in the event that the mother begins to work in the year in which the child reaches that age, but after having fulfilled it, the maternity deduction cannot be applied, but it does not prevent the increase in child care or child education center expenses authorized for expenses incurred until the month in which the descendant can start the second cycle of child education.

Reporting obligation for authorised day-care centres or early childhood education centres:

Article 69.9 of the Regulations of IRPF, in development of the provisions of paragraph 5 of the aforementioned Article 81 of the IRPF Law, establishes the obligation for nurseries or authorised child education centres to present an informative declaration on the minors and the expenses that give right to the application of the increase in the deduction.

Order HAC/1400/2018, of 21 December, which approves form 233, "Informative declaration for expenses in nurseries or authorised child education centres" and determines the place, form, deadline and procedure for its presentation, and modifies Order HAP/2194/2013, of 22 November, which regulates the procedures and general conditions for the presentation of certain self-assessments, informative declarations, census declarations, communications and requests for refunds, of a tax nature (BOE of 27 November).

Amount of the additional increase

- The increase of the deduction may be from **up to 83.33 euros for each month** of the tax period **at** where the above-mentioned requirements regarding beneficiaries, children entitled to the deduction and custody expenses are met at the same time.
- For the purpose of calculating the number of months for the calculation of the increase, the following rules shall be taken into account :

  1. The determination of children shall be made according to their **situation on the last day of each month**.

     Note:*However, in the tax period in which the youngest child reaches the age of three, the number of months of that tax period shall be extended, if the other requirements are met, to the months after that age until the month before the month in which the child can start the second cycle of nursery education.*

  2. The requirement to be registered in the corresponding Social Security or Mutual Society scheme shall be deemed to be met when this situation occurs **on any day of the month**.
  3. The months to be taken into consideration will be exclusively those in which the expenses paid are incurred **for the whole month.**

For these purposes, the months contracted in full shall be understood to be included even if part of them have the character of non-teaching months.

- In the event that there are several contributors entitled to the application of the increase in respect of the same ward or ward, **its amount shall be apportioned among them equally**.

Limits to the deduction

The increase in the deduction for each qualifying child **may not exceed** for each child **any** of the two limits set out below:

- **1,000 euros per year.**
- **The lesser of the following amounts:**

  a) The total contributions and contributions to Social Security and Mutualidades of an alternative nature accrued in each tax period after the birth, adoption, delegation of guardianship for pre-adoptive cohabitation or foster care.

  In addition, the following should be taken into account for the purposes of the contributions and quotas to be computed:

  - In the tax period in which the child reaches the age of 3, the social security contributions to be taken into account will be those accrued up to the month prior to the month in which the child can start the second cycle of nursery education.
  - If the descendant dies during the year, only the social security contributions for the months in which the taxpayer is entitled to apply the deduction will be taken into account, not those for the whole tax period.

  > ***Note:****for the calculation of the limit on total contributions and contributions to the Social Security and Mutual Societies of an alternative nature, the contributions and contributions shall be calculated at their full amounts without taking into account any allowances that may be applicable.*

  (b) the total annual amount of unsubsidised actual expenditure paid in that period to the day-care centre or educational establishment in respect of that child, whether or not for whole months.

  For the purpose of determining the total amount of the actual unsubsidised expenditure paid, both the amount paid by the mother or the taxpayer entitled to the said increase and the amount paid by the other parent, adopter, guardian, custodian or foster carer shall be taken into account.

Application of the deduction in personal income tax returns

The maternity deduction reduces the differential tax liability, irrespective of whether the differential tax liability is positive or negative.

Consequently, the amount of the deduction must be included in the tax return for the year in the section corresponding to "Differential tax liability and result of the tax return", box ***[0611]*** of the tax return.

Taxpayers to whom the Tax Agency, at the time, had requested to pay monthly amounts as an advance payment of the deduction for maternity, shall enter in box ***[0612]*** of the tax return the sum of such amounts corresponding to the 2022 fiscal year.

> ***Important:*** *late payment interest shall not be payable on the receipt, through early payment and for reasons not attributable to the taxpayer, of amounts in excess of the corresponding maternity deduction.*

Lastly, those taxpayers entitled to an increase in the deduction for expenses in nursery schools or authorised child education centres must enter the corresponding amount in box ***[0613]*** of the tax return.

Extension of the application of the maternity deduction to certain groups of people

Regulations:thirty-eighth additional provision.4 Law IRPF

> ***New in 2022:*** *The fifth final provision of Law 6/2023 of 17 March on Securities Markets and Investment Services (BOE of 18 March) amended the Law of IRPF, in order to protect, via the maternity deduction, women who became legally unemployed during the years 2020 to 2022, extending the application of this deduction to new situations.*

Collective beneficiaries of the extension and the periods it affects

In order to extend the application of the deduction for maternity and the increase for childcare expenses for 2020, 2021 and 2022, women who, as of 1 January 2020, are in any of the following situations, will be understood to continue carrying out an activity as self-employed or employed persons for which they are registered with the Social Security or mutual society:

A. Women workers who become legally unemployed as a result of unemployment:

- Having had your employment contract suspended.This situation occurs in the following cases:

  - ERTE with full suspension

  - Victims of gender-based violence

- Being in a period of productive inactivity of permanent-discontinuous workers

B. Women workers **self-employed** who start receiving unemployment benefit as a result of the suspension of their economic activity.

The taxpayer will have the right to apply the deduction for maternity for the months in which she is in one of these situations, provided that she meets the rest of the requirements established in article 81 of the Law of IRPF which have been commented on in the previous sections.

> ***Attention:*** *the amount of the deduction for maternity corresponding to each eligible child is up to* ***100 euros for each month*** *of the tax period in which the requirements set out in paragraph 1 of Article 81 of the Law of IRPF are met and, additionally, up to* ***83.33 euros for each full month*** *in which expenses for the custody of the child under three years of age in nurseries or child education centres authorised by the increase of this deduction have been paid, provided that the requirements and limits set out in paragraph 2 of Article 81 of the Law of IRPFare met.*

How to apply the extension of the deduction and calculation of the amount

A distinction must be made between:

a. **Financial years 2020 and 2021**

In order to apply the deduction for maternity corresponding to the months of 2020 and 2021, specific boxes have been created for each of these years in the declaration of the IRPF corresponding to 2022 that allow the amount of the deduction corresponding to those months in which under the original regulations there was no right to the deduction and in which there is now a right to the deduction.

This section includes:

- Increase of the deduction (amounts not applied in 2020 or 2021) boxes ***[1912]*** and ***[1915].***
- Increase for expenditure on approved childcare facilities (amounts not applied in the financial year 2020 or 2021) boxes ***[1913]*** and ***[1916].***

However, in those cases in which taxpayers have applied the amount corresponding to the months in which these new causes apply in their 2020 and 2021 returns and have not yet been subject to regularisation by the Tax Agency, these returns will remain unchanged and these amounts will not be applied in the return of IRPF for the 2022 financial year.

> ***Attention:*** *to facilitate the completion of these boxes corresponding to 2020 and 2021 ,* ***the AEAT will calculate the amount as established in the previous paragraphs*** *and will automatically transfer it to the tax return.*

b. **2022**

The amount of the deduction for Renta Web will be calculated both for the months in which a self-employed or employed activity is carried out and for the months in which any of these new circumstances apply.Therefore, in the ordinary boxes relating to the deduction for maternity corresponding to 2022, the taxpayer must indicate not only the months in which there is self-employed or employed activity, as was the case until now, but also the months in which any of

these new circumstances apply.

Maximum amount of the deduction corresponding to the enlargement

The amount of the extension of the maternity deduction for each of these years may not exceed the following amounts together with the payments or deductions made for this concept in that year:

- **1,200 euros** for each child under the age of three years or
- **Amount of total Social Security and Mutual Insurance contributions and dues** accrued in each tax period.

In addition, the amount of the deduction for maternity may be increased **by up to an additional 1,000 euros** when the taxpayer who is entitled to it has paid in the tax period expenses for the care of the child under three years of age in nurseries or authorised child education centres, with the limits established by section 2 of article 81 of the Personal Income Tax Act.

See "Additional increase for childcare costs in approved day-care centres or nurseries".

Example.Deduction for maternity and increase for childcare costs in approved nurseries or child education centres

Ms P.C.A. has been registered with the General Social Security Scheme for the whole of 2022, and the full amount of the annual contributions and tax accrued to the said Scheme totals 1,800 euros (150/month).

Mrs P.C.A. has two children:the eldest, born on 31 January 2020, and the youngest, born on 13 August 2022.

The eldest child has been enrolled during the financial year in the approved nursery school "ZZ" and the expenses paid for the services provided by this school are as follows:

- 300 euros for the registration fee
- 4,250 euros (amount corresponding to the full months of January to June inclusive, October and November (500 euros/month) and 15 days of July (250 euros)).

In relation to these expenses, a grant of 1,000 euros was applied for and obtained for the 2022 financial year from the Autonomous Community for a childcare cheque, which was paid directly to the "ZZ" nursery school by the Regional Ministry of Education.

Furthermore, the company where Ms. P.C.A. works has also paid directly to the "ZZ" nursery school the sum of 1,500 euros, as exempt remuneration in kind for its employee.

The remainder of the expenses has been paid 50/50 by each parent.

To determine the amount of the deduction for maternity and the additional increase for childcare expenses for 2022 and calculate the result of her return, knowing that the differential tax liability amounts to 1,500 euros and that the taxpayer has not claimed the advance payment of the deduction for maternity.

Solution:

1.Amount of the deduction for maternity

Deduction for the eldest child:

- Number of months of compliance:12 months
- Amount of the deduction (12 months x 100 euros) = 1,200
- Limit of deduction per child ('1,200)

Note: the amount of 1,200 euros per year for the first child prevails, as the amount of social security contributions and contributions due in 2022 is higher (1,800 euros).

Deduction for the minor child:

- Number of months of compliance:5 months
- Amount of deduction (5 months x 100 euro) = 500
- Limit of deduction per child ('500)

Note: 500 for the second child, as the amount of social security contributions and contributions accrued in 2022 after the birth (750 euros, taking into account 5 months) is higher than the amount accrued in 2022.

Total amount (1.200 + 500) = 1.700,00

2.Additional increase for childcare costs

Additional increase for the eldest child:

- Number of months of compliance:8 months
- Amount of increase (1.000 euros ÷ 12 months x 8 months) = 666,64

Note: in the present case, the additional increase for childcare costs for children under three years of age in nurseries or authorised childcare centres can be up to 1,000 euros per year and will be calculated in proportion to the number of months in which the requirements of Article 81.1 and 2 of the Law on Personal Income Tax are simultaneously fulfilled.The months to be taken into consideration are exclusively those in which the expenses paid are incurred for the whole month.Therefore, in this case only the full 8 months are taken into account, excluding the 15 days of July, so the calculation will be:1.000 euros.12 months x 8 months = 666,64 euros

- Increment Limit:666.64 euros

  The increase of 666.64 euros **does not exceed** any of the following limits.

  a) Amount of social security contributions and dues:1,800 euros

  (b) Total amount of the actual unsubsidised expenditure of the custodial costs:2,050 euros

Note: in accordance with Article 81 of the Law of IRPF and Article 60 of the Regulation of IRPF, the total unsubsidised expenditure corresponding to the total annual amounts (for complete or incomplete months) paid to nurseries or authorised child education centres for the pre-registration and enrolment of these children, attendance,

in general and extended hours, and food, will be reduced by the amounts of these expenses that have been paid by the companies employing the beneficiaries that were considered as work income in kind exempt by application of the provisions of Article 42(3)(b) or (d) of the Law of IRPF.

Therefore, in the present case the custody costs will be:300 (registration fee) + 4,000 (8 full months) + 250 (incomplete month) - 1,000 (subsidised amount) - 1,500 (exempt remuneration in kind) = 2,050 Euros

Attention: *even if it has been paid by both parents at 50%, both the amount paid by the mother or the taxpayer entitled to the said increase and the amount paid by the other parent will be considered*.

3.Result of the declaration

Differential fee:1,500.00

Deduction for maternity

- Deduction amount (1.200,00 + 500,00) = 1.700,00
- Increase for childcare costs (666.64) = 666.64

Result of the declaration (1,500 - 1,700 - 666.64):-866,64

Deductions for large families or for those caring for persons with disabilities

The Tax Agency's Electronic Headquarters incorporates an "Income Tax Informer", where you can consult the requirements, limits, amounts and methods of payment of the deduction for large families or dependent disabled persons and deduction for ascendants with two dependent children .

Regulations:Article 81 bis and additional provision forty-second Law IRPF;art. 60 bis Reglamento IRPF .

Deductions including

Five deductions are established to reduce the taxation of taxpayers with higher family burdens, which will reduce the differential tax liability in the same way as the deduction for maternity, i.e. regardless of whether the differential tax liability is positive or negative, and can also be applied for in advance.

These deductions are:

- Deduction for each disabled descendant
- Deduction for each disabled ascendant.

- Deduction for non legally separated spouse with disabilities.
- Deduction for large family.
- Deduction for legally separated or unmarried parent with two children not entitled to annual maintenance payments

Requirements and other conditions for the application of deductions

A. In general

The following taxpayers may apply these deductions:

a. Those who carry out an activity on their own account or on behalf of others for which they are registered in the corresponding Social Security or mutual insurance scheme **.**

b. Those who receive contributory and assistance benefits **from the unemployment protection system.**

In the case of the unemployed, in order to be entitled to apply the deductions, it is necessary to be receiving a benefit, either contributory or assistance, from the unemployment protection system.It is not enough to be registered as a jobseeker.

Attention Covid-19: *are entitled to these deductions:*

1. *Taxpayers who have received the extraordinary economic benefits due to the cessation or reduction of the self-employed person's economic activity as a result of the Covid-19 epidemic that correspond to the protective action of the Social Security:*

   These are, therefore, extraordinary Social Security benefits for self-employed workers, whose nature is analogous to the financial benefit for total, temporary or permanent cessation of activity, which was established in Law 32/2010, of 5 August, which establishes a specific system of protection for the cessation of activity of self-employed workers (BOE of 6 August) and is currently regulated in articles 327 and following of the revised text of the General Law on Social Security, approved by Royal Legislative Decree 8/2015, of 30 October (BOE of 31 October).

   Consequently, the classification of these extraordinary benefits by Covid-19 (like that of the aforementioned general unemployment benefit) would be that of income from work, in accordance with Article 17.1 b) of the Law IRPF, which includes unemployment benefits among the full income from work, understood in a broad sense and not only including the situation of cessation of activity corresponding to salaried workers.

   These extraordinary benefits linked to Covid were due to expire on 1 March 2022.However, Articles 1 and 2 of Royal Decree-Law 2/2022 of 22 February (BOE of 23 February) establish a series of aid measures for this group, including the maintenance of the extraordinary allowance for cessation of activity for self-employed workers affected by the suspension of activity until the last day of the month in which it

is agreed to lift the measures or 30 June 2022, whichever is earlier.

2. *Taxpayers affected by ERTE (temporary lay-offs), as they are unemployed and entitled to unemployment benefits.*

c. Those who receive **pensions** paid by the General Scheme and the special schemes of the **Social Security** or by the **State Passive Classes Scheme.**

The benefits generated by Law 39/2006, of 14 December, on the Promotion of Personal Autonomy and Care for dependent persons are not eligible for deductions.

d. Those who receive **benefits similar to those previously recognised for professionals not included in the special Social Security scheme** for the self-employed or self-employed by the Mutual Social Welfare Societies that act as alternatives to the aforementioned special Social Security scheme, provided that they are benefits for situations identical to those foreseen for the corresponding Social Security pension.

The application of the deductions is extended to taxpayers registered abroad in public social protection systems analogous to the Spanish social security system or to mutual benefit societies that are alternatives to the social security system, and to those who receive unemployment benefits or pensions from public social security schemes in countries other than Spain.

B. In particular, according to the family situation giving entitlement to the deduction

In addition to the above, and depending on the deduction that is intended to be applied, taxpayers who meet the following circumstances will be entitled to reduce the differential tax liability:

a. For each disabled descendant, taxpayers entitled to the application of the minimum for descendants provided for in Article 58 of the Law of IRPF.

b. For each disabled ascendant, taxpayers entitled to the application of the minimum for ascendants provided for in Article 59 of the Law of IRPF.

c. For the non-legally separated spouse with a disability, taxpayers whose spouse with a disability does not have an annual income, excluding exempt income, of more than 8,000 euros and does not generate the right to the deductions foreseen in letters a) and b) above.

Annual income: The concept of annual income, for these purposes, is constituted by the algebraic sum of net income (from work, movable and immovable capital, and economic activities), income allocations and capital gains and losses computed in the year, without applying the rules of integration and compensation.However, the income must be computed at its net amount, i.e. after deducting expenses but without applying the corresponding reductions, except in the case of income from work, in which the reduction provided for in Article 18 of the Law of IRPF may be taken into account when applied prior to the deduction of expenses.

In accordance with the above, the concept of net income from work to be taken into account in order to apply the aforementioned limit must be that defined in Article 19 of the Law of IRPF -including the reduction for application of the reduction of Article 18 of the Law of IRPF-, this income being, consequently, reduced by all the expenses of Article 19.2, including the specific expense of 2,000 euros of letter f) thereof.

d. Large family, taxpayers who are an ascendant, or a sibling orphan of both parents, who is part of a large family in accordance with Law 40/2003, of 18 November, on the Protection of Large Families.

> ***Note:****the taxpayer must have the title of large family or, if applicable, accredit the status of disabled person of the spouse not legally separated, ascendant or descendant in accordance with the provisions of article 72 of the Regulations of the IRPF.*
>
> *However, it should be borne in mind in relation to the large family certificate that the Resolution of the TEAC of 24 June 2021, Complaint number 00/00816/2021, handed down in an extraordinary appeal for the unification of criteria, has established the criterion that in order to apply the deduction for large families it is necessary to prove that the requirements and conditions established in Articles 2 and 3 of Law 40/2003, of 18 November, on the Protection of Large Families, are met, by any means of proof admissible in Law and not exclusively by means of the official large family certificate referred to in Article 5.1 of the latter law.*

e. For being an ascendant with **two children and fulfilling each and every one of the following conditions:**

- **Be legally separated, or not in a marriage,**
- **No entitlement to child maintenance annuities,**

  For the purposes set out in article 81 bis of the IRPF Act, the right to receive food requires a court order to determine this.However, it should be taken into account that, since the amendments introduced by Law 15/2015, of 2 July, on Voluntary Jurisdiction, the judicial resolution of divorce is equated to the agreement of the spouses by means of the formulation of a regulatory agreement before the Court Clerk or in a public deed before a Notary.

  This deduction will be applicable to legally separated ascendants, or ascendants without a marital relationship with two children who are not entitled to receive maintenance payments in cases where **proves that they do not receive maintenance payments** despite being recognised by a court ruling.See in this respect Supreme Court Judgment no. 1.368/2022, of 25 October (Contentious Chamber), handed down in cassation appeal no. 6568/2020 (ROJ:STS 3926/2022).

- **To be entitled for the children to the full minimum for descendants** provided for in article 58 of the Law of IRPF.

  Taxpayers **legally separated** with two children who are not entitled to maintenance payments are entitled to the full minimum when they have sole custody of the children.Therefore, in contrast to the above, when custody and guardianship is shared, the minimum per child will be prorated between both parents and this deduction will not be applicable.

  Ascendants **without marriage ties** with two children who are not entitled to maintenance annuities will be entitled to apply the full minimum when there is no cohabitation with the other parent and both children live solely and exclusively with one ascendant.

Maximum amount of deductions

- **Deduction for those caring for descendants with disabilities**

  Up to **1,200 euros per year** for each disabled descendant entitled to the application of the

minimum for descendants.

- **Deduction for ascendants caring for persons with disabilities**

  Up to **1,200 euros per year** for each disabled ascendant entitled to the application of the minimum for ascendants.

- **Deduction for caring for a spouse with disabilities**

  Up to **1,200 euros per year** for the spouse who is not legally separated and has a disability, provided that he or she does not have annual income, excluding exemptions, of more than 8,000 euros and does not generate the right to the previous deductions for disabled descendants or ascendants.

- **Deduction for large families**

  - Up to **1,200 euros per year for** being an ascendant, or a sibling orphan of both parents, who is part of a **large family of general category** in accordance with Law 40/2003, of 18 November, on the Protection of Large Families.

  - This amount will be increased by 100%, i.e. up to **2,400 euros per year** in the case of **large family of special category** in accordance with Law 40/2003, of 18 November, on the Protection of Large Families.

  - The amount of the deduction referred to in the previous points (1,200 euros or 2,400 euros), **will be increased by up to an additional 600 euros per year for each of the children forming part of the large family that exceeds the minimum number of children**s required for the family to have acquired the status of large family of general or special category, as appropriate.

- **Deduction for legally separated or unmarried ascendant with two children without entitlement to receive annuities for maintenance**

  Up to 1,200 euros per year for being a legally separated ascendant, or without a marital relationship, with two children who are not entitled to receive maintenance annuities and for whom you are entitled to the full minimum for descendants.

Apportionment, calculation of the amount and limit of deductions

Apportionment

When two or more taxpayers are entitled to the application of any of the above deductions in respect of the same descendant, ascendant or large family, the amount shall be apportioned equally between them, without prejudice to the application for early payment referred to below.

Calculation of the amount

The deductions are applied, for each taxpayer entitled to them, **in proportion to the number of months** in which the requirements for their application are simultaneously met.

For the purposes of calculating the number of months for calculating the amount of the deduction referred to in the previous section, the following rules shall be taken into account: **:**

a. The determination of the status of large family, the marital status of the taxpayer, the number of children exceeding the minimum number of children required for the family to have acquired the status of large family of general or special category and the disability status will be made according to their situation on **last day of each month**.

   In the same way, if the disability ceases, the large family status expires, the dissolution of the marriage (the spouse being disabled) with effect from the last day of the month, the corresponding deduction for that month will not be applicable.

   Finally, in the event of the death of the person who is entitled to the deduction, or the death of the taxpayer, in view of the fact that the situation on the last day of the month must be taken into account, it shall not be entitled to the application of the deduction for that month.

b. For taxpayers who are self-employed or employed, the requirement to be registered in the corresponding Social Security or Mutual Society scheme shall be deemed to be met when this situation occurs on **on any day of the month**.

c. For taxpayers receiving contributory and assistance benefits from the unemployment protection system, Social Security or Pension System pensions and similar benefits, the requirement to receive the aforementioned benefits will be deemed to be met when such benefits are received **on any day of the month**, **and the requirement to register** in the corresponding Social Security or Mutual Society scheme will not be applicable.

Limit on deductions

A. In general:

In the case of taxpayers who carry out a **self-employed or employed activity** for which they are registered in the corresponding Social Security or mutual insurance scheme, **the limit** for each of the deductions will be the **amount of the total contributions and contributions to the Social Security and Mutual Insurance Companies** of an alternative nature accrued in each tax period after the moment in which the requirements for their application are fulfilled.However, in the tax period in which the situation that causes the right to the deduction to end (end of the disability, death of the descendant or ascendant, expiry of the large family status, dissolution of the marriage) only the social security contributions accrued during the period in which the right to apply the deduction arises must be taken into account and not those for the whole year.

For these purposes, both the number of months in which the requirements for its application are met simultaneously and the total Social Security and Mutual Insurance contributions and contributions corresponding to all taxpayers entitled to the deduction will be taken into account jointly.

Attention: *For the purposes of calculating this limit, contributions and contributions shall be calculated at their full amounts, without taking into account any allowances that may apply.*

B. Special rules:

- If the taxpayer is entitled to the deduction in respect of several ascendants or descendants with disabilities, **the aforementioned limit shall be applied separately in respect of each of them.**
- **In the case of special category large families, the 100 percent increase in the deduction ('1,200) shall not be taken into account for the purposes of the above limit.**
- **The increase of up to 600 euros per year for each of the children forming part of the large family that exceeds the minimum number of childrens required for the family to have acquired the status of large family in the general or special category shall also not be taken into account for the purposes of the aforementioned limit**.

C. Excluded from the Limit:

Taxpayers receiving contributory and assistance benefits from the **unemployment protection system, pensions** of the Social Security or Passive Classes **and similar benefits** to the above, **are not subject to the above limit** of the amount of contributions and contributions paid to the Social Security and Mutual Societies of an alternative nature accrued in each tax period **nor, in the event that the right to the deduction** had been transferred to them, will the total contributions and contributions to the Social Security and Mutual Societies corresponding to all taxpayers entitled to the deduction be taken into account jointly.

Incompatibilities between deductions

- The deduction for a spouse who is not legally separated is incompatible with the deduction for disabled descendants and ascendants in respect of the same person.
- The deduction for large families and the deduction for legally separated or unmarried ascendants with two children who are not entitled to maintenance payments are incompatible with each other.

Advance payment of deductions

Assumptions and requirements

Taxpayers entitled to the application of these deductions may apply to the State Tax Administration Agency for advance payment in the following cases and with requirements as indicated:

1.In the case of taxpayers who carry out an activity as self-employed or employed persons for which they are registered in the corresponding Social Security scheme or mutual society, **for each of the months in which they are registered in the Social Security or Mutual Society and contribute the minimum periods** indicated below:

a. Workers with a full-time employment contract, registered for at least fifteen days of each month in the General Scheme or in the Special Schemes for Coal Mining and Sea Workers.

b. Workers with a part-time employment contract whose working day is at least 50% of the company's ordinary working day, on a monthly basis, and who are registered for the whole

month in the schemes mentioned in the previous paragraph.

c. In the case of salaried workers registered in the Special System for Agrarian Salaried Workers included in the General Social Security Scheme when daily contribution bases have been chosen, who carry out at least ten actual working days in that period.

d. Workers included in the other Special Social Security Schemes not mentioned in the previous paragraphs or members of the respective mutual insurance companies that are alternatives to the Social Security who are registered for fifteen days during the month.

2.In the case of taxpayers receiving contributory and assistance benefits from the **unemployment protection system, pensions** of the Social Security or Passive Classes **and similar benefits**, **for each of the months in which such benefits are received**.

State Public Employment Service, Social Security, And alternative social welfare mutualities to those of Social Security and any other agency paying benefits and pensions will be obliged to provide the State Tax Administration Agency electronically during the first ten days of each month with data from the people to those who have satisfied the above benefits or pensions during the previous month.

3.For the early payment of **the deduction for a spouse who is not legally separated**, the amount **of the annual income to be taken into consideration** will be that corresponding to the last tax period for which the deadline for filing the self-assessment had ended at the beginning of the year in which the early payment is requested.

Application for advance payment and processing

Advance payment shall be processed in accordance with the following procedure:

1.Presentation of the application for advance payment

The application for early payment may be submitted from the moment when, having fulfilled the requirements and conditions established for entitlement, the taxpayer opts for early payment of the tax.

The application shall comply with form 143 approved by Order HAP/2486/2014, of 29 December (BOE of 31 December), modified by Orders HAP/410/2015, of 11 March (BOE of 12 March) and HAC/763/2018, of 10 July (BOE of 18 July), and the details of said form corresponding to the type of deduction being applied for must be completed.

Order HAC/763/2018, of 10 July, has modified, for applications for early payment of deductions for large families and disabled dependents submitted from 1 August 2018, form 143 to introduce the new deduction for spouses who are not legally separated and have a disability.

However, with regard to the increase in the deduction per large family for each of the children who are part of the large family, which exceeds the minimum number of children required for that family to have acquired the status of a large family of general or special status, No changes are included in the "large family deduction" section of model 143, since, with the information available to it, it will be the Tax Agency itself that directly calculates and abuses the aforementioned increase to taxpayers who, having the right, they have applied for the advance payment of this deduction, without additional information being provided.

Once an application for early payment has been made, it need not be repeated for the whole period during which the right to early payment of the deduction is claimed, except for the purpose of reporting any subsequent changes.

An application shall be made for each deduction to which it may be entitled and, in the case of the deduction for ascendants or dependant disabled descendants, for each ascendent or descendant who is entitled to the deduction.

2.Modalities for the application for advance payment and its processing

The application may be submitted using one of the following two modalities:

a. **Individual modality.**

An application shall be made for each taxpayer entitled to deduction.

In this type of application, the applicant shall be paid the amount resulting from dividing the relevant amount by the number of taxpayers entitled to the application of the minimum in respect of the same disabled descendant or ascendant, or by the number of ascendants or siblings orphaned by both parents who are part of the same large family, depending on the type of deduction in question.

The amount of the monthly payment of the deduction for non-legally separated spouse with disabilities shall be EUR 100 and the application shall always be individual, corresponding to a single taxpayer.

b. **Collective mode**.

The application shall be submitted by all taxpayers who may be entitled to the deduction in respect of the same descendant, ascendant or large family.

This type of application must designate as the first applicant a taxpayer who fulfils, at the time the application is made, the requirements for the application of the relevant deduction.

The advance payment shall be made monthly without any pro rata payment, in the amount of **100 euros** for each descendant, ascendant or large family.This amount shall be **200 euros** if it is a large family of special category.In the case of large families, this amount shall be increased by **50 euros** per month for each of the children forming part of the large family, **that exceeds** the minimum number of children required for the family to have acquired the status of large family in the general or special category, as appropriate.

Each month of January, the application form may be modified for each of the deductions.

Applicants, the non-legally separated spouse with disabilities, and the descendants or ascendants with disabilities that relate to the application, must have a tax identification number.

3.Resolution

The State Tax Administration Agency, in view of the application received and the data in its possession, shall, if it considers the application to be appropriate, pay the amount of each deduction to the applicant ex officio in advance and on account.

In the event that the deduction is not paid in advance, the State Tax Administration Agency shall issue an express decision which shall be notified to the interested party.The decision rejecting the application must in any case state the reasons for the rejection.

4.Charging

Payment of deductions in advance shall be made monthly by the State Tax Administration Agency, by bank transfer, for the amount corresponding to whether it is an individual or collective application and the months in which the conditions are met.The Minister of Finance may authorize payment by cross or nominative check when circumstances warrant it arise.

Communication of variations affecting advance payment

Taxpayers entitled to early payment of these deductions shall be obliged to notify the tax authorities of any changes that affect their early payment, as well as when, due to any supervening cause or circumstance, they fail to meet any of the requirements for their payment.

The notification of such variations shall be made within fifteen calendar days of the date on which the variation or non-compliance with the requirements had occurred, using model 143.

Regularisation for the receipt of the amount of the advance payment, in whole or in part, in error

Two cases must be distinguished:

- Taxpayers not obliged to file

Taxpayers who are not obliged to file a tax return for the IRPF must regularise their tax situation when the amount received for each of the deductions for large families, for disabled persons or for ascendants with two children does not correspond to the amount of their advance payment, by paying in the amounts received in excess.To do so, they must file form 122 within the period between the date on which the advance payments were received unduly and the deadline for filing the IRPF return for the year in which the advance payment was received unduly.

> ***Attention:*** *see Order HFP/105/2017, of 6 February, approving form 122 "Personal Income Tax.deductions for large families, for those caring for persons with disabilities or a legally separated ascendant with two children or without marriage ties.Regularisation of the right to deduction by taxpayers not obliged to file a tax return" (BOE of 10 October).*

- Taxpayers obliged to declare

In the case of taxpayers obliged to file a tax return who have received the amount of the advance payment unduly, totally or partially, they must proceed to regularise their situation in the tax return of IRPF corresponding to the financial year in which the advance payment was received unduly.

Assignment of the right of deduction

What it consists of

When two or more taxpayers are entitled to the application of any of the deductions in respect of

the same descendant, ascendant or large family, the right to the deduction may be assigned to one of them.

It is considered that **there is no lucrative transfer** for tax purposes for this transfer.

Cases in which the right is deemed to have been assigned in favour of another taxpayer

The right is deemed to be assigned in the following cases:

- When two or more taxpayers are entitled to the application of any of the deductions and have submitted an application for advance payment collectively, the right to the deduction shall be deemed to have been assigned in favour of the first applicant, who must include the amount of the deduction and the totality of the advance payment received in the tax return of IRPF.
- In all other cases, the right to the deduction shall be deemed to be assigned in favour of the taxpayer who applies the deduction in his return, and this circumstance must be stated in the return of all taxpayers entitled to the deduction, unless the assignor **is a person not obliged to file a return**, in which case such assignment shall be made by filing form 121, which must be filed within the deadline established in each financial year for filing the return of IRPF.

  See in this respect Order HFP/105/2017, of 6 February, approving form 121 "Personal Income Tax.Deductions for large families or those caring for people with disabilities.Comunicación de la cesión de la cesión del derecho a la deducción por contribuyentes no obligadas a presentar declaración" (BOE de 10 de febrero).

Attention:*in the case of assignment of the right in favour of another taxpayer, this must be indicated in the tax return, within the corresponding deduction, that the right to the deduction has been assigned to him/her and, where applicable, the NIF of the assignor.*

Special rules for the calculation of the deduction when the right is transferred

When the transfer takes place, the following special rules shall apply for the purpose of calculating the deduction:

a. The amount of the deduction shall not be apportioned between them, but shall be applied in full by the taxpayer to whom the deduction has been transferred.

b. The months in which any of the taxpayers entitled to the deduction meet the requirements shall be counted.

c. The total social security and mutual insurance contributions and contributions corresponding to all taxpayers entitled to the deduction will be taken into account jointly.

d. The amounts that, where relevant, were received in advance, will be considered obtained by the taxpayer in whose favor would have transferred the deduction.

Application of deductions in personal income tax returns

Deductions reduce the differential tax liability, irrespective of whether the differential tax liability is positive or negative.Accordingly, the amount of the deductions to be applied must be entered in the declaration for the financial year in the paragraph corresponding to "differential quota and the result of the declaration", of the model declaration, boxes **[*0623*]** for depletion by depletion by depletion with depletion disability, *[**0636]*** for deduction by dependent disabled ancestors, ***[0248]*** for the deduction for a legally unseparated spouse with a disability, **[*0660*]** for the deduction by large family and **[*0662*]** for the deduction by ancestor, legally separated or without marriage bond, with two children without the right to receive annuities for food.

> ***Note:*** *the descendants or ascendants and the spouse not legally separated with a disability who are listed in the deductions for disabled dependants must have NIF.*

Taxpayers who, having applied for it at the time, have been paid monthly amounts in advance by the Tax Agency, must enter the sum of these, depending on the corresponding deduction, in boxes ***[0624]*** (deduction for dependent descendants with disabilities), ***[0637]*** (deduction for dependent ascendants with disabilities), ***[0249]*** (deduction for spouse not legally separated with disabilities) ***[0661]*** (deduction for large family) and ***[0663]*** (deduction for ascendant, legally separated or without marital relationship, with two children not entitled to receive maintenance payments) of the return.

Likewise, when amounts have been collected in advance and the taxpayer, in the case of disabled dependents, is not entitled to the minimum for descendants or ascendants, this situation must be regularised in the tax return for IRPF by entering in boxes ***[0664] or [0666]***, as appropriate, the amount collected that must be regularised.

In the case of taxpayers **who are not obliged to declare**, such regularisation shall be carried out by means of the payment of the amounts received in excess in the place, form and period determined by the Minister of Finance.

See in this respect Order HFP/105/2017, of 6 February, approving models 121 and 122 (BOE of 10 February).

> ***Note:****late payment interest shall not be payable on the receipt, through early payment and for reasons not attributable to the taxpayer, of amounts in excess of those corresponding to the deductions for large families or for disabled dependents.*

Examples

Example 1.Deduction for dependent descendants with disabilities with early payment

The married couple, Mr. F.G.D., who receives a Social Security retirement pension of 1,600 euros per month, and Mrs. T.V.J. live with their 35-year-old son, who has had a disability of 33% since 1992 and who receives an exempt income.

To determine the amount of the deduction for dependent children with disabilities for 2022, knowing that the differential tax liability of the married couple's joint tax return amounts to 2,300

euros and that in July 2022 they collectively applied for and received the advance payment of the deduction.

Solution:

Preliminary note: Mr. F.G.D., meets the requirements for applying the deduction as he is a pensioner and is entitled to the minimum for descendants in this case as he is a disabled child of any age who lives with the taxpayer and does not have an annual income, excluding exemptions, of more than 8,000 euros, nor does he file a tax return.Mrs. T.V.J. is not entitled to the deduction as she is not self-employed or in receipt of benefits as a pensioner or unemployed person.

Differential fee: + 2.300,00

Deduction for a dependent descendant with a disability:

- Number of months of compliance with the requirements:12 months
- Amount of the deduction = - 1.200
- Deduction limit per child (1,200 euros) **(1)**

Advance payment:

- Number of months that you have received the advance payment:6 months **(2)**
- Amount of the early payment of the deduction (6 months x 100 euros) = +600

Difference (1,200 - 600) = - 600

Result of the declaration (2,300 - 600):1,700 (to be paid)

Notes for the example:

(1) As this is a taxpayer who receives a Social Security pension, the limit on the amount of contributions and dues paid to the Social Security and Mutual Insurance Funds does not apply to them, as it does for taxpayers who are self-employed or employed.

The limit will be the annual amount of the deduction of 1,200 euros and as long as the requirements have been met throughout the year, the full amount can be deducted.**Back to**

(2) From July to December you have received 6 months advance payment of 100 EUR each month (600 EUR).**Back to**

Example 2.Deduction for dependent disabled ascendants without advance payment or assignment of rights

Don G.V.V, 77, with a 45 per 100 disability, receives a retirement pension of 6.500 euros per year and does not present a statement of the IRPF .

He has 2 children with whom he lives throughout the year (6 months with each one).The first of these, Mr PVP, worked as an employee from January to October 2022 with social security contributions of 1,400 euros.The second, Mr. L.V.P. also worked as an employee from January to May 2022, fulfilling the minimum registration period requirement and contributing 50 euros each month, and from June to December 2022 he has been receiving unemployment benefit.

The differential quota IRPF in the year 2022 has been for each of the brothers -1.100 euros for Mr. P.V.P and 250 for Mr. L.V.P.

Determine for each of the taxpayers the amount of the deduction for dependent ascendants for the 2022 fiscal year and the result of their return, taking into account that neither requested the advance payment of the deduction nor assigned their right to the other.

Solution:

A) Taxpayer Mr P.V.P.

Differential fee: -1.100

Deduction for dependent ascendant with disability (1):

Number of months of compliance:10 months

- Amount of the deduction:-500
- Deduction limit (EUR 500)

Advance subscription:0

Result of the declaration (1.100 + 500) = -1.600 (refundable)

B) Taxpayer Mr L.V.P.

Differential fee:+ 250.00

Deduction for ascendants caring for persons with disabilities

Number of months of compliance:12 months

- Amount of deduction = - 600
- Deduction limit = 600 (for the whole year all requirements are met)) (2)

Advance payment: 0

Result of the declaration (250 - 600) = -350 (refundable)

Notes to the example:

(1) As both siblings are entitled to the deduction, the amount of the deduction will be apportioned equally between them (the ascendant lives with each of them for 6 months).The resulting amount (1,200 / 2 = 600 euros) is applied for each taxpayer entitled to the deduction in proportion to the number of months in which they simultaneously meet the requirements for applying it (in this case they meet the requirements of registration in the corresponding Social Security scheme and entitlement to the minimum for an ascendant for 10 months).

Therefore, 600 ÷ 12 months x 10 months = 500 euros correspond to the taxpayer deducting and this amount prevails since the amount of contributions and contributions earned to the Social Security is higher (1.400 euros).Back to

(2) The taxpayer is entitled to half of the deduction ('600).This amount must be applied in proportion to the number of months in which the requirements are met simultaneously.In this case, he fulfils this requirement for the whole year, as he was registered with the social security for 5 months and received unemployment benefit for the rest.The monthly amount of this deduction will therefore be EUR 50 (600 ÷ 12).

It should be borne in mind that the figure of 250 euros of the total amount of this deduction (50 x 5 months in which you have been working) is limited to the amount of the social security contributions and dues accrued (50 x 5 = 250 euros).As this limit is not exceeded in this case, the taxpayer can deduct the full 250 euros.While for the remaining 350 euros of this deduction (50 x 7 months receiving unemployment benefit), the taxpayer will also be able to deduct this amount in its entirety, as the unemployment benefits received will not be subject to this limit.

Therefore, the amount of the deduction will be:250 euros for the months you were registered for social security (not exceeding the limit of social security contributions) + 350 euros (for the months in which you received unemployment benefit with no limit on social security contributions) = 600 ***Back***

Example 3.Deduction for non legally separated spouse with disabilities credited in advance

Don T.F.P., 85 years old, receives a retirement pension of 16.500 euros per year.His wife, Ms APA, who is 82 years old and has a recognised disability degree of 85 percent, obtained in 2021 income excluding exempted income, for an amount of 250 euros and in 2022 for 300 euros.Both spouses live alone.

Determine the amount of the deduction for an unseparated legally disabled spouse for 2022 and the result of his or her return, knowing that the differential contribution of the joint return of the couple amounts to -1,300 euros and that Mr TFP requested early payment of the deduction on 1 October 2022.

Solution:

Differential fee: - 1.300,00

Deduction for a dependent spouse not legally separated with a disability.<e1></e1>(1)

- **Number of months of compliance with the requirements:12 months (2)**
- **Amount of deduction = -1.200**
- **Deduction limit ('1,200)**

Subscription in advance:(3)

- **Number of months you have received the advance payment:3 months**
- **Amount of early payment of the deduction (3 months x 100 euro) = +300**

Difference (1,200 - 300) = -900

Result of the declaration: -(1,300 + 900) = -2,200 (to be returned)

Notes to the example

(1) In fiscal year 2022, Ms APA did not obtain annual income, excluding those that are exempt, of more than 8,000 euros, nor did she generate the right to the deduction for disabled ascendants, since she did not comply with the requirement of living with any of her children.Back to

(2) Insofar as the total amount of this deduction (1,200 euros) is applied proportionally to the number of months in which the requirements are met, the amount and limit in this case is 1,200 euros.

On the other hand, as they are pensioners, they are not subject to the limit on the amount of contributions and contributions paid to the Social Security and alternative mutual insurance funds accrued in each tax period.Back to

(3) For the advance payment of the deduction for an unseparated legally disabled spouse, in accordance with article 60a of the Personal Income Tax Regulations, the amount of the annual income to be taken into consideration will be that corresponding to the last tax period for which the deadline for presentation of the self-assessment had expired at the beginning of the fiscal year in which the advance payment is requested, i.e., that of the fiscal year 2021, which was 250 euros.Therefore, being entitled, the amount of the monthly payment of the deduction in advance for a non-legally separated spouse with a disability will be 100 euros from the month in which the application is submitted (October) until December, i.e. for 3 months in 2022.(Return)

Example 4.Deduction for large family with assignment of the right and advance payment

Marriage between Mr R.P.G. and Mrs M.G.B., who both worked in 2022.He as a civil servant in a Ministry, with a discount for MUFACE contributions amounting to 527 euros per year.She was carrying out a professional activity for which she was registered for every month of the year in the Special Regime for self-employed workers and for which she paid an annual contribution of 2,100 euros.

The couple has four children aged 20, 18, 15 and 13, respectively, who will be studying in 2022 and are in possession of the general category of large family status.

To determine the amount of the deduction for large families for 2022 and the result of their tax return, taking into account that Mr R.P.G. assigned his right to the deduction to the other parent, that they requested the early payment collectively in March and that the differential tax Personal Income Tax liability of Mrs M.G.B. was 300 euros in 2022.

Solution:

Declaration of the taxpayer Mrs. M.G.B.

Preliminary note: Mr. R.P.G. will not have to enter anything in his declaration of IRPF in the boxes relating to the deduction for large families as he has ceded his right at the time of requesting the advance payment collectively.

Differential fee: + 300

Large family deduction

1.For large family of general category:**(1)**

- Number of months of compliance:12 months
- Amount of deduction = -1.200
- Deduction limit (1,200 euros) **(2)**

2.Increase for children who, being part of the large family, exceed the minimum number of children required to be a large family in the general category:

- Number of children exceeding the minimum:1 child **(3)**
- Number of months of compliance:12 months
- Increase of deduction = -600,00 **(4)**

3.Total deduction for large families (1.200 + 600) **=** -1.800

Advance payment

1.For large family of general category:(5)

- Number of months you have received the advance payment:10 months
- Amount of the early payment of the deduction (10 months x 100 euros) = +1.000

2.Increase for children who, being part of the large family, exceed the minimum number of children required to be a large family of general category:**(6)**

- Number of months you have received the advance payment:10 months
- Amount of the early payment of the deduction (10 months x 50 euros) = +500

3.Total advance payment (1000 + 500) **=** -1.500

Difference (deduction 1,800 - advance payment 1,500) = -300

Result of the declaration (300 - 300) = 0

Notes for the example:

(1) As a result of the transfer, the months in which any of the taxpayers entitled to the deduction meet the requirements (in this case 12 months) will be calculated and Mrs M.G.B. will apply the full amount of the corresponding deduction and all the advance payment received in her 2022 Personal Income Tax return.**Back to**

(2) As there is a cession, the total Social Security and Mutual Insurance contributions and contributions corresponding to both parents are taken into account jointly (2,100 + 527 = 2,627).As the total amount of social security and MUFACE contributions and contributions are higher than the maximum amount of the deduction, the latter prevails.**Back to**

(3) According to Article 2 of Law 40/2003 of 18 November 2003 on the Protection of Large Families, in this case, the minimum number of children required to be a large family in the general category is 3.Having 4 children who have been part of the large family during 2022, the excess will be 1 child.**Back to**

(4) As the total amount of this deduction (up to 600 euros for each of the children) is applied proportionally to the number of months in which the requirements are met, the amount and limit in this case is 600 euros.

On the other hand, this increase, as established in article 81 bis of the Law of IRPF, will not be taken into account for the purposes of the limit on the amount of contributions and contributions paid to Social Security and alternative Mutual Funds accrued in each tax period.**Back to**

(5) The advance payment from March to December ('1,000) has been received.This amount shall be deemed to have been obtained by the taxpayer to whom the deduction has been surrendered.**Back to**

(6) For the early payment of the increase, as this was a collective application, the early deduction was increased by 50 euros per month for the child who exceeds the minimum number of children required for the family to qualify as a large family in the general category.

It should also be noted that, in accordance with Order HAC/763/2018, of 10 July (BOE of 18 July), by taking into account the information available to the Tax Agency by virtue of the provisions of article 60 bis.6 of the Regulations of IRPF, it will not be necessary for taxpayers requesting advance payment of the large family deduction to provide additional information, as the Tax Agency will calculate the corresponding increase in this deduction for each child that exceeds the minimum number of children required for the family to have acquired the status of large family of general or special category and proceed, together with the amount of the large family deduction, to its advance payment.**Back to**

Example 5.Deduction for legally separated or unmarried parent with two children not entitled to annual maintenance payments

Doña M.B.A. divorced with two children whose custody and custody is attributed.One of the children has a disability of 33 per 100.The other parent is not obliged to satisfy annuities for food on behalf of children.

Determine the amount of the deduction for ascendants, legally separated or not married, with two children without the right to receive an annuity for maintenance and the result of the tax return taking into account that Ms MBA donates a benefit until October 2022 and an unemployment benefit in November and December 2022, that her differential quota is -400 euros and that she has requested the advance payment that she was entitled to since January.

Solution:

Previous note:This example fulfills both the requirements for applying the deduction by parent, legally separated or without marital bond, With two children without the right to receive food annuities as the requirements to apply the large family deduction as provided for in Article 2 of Law 40/2003, of 18 November, Protection of numerous families already equates the large family constituted by an ascendent with two children, in which one of them has a disability as in this case.The taxpayer must choose to apply one or another deduction, but not both.In this case, according to the statement in the example, you choose to apply the deduction by ascendent, legally separated or without matrimonial bond, with two children.

However, as there is a disabled descendant for whom Mrs. M.B.A. is entitled to the full minimum for descendants in addition to the deduction for a legally separated or unmarried ascendant with two children, she can also apply the deduction for dependent disabled descendants (both deductions are compatible with each other).

Differential fee = -400

A) Deduction for a legally separated or unmarried parent with two children who is not entitled to maintenance payments:

- **Amount of deduction**

- Number of months of compliance:12 months
- Deduction amount (12 months x 100 euros) = -1.200
- Deduction limit (1,200 euros) **(1)**

- **Advance subscription:**

- Number of months that the advance payment has received:12 months **(2)**
- Amount of the early payment of the deduction (12 months x 100 euros) = +1.200

- **Difference** (1,200 - 1,200) = 0

B) Deduction for a dependent descendant with a disability:

- **Amount of deduction**

- Number of months of compliance:12 months
- Deduction amount (12 months x 100 euros) = -1.200
- Deduction limit per child (1,200 euros) **(1)**

- **Advance subscription**:

- Number of months that you have received the advance payment:12 months **(2)**
- Amount of the early payment of the deduction (12 months x 100 euros) = +1.200

- **Difference** (Deduction 1,200 - Advance payment 1,200) = 0

Result of the declaration:-400 (to be returned)

Notes for the example:

(1) As this is a taxpayer who receives an assistance benefit (January to October) and an unemployment benefit (November and December), the limit on the amount of social security and mutual insurance contributions and dues paid does not apply to him, as it does for taxpayers who are self-employed or employed.

The limit will be the annual amount of the deduction of 1,200 euros and as long as the requirements have been met throughout the year, the full amount can be deducted.**(back to a) (back to b)**

(2) From January to December you have received 12 months advance payment of 100 euros each month (1,200 euros).**(back to a)(back to b)**

Amount of Personal Income Tax corresponding to the Autonomous Community of residence of the taxpayer in the 2022 fiscal year

Since 1 January 2009, the partial transfer of the IRPF has a maximum limit of 50% of the yield produced in the territory of each Autonomous Community, in accordance with the provisions of Organic Law 8/1980, of 22 September, on the Financing of the Autonomous Communities (LOFCA), as last amended by Organic Law 3/2009, of 18 December (BOE of 19 December).

The determination of the amount of the IRPF that corresponds to the taxpayer's Autonomous Community of residence in the 2022 financial year allows compliance with the provisions of article 46 of Law 22/2009, of 18 December, which regulates the financing system of the Autonomous Communities of common regime and Cities with Statute of Autonomy and modifies certain tax rules (BOE of 19 December), regarding the need for the return forms of the IRPF to make visible the assigned nature of this tax.

For this purpose, taxpayers, except for those who in the 2022 fiscal year had their habitual residence abroad or in the cities with the Statute of Autonomy of Ceuta or Melilla, shall complete section “N” of the return to determine the amount of Personal Income Tax that corresponds to their Autonomous Community of residence.

The determination of this amount shall be made in accordance with the following operations:

(+) Increased autonomous community tax payable, box ***[0586].***

(-) 50 per cent of the amounts corresponding to:

- Deduction for international double taxation on income earned and taxed abroad, box ***[0588]***.
- Deduction for international double taxation in cases of application of the international tax transparency regime, box ***[0589]***.
- Deduction for double taxation in cases of the regime of imputation of income derived from the assignment of image rights, box ***[0590]***.

(=) Amount of the IRPF corresponding to the taxpayer's Autonomous Community of residence.

Regularisation of tax situations

Regularisation through the filing of supplementary self-assessment

A. In general

Errors or omissions in returns already filed that have led to a lower payment than that which would have been legally due or to a higher refund than that due, must be regularised by filing a self-assessment in addition to the one originally filed.

Situations or circumstances that have arisen that result in the loss of entitlement to a reduction or exemption already applied in a previous return must also be regularised by filing supplementary self-assessments.

> However, the loss of the right to certain deductions, as discussed in this Chapter under the heading " Increase in state and autonomic liquid quotas for loss of entitlement to deductions from previous years ", it must be regularized in the self-assessment of the exercise in which there had been a breach of any of the requirements for the consolidation of the right to such deductions.

In accordance with the provisions of Article 122.2 of the LGT, a complementary self-assessment may also be filed to request a refund lower than the self-assessment made in the original return, in the event that the refund has not been made by the Tax Administration.

> Regarding the LGT see Law 58/2003, of 17 December, General Tributaria (BOE of 18 December).

Supplementary self-assessments, which may give rise to an amount to be paid or an amount to be refunded that is lower than the amount previously self-assessed in the event that the refund requested has not yet been made by the tax authorities, must be made on the forms corresponding to the tax year that is the object of the adjustment.

B. Specific personal income tax cases

In the IRPF, a supplementary self-assessment must be filed under the terms mentioned in the previous section when, after the original return has been filed, any of the following events occur:

1.Perception of arrears of work yields

Regulations:Art. 14.2 b) Personal Income Tax Act

A supplementary self-assessment must be submitted 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.These amounts must be attributed to tax period when they should have been received by making the corresponding supplementary self-assessment, as appropriate.

> See "Temporary allocation of earned income" in Chapter 3.

The supplementary self-assessment, which shall not entail any penalty, late payment interest or surcharge, shall be submitted within the period between the date on which the arrears are

received and the end of the immediately following tax return period for the IRPF.

Thus, if the arrears are received between 1 January 2023 and the start of the period for filing the returns for IRPF corresponding to 2022, the complementary self-assessment must be filed in that year before the end of the filing period (up to 30 June 2023), unless they are arrears for 2022, in which case they will be included in the self-assessment for that year.

For arrears received after the end of the filing deadline for the 2022 tax year (30 June 2023), the supplementary self-assessment must be submitted in the period between the receipt of the arrears and the end of the filing deadline for the 2023 tax year.

Therefore, depending on whether the arrears are received before the start of the deadline for filing personal income tax returns for 2022, during that period or after it, and depending on whether they are arrears from years prior to 2022 or from 2022 itself, we find ourselves in the following situations:

a. **If the arrears are received** between 1 January 2023 and 10 April 2023, i.e. **before the start of the deadline for filing personal income tax returns** c**for 2022, a distinction can be made:**

   - **In the case of arrears from a year prior to 2022,** the supplementary self-assessment must be submitted in that year before the deadline for submission (until 30 June 2023).

   - **In the case of arrears for the financial year 2022,** these must be included in the self-assessment for that year.

b. **If the arrears are received** between 11 April and 30 June 2023, i.e. **during the period for filing personal income tax returns cfor 2022, a distinction can be made:**

   - **In the case of arrears from a tax year prior to 2022,** the supplementary self-assessment for the tax year to which they relate must be submitted within the period between the receipt of the arrears and the end of the tax return period for the tax year 2023.

   - **In the case of arrears from the 2022 tax year itself,** these may be included in the self-assessment for that year or included in a supplementary self-assessment to be submitted before the end of the 2023 tax return period.

c. **If the arrears are received after the end of the deadline for filing the personal income tax returns** c**for the tax year 2022** (i.e. after 30 June 2023), the supplementary self-assessment must be filed within the period between the receipt of the arrears and the end of the deadline for filing the tax return for the tax year 2023.

Attention:*if the complementary return responds to this circumstance, the taxpayer must mark with an "X" the box* ***[108]*** *of the "Complementary return" section of the return.*

2.Repayment of amounts derived from loan interest rate limitation clauses (floor clauses) that would have considered deductible spending in previous years

Regulations:Forty-fifth additional provision Law IRPF

The refund, in cash or through other compensation measures, of amounts previously paid to financial institutions as interest for the application of clauses limiting loan interest rates (the so-called floor clause), together with the corresponding compensatory interest, deriving both from agreements entered into with financial institutions and from compliance with judgements or arbitration awards, will not be included in the taxable base of IRPF.

For a detailed commentary on the "floor clauses" see Chapter 2.

When such amounts subject to refund had been included in previous years' returns as deductible expenses, they will lose such consideration and a complementary self-assessment corresponding to such years must be made, without penalty, late payment interest or any surcharge within the period between the date of the agreement and the end of the following deadline for filing the self-assessment for the IRPF.

This adjustment will only affect tax years in respect of which the Administration's right to determine the tax debt by means of the appropriate assessment has not expired.

However, in the case of amounts derived from the application of floor clauses that have been paid by the taxpayer in 2022 and the agreement to return them with the financial institution or as a result of a court ruling or arbitration award is reached before the deadline for filing the 2022 Personal Income Tax self-assessment (30 June 2023), they will not be taken into account as a deductible expense in that year.

Attention:*if the complementary tax return responds to this circumstance, the taxpayer must mark with an "X" the box* ***[109]*** *of the section "Complementary tax return" of the tax return.*

3.Loss of taxpayer status due to change of residence

Regulations:(Arts.14.3 and 95 bis Ley IRPF, 63.2 and 121 Reglamento IRPF

The assumptions that give rise to the presentation of a complementary autoliquidation are as follows:

a. In general

In the event that the taxpayer loses his status for change of residence, all outstanding rents for imputation, in accordance with the first paragraph of article 14.3 of the Law of the IRPF , they shall be integrated into the tax base corresponding to the last tax period to be declared by the tax concerned.

For this purpose, additional self-liquidization, without penalty or interest of delay or surcharge, shall be practiced, if necessary, within three months of the taxpayer losing his condition for change of residence.

b. Transfer of residence to another Member State of the European Union

Furthermore, in accordance with the provisions of the second paragraph of Article 14.3 of the Law of IRPF, when the transfer of residence takes place to another Member State of the European Union, the taxpayer may choose to allocate the outstanding income in accordance with the provisions of the previous paragraph, or to submit, as each of the incomes pending allocation is obtained, a supplementary self-assessment without penalty, late payment interest or surcharge, corresponding to the last period to be declared for the IRPF.

The self-assessment tax return will be presented during the tax return filing period of the financial

year in which the taxpayer would have had to impute these incomes if the loss of the status of taxpayer had not occurred.

c. Imputation of capital gains due to change of residence under Article 95 bis of the Personal Income Tax Act IRPF

As of 1 January 2016, there is also a special case of regularisation for the imputation of capital gains due to a change of residence when the circumstances set out in article 95 bis of the Law of IRPF.The capital gains referred to in the aforementioned article must be included in the tax base corresponding to the last period to be declared for this IRPF and, if applicable, a supplementary self-assessment must be made, without penalty, late payment interest or surcharge, during the period for the declaration of the IRPF corresponding to the first financial year in which the taxpayer does not have such status.

If the taxpayer opts for the application of the special provisions of the aforementioned Article 95 bis of the Law of IRPF in the event of a change of residence to another Member State of the European Union or of the European Economic Area with which there is an effective exchange of tax information, and any of the circumstances provided for in Article 95 bis.6.a) of the Law of IRPF occur that determine the obligation to self-assess the capital gain, the self-assessment shall be submitted within the period between the date on which any of the circumstances referred to in Article 95 bis.6.a) of the Law of IRPF occur and the end of the immediately following period for filing personal income tax returns, or in the period for filing the personal income tax return corresponding to the first year in which the taxpayer does not have such status as a result of the application of Article 95 bis.6.a) of the Law of IRPF , which determine the obligation to self-assess the capital gain.

Therefore, in accordance with this last rule, when the taxpayer loses his status in 2023, the tax period to which the complementary self-assessment will correspond will be 2022, as this is the last period in which he has had the status of taxpayer of IRPF.

Attention: *in the "Supplementary declaration" section of the return, you should mark with an "X" the box* ***[110]*** *if the supplementary declaration is motivated by the fact that you have lost your taxpayer status due to a change of residence (general case provided for in the first paragraph of Article 14.3 of the Law of IRPF);box* ***[111]*** *if the reason is the transfer of residence to another Member State of the European Union and the taxpayer chooses to allocate the outstanding income as it is obtained, in accordance with the provisions of the second paragraph of Article 14.3 of the Law on IRPF and box* ***[112]*** *if the supplementary declaration is motivated by the occurrence of any of the circumstances provided for in Article 95 bis of the Law on IRPF.*

d. Loss of the resident status of the partner who applied the tax deferment scheme in split, merger or takeover and exchange of securities transactions when moving residence in a Member State of the European Union or the European Economic Area

Regulations:(Arts.80.4 and 81.3 LIS;art. 14.3 Ley IRPF

In the case of individual shareholders who have applied the special tax deferral regime provided for in Chapter VII of Title VII of the LIS and lose their status as resident in Spanish territory, the difference between the market value of the shares or holdings received in the exchange or in the spin-off, merger or takeover operations, at the time of the change of residence, and their tax value (which is the acquisition value and age of the shares delivered), unless the shares or holdings are assigned to a permanent establishment located in Spanish territory, will be included in the tax base of the IRPF of the last tax period to be declared for this tax.

Regarding the LIS see Law 27/2014 of 27 November on Corporate Income Tax.

However, when the shareholder acquires residence in a Member State of the European Union or of the European Economic Area with which there is an effective exchange of tax information under the terms provided for in the First Additional Provision of Law 36/2006, of 29 November, on measures for the prevention of tax fraud, payment of the tax debt resulting from the application of the above will be deferred by the Tax Administration at the request of the taxpayer until the date of transfer to third parties of the shares or holdings affected, with the provisions of the LGT, and its implementing regulations, being applicable as regards the accrual of interest for late payment and the constitution of guarantees for such deferral.If the complementary return responds to this circumstance, the taxpayer must mark with an "X" the box ***[113]*** of the section "Complementary return" of the return.

Regarding the LGT see Law 58/2003, of 17 December, General Tributaria (BOE of 18 December).It should also be borne in mind that the first additional provision of Law 36/2006, of 29 November, on measures for the prevention of tax fraud, has been amended by Article 16.1 of Law 11/2021, of 9 July, on measures to prevent and combat tax fraud (BOE of 10 July).

4.Changes of residence between Autonomous Communities whose main objective is to achieve a lower effective taxation

Regulations:Art. 72.2 and 3 Law IRPF

In cases where the purpose of the change of residence to another Autonomous Community is to achieve a lower effective taxation in the IRPF and, by virtue of the provisions of Article 72.3 of the Law of IRPF, it is considered that this change has not taken place for tax purposes, the taxpayer must submit the corresponding complementary self-assessments, including late payment interest.

In accordance with the provisions of article 72.3 of the Law of IRPF, it shall be presumed, unless the new residence has been continuous for at least three years, that there has been no change in relation to the yield transferred from the IRPF, when the following circumstances concur:

a. In the year in which the change of residence takes place or in the following year, the taxable base of the IRPF is at least 50% higher than in the year prior to the change.In the case of joint taxation, it shall be determined in accordance with the rules of individualization.

b. That in the year in which the situation referred to in paragraph a) above arises, their effective taxation for the IRPF is lower than that which would have corresponded in accordance with the regulations applicable in the Autonomous Community in which they resided prior to the change.

c. That in the year following the year in which the situation referred to in paragraph a) above arises, or in the following year, they return to their habitual residence in the territory of the Autonomous Community in which they resided prior to the change.

The deadline for filing these complementary self-assessments will end on the same day as the

deadline for filing the return for IRPF corresponding to the year in which the circumstances determining the non-existence of the change of residence for tax purposes are met.

Attention:*if the complementary return responds to this circumstance, the taxpayer must mark with an "X" the box* ***[114]*** *of the "Complementary return" section of the return.*

5.Provision of consolidated rights by mutualists, Unitholders or Insured

Regulations:(Arts.51.8, 11th additional provision of Law IRPF and 50 of the Regulation IRPF

In the cases of the provision of rights consolidated by mutualists of social welfare mutualities, including the social welfare mutuality of professional sportsmen, as well as by the participants in the pension schemes covered by Directive 2003/41/EC of the European Parliament and of the Council of 3 June, With regard to the activities and supervision of employment pension funds, in cases other than those provided for in the consolidated text of the Pension Fund and Plan Regulation Act, the taxpayer shall replenish the reductions in the unduly practiced tax base by presenting additional autoliquidations, including interest on delay.

Additional self-tidings shall be submitted within the period between the date of the advance provision and the end of the regulatory reporting period corresponding to the tax period in which the advance provision is made.

See, in Chapter 13, the section "Reductions for contributions to sistemas de previsión social", as well as the section on "Reductions for contributions to the mutualidad de previsión social a prima fija de profesionales y de alto nivel deportistas".

Attention:*if the supplementary return is in this circumstance, the taxpayer should mark with an "X" the box* ***[115]*** *in the "Supplementary return" section of the return*.

6.Provision of property or rights provided to the protected heritage of persons with disabilities

Regulations:Art. 54.5 a) and b) Law IRPF

The provision of any good or right to the protected heritage of persons with disabilities made in the tax period in which the contribution was made or in the following four has the following fiscal implications:

> The expenditure of money and the consumption of fungible goods integrated in the protected patrimony, when they are made to meet the vital needs of the beneficiary, should not be considered as a disposal of goods or rights and, therefore, the provisions of Article 54.5 of the Law of IRPF are not applicable.However, for such conclusion is possible, given that the tax benefits are linked to the effective constitution of a wealth, shall be constituted the latter, which implies that, except in exceptional circumstances for which punctually the person with a disability can be experiencing, the expenditure of money or fungible goods within four years from its contribution must not prevent the constitution and the maintenance during the time of the aforementioned protected assets.

a) At the contributor who is a taxpayer of IRPF

The contributor shall replenish the reductions in the tax base unduly practiced by presenting the corresponding supplementary self-liquidization, including the appropriate interest for delay.

Supplementary self-oliquidation shall be submitted within the time limit between the date on which the provision occurs and the end of the regulatory reporting period for the tax period on which the provision is made.

(b) to the owner of the protected assets who received the contribution

The owner of the protected assets who received the contribution must include in his taxable base the part of the contribution received that he had not included in the tax period in which he received the contribution as a result of the application of the exemption set out in letter w) of Article 7 of the Law of IRPF, by submitting the corresponding complementary self-assessment with the inclusion of any interest for late payment that may be applicable.

> Please note that the commentary on the exemption corresponding to earned income derived from contributions made to protected estates, as well as those derived from benefits obtained in the form of income by persons with disabilities is made in Chapter 2.

Supplementary self-oliquidation shall be submitted within the time limit between the date on which the provision occurs and the end of the regulatory reporting period for the tax period on which the provision is made.

c) If the contributor was a corporate income taxpayer

In this scenario, it must be distinguished according to whether the protected wealth holder is a worker of the society or that condition is held by one of his relatives, his spouse or the person in charge of it.

In the first case, regularization, in the above mentioned terms, must be carried out by the owner of the protected assets himself and, in the second case, regularization must be carried out by the relative, spouse or person who holds it and who is a worker of the company.

> The worker holding the protected assets shall inform the employer who made the contributions of the provisions which have been made in the tax period.Where the provision has been made on the protected property of relatives, spouses or persons in charge of workers under guardianship or foster care, the said communication must also be made by such worker.

Attention:*if the complementary tax return responds to this circumstance, the taxpayer must mark with an "X" the box* ***[116]*** *of the section "Complementary tax return" of the tax return.*

7.Total or partial loss of the right to a reinvestment exemption in habitual housing and in newly created or newly created entities

Regulations:Art. 41.5 Regulation IRPF

A supplementary self-assessment tax return must be filed when, after the application of the exemption for reinvestment of the capital gain derived from the transfer of the main residence or of shares or holdings in new or recently created companies, the right to said exemptions has been

totally or partially lost.

The loss of the right to such exemption may result from:

- The reinvestment has not been made within the legally established time limit.
- Any other conditions determining the right to the tax benefit have been breached.

Accuracy: See in this respect, in Chapter 11, the conditions and requirements that determine both the exemption of the capital gain obtained in the transfer of the taxpayer's habitual residence by reinvestment in another habitual residence of the amount obtained in the transfer of the previous one, and the exemption of the capital gain obtained in the transfer of shares or holdings for which the deduction for investment in new or recently created companies provided for in Article 68.1 of the Law of IRPFhad been applied, when the amount obtained in the said transfer is reinvested in the acquisition of shares or holdings in another new or recently created company.

The complementary self-assessment shall be filed within the period between the date on which the non-compliance occurs and the end of the statutory deadline for filing a tax return, corresponding to the tax period in which the non-compliance occurs.

In this case, late payment interest is settled by the tax administration bodies, after checking in each case that it has not been included by the taxpayer.

The settlement period will be calculated from the end of the period for filing the tax return for the year to which the complementary tax return refers until the date of payment, provided that it has been made within the period stipulated in the regulations indicated.

Attention: *if the complementary return responds to this circumstance, the taxpayer must mark with an "X" the box* ***[117]*** *of the section "Complementary return" of the return.*

8.Loss of the right to exemption for reinvestment in annuities

Regulations:Art. 42.5 Regulation IRPF

Failure to comply with any of the conditions laid down for the application of the exemption for reinvestment in annuities, or the anticipation, in whole or in part, of the economic rights derived from the constituted annuity income, shall determine the levying of the corresponding patrimonial gain.

In such a case, the taxpayer shall impute the non-exempt net profit per year of its acquisition, practicing complementary autoliquidation, including interest of delay, it shall be submitted within the time limit between the date of non-compliance and the end of the regulatory reporting period for the tax period in which such non-compliance occurs.

Attention:*if the complementary tax return responds to this circumstance, the taxpayer must mark with an "X" the box* ***[118]*** *of the section "Complementary tax return" of the tax return.*

9.Loss of exemption from certain remuneration in kind

Regulations:Art. 43.2.3º Regulation IRPF

A supplementary self-assessment tax return must be filed when, after the exemption has been applied, the active employees of the companies have lost the right not to consider as remuneration in kind the receipt of shares or holdings of the company for which they work, or of another company in the group, under the terms and conditions established in Article 43 of the Regulations of IRPF.

The loss of the exemption provided for in article 42.3.f) of the Law of IRPF may occur as a result of failure to comply with the period for holding such shares or holdings or any other of the requirements provided for in the aforementioned article.

In this respect, the conditions and requirements that must be met for the delivery of shares or holdings to active workers not to be considered as remuneration in kind are discussed in Chapter 3, in the section on "Rendimientos de trabajo en especie exentos".

Supplementary self-oliquidation, with the corresponding interest of delay, shall be submitted within the time limit between the date on which the requirement is breached and the end of the regulatory reporting period for the tax period on which such failure occurs.

Attention:*if the complementary tax return responds to this circumstance, the taxpayer must mark with an "X" the box* ***[119]*** *of the section "Complementary tax return" of the tax return.*

10.Loss of exemption from compensation for dismissal or termination

Regulations:Art. 73.1 Regulation IRPF

Where, after the application of the exemption from the workers' dismissal or dismissal, the right to dismissal occurs, the corresponding supplementary autoliquidation must be submitted.

The right to exemption is lost if, within three years of the worker's dismissal or termination, he/she returns to work for the same company or for another company linked to it.

See under Chapter 2 for the requirements for exemption from the severance pay.

Supplementary self-oliquidation, including interest on delay, shall be submitted between the date on which the worker is returned to service and the end of the statutory reporting period for the tax period in which such a circumstance occurs.

Attention:*if the complementary tax return responds to this circumstance, the taxpayer must mark with an "X" the box* ***[120]*** *of the section "Complementary tax return" of the tax return.*

11.Repurchase of assets that have resulted in losses computed on the declaration

Regulations:Art. 73.2 Regulation IRPF

In the cases provided for in article 33.5, letters e) and g) of the Personal Income Tax Act, when the taxpayer acquires the assets or homogeneous securities or holdings not admitted to trading on any of the official secondary securities markets defined in Directive 2014/65/65/EU of the

European Parliament and of the Council, of 15 May 2014, on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU, after the end of the regulatory period for filing the tax return for the tax period in which the capital loss derived from the transfer was calculated, the tax situation must be regularised.

> See Chapter 11 for the treatment of capital losses arising from transfers of assets when the same assets are repurchased within a certain period of time or, in the case of transfers of securities or units, when homogeneous securities or units are acquired.

For this purpose, the corresponding complementary self-assessment, including interest for late payment, must be submitted within the period between the date on which the acquisition takes place and the end of the regulatory period for the tax return corresponding to the tax period in which the repurchase of the asset is made.

> ***Attention:*** *if the complementary tax return responds to this circumstance, the taxpayer must mark with an "X" the box* ***[121]*** *of the section "Complementary tax return" of the tax return.*

Filling in, filing and payment of the complementary self-assessments

The new self-assessment will include all the data that must be declared, incorporating, together with those correctly reflected in the original self-assessment, those of new inclusion or modification.

Once the result of the complementary self-assessment has been determined, the corresponding adjustment will be made.For this purpose, the amount paid in the original self-assessment will be subtracted from the result of the complementary self-assessment, if this was positive, or the refund received will be added, if it was a refund;the result obtained is the tax to be paid as a result of the complementary self-assessment.

> ***Note:*** *the payment of supplementary self-assessments, regardless of the year for which the adjustment is made, may never be split into two instalments.*

Applicable surcharges

Regulations:Art. 27 LGT

It should be borne in mind that, with the exception of the cases of supplementary tax returns mentioned above under "Specific cases of Personal Income Tax in this section on supplementary tax returns, the income corresponding to the returns **that are voluntarily filed** after the end of the tax return period without prior request from the Tax Administration in this respect, will be subject to a surcharge of a variable amount depending on the delay, excluding any penalties that might otherwise have been demanded.

The applicable surcharges are as follows:

- The surcharge shall be a percentage equal to 1 per 100 per cent plus an additional 1 per 100 per cent for each full month that the self-assessment or return is submitted later than the deadline for submission and payment.

  This surcharge excludes any penalties that may have been imposed and interest for late payment accrued until the self-assessment or declaration is submitted.

- If the self-assessment or return is submitted more than 12 months after the end of the deadline for submission, the surcharge shall be 15 per cent and shall exclude any penalties that may have been imposed.

  In such cases, interest on late payment shall be charged for the period from the day following the end of the 12 months after the end of the deadline for submission until the self-assessment or return has been submitted.

This is without prejudice to the fact that the surcharge may be reduced by 25% of its amount in the cases and under the requirements set out in article 27.5 of the LGT.

Regarding the LGT see Law 58/2003, of 17 December, General Tributaria (BOE of 18 December).

Delay	Applicable surcharge
Within one month after the end of the reporting period	1 per 100
Within 2 months after the end of the reporting period	2 per 100
Within 3 months after the end of the reporting period	3 per 100
Within 4 months after the end of the reporting period	4 per 100
Within 5 months after the end of the reporting period	5 per 100
Within 6 months after the end of the reporting period	6 per 100
Within 7 months after the end of the reporting period	7 per 100
Within 8 months after the end of the reporting period	8 per 100
Within 9 months after the end of the reporting period	9 per 100
Within 10 months after the end of the reporting period	10 per 100
Within 11 months after the end of the reporting period	11 per 100
Within 12 months after the end of the reporting period	12 per 100
More than 12 months	15 per 100 + interest for late payment

Regularisation by rectification of self-assessments

Regulations:Art. 67 bis Reglamento IRPF y art. 120.3 LGT

Cuando el contribuyente quiera modificar una autoliquidación del IRPF presentada porque resulta una cantidad a devolver superior a la autoliquidada o un importe a ingresar inferior al de la autoliquidación presentada (como sucede si declaró indebidamente alguna renta exenta, computó importes en cuantía superior a la debida, olvidó deducir algún gasto fiscalmente admisible u omitió alguna reducción o deducción a las que tenía derecho) y, en consecuencia, se ha producido un perjuicio de sus intereses legítimos ha de instar la rectificación de dicha autoliquidación a través del procedimiento que regulan los artículos 120.3 de la Ley 58/2003, de 17 de diciembre, General Tributaria, y 126 a 129 del Real Decreto 1065/2007, de 27 de julio, por el que se aprueba el Reglamento General de las actuaciones y los procedimientos de gestión e inspección tributaria y de desarrollo de las normas comunes de los procedimientos de aplicación de los tributos

The procedure to be followed for the correction of the autoliquidations consists of the following phases:

Initiation of proceedings

When can you submit a request for rectification of a self-assessment of the IRPF?

The rectification of your self-assessment may be requested:

- Once the corresponding self-assessment has been submitted.
- As long as the Tax Agency has not made the related final or provisional payment.
- Furthermore, it is necessary that the four-year period referred to in Article 66 of the LGThas not elapsed.

This four-year period shall start to run:

a. If the return was filed within the regulatory deadline for filing returns, from the day following the end of this period.
b. If the return was filed after the deadline, from the day following the day on which the return was filed.

Ways of submitting a request for rectification of a self-assessment of the IRPF.

Taxpayers can request the rectification of the self-assessment of IRPF in two ways:

a. Using, on a voluntary basis, the IRPF declaration model approved by the Minister of Finance for the financial year.

The presentation of this request for rectification of a self-assessment of the IRPF using the declaration model **must be made by one of the following electronic means:**

- **Electronic filing by Internet** through the Tax Agency's Internet portal (https://sede.agenciatributaria.gob.es), and for tax periods 2017 and following, also through the filing programmes developed by third parties.

  For this purpose, the taxpayer will complete a new self-assessment that will include, in addition to those correctly reflected in the original self-assessment, those of new inclusion or modification.

  You must tick box ***[127]*** of the return in the section "Request for rectification of self-assessment" and enter the data corresponding to the adjustment in section O of the return.For this purpose, the result to be paid from previous self-assessments or administrative settlements corresponding to the fiscal year 2022 shall be indicated (box ***[0681]***) or the result to be returned as a result of the processing of previous self-assessments corresponding to the fiscal year 2022 (box ***[0682]***).

  Likewise, in accordance with the provisions of article 126 of the General Regulations on tax management and inspection actions and procedures and on the development of the common rules for tax application procedures approved by Royal Decree 1065/2007, of 27 July, in section O of the return, the number of the receipt for the self-assessment whose rectification is requested must be entered in box ***[0686]*** and, if a refund is requested, in box ***[0687]*** the IBAN account code to which the refund is requested when it is a country or territory belonging to the Single Euro Payments Area (SEPA) or, where applicable, the SWIFT/BIC code, must be entered in box [0687] .

  The presentation of the self-assessment, once the above data has been completed, acts as a request for rectification of the self-assessment and initiates the procedure.

  It may be accompanied by the documentation on which the request for rectification is based and, where appropriate, proof of payment made by the taxpayer.The aforementioned documents or documents may be submitted through the electronic register of the State Tax Administration Agency, regulated by Resolution of 28 December 2009, of the Presidency of the AEAT creating the Electronic Headquarters and regulating the electronic registers of the AEAT.All of the above shall be without prejudice to the provisions of article 16.4 of Law 39/2015, of 1 October, on the Common Administrative Procedure of Public Administrations.

- **Electronic filing by telephone at**, by telephone call only for those taxpayers who meet the requirements set out in the Electronic Headquarters of the AEAT on the Internet and, provided that the self-assessment to be rectified has been made through the draft/return processing service,

  To this end, AEAT will adopt the necessary control measures to guarantee the identity of taxpayers who request the rectification of a self-assessment of IRPF.

> ***Remember:****this way of requesting the rectification of a self-assessment of the IRPF is simpler and allows the Tax Administration to resolve these procedures more quickly.*
>
> *The voluntary use of the IRPF return form as a rectification request is available for self-assessments corresponding to financial years 2016 to 2022, and can be used both during and outside the voluntary filing period.*

b. By letter addressed to the Management Unit or Section of the Tax Agency Delegation or Administration corresponding to their usual address, clearly stating the errors or omissions suffered and attaching sufficient justification for them.

Processing of the procedure

The procedure will be governed by the provisions of articles 120.3 of Law 58/2003, of 17 December, General Tax Law, and 126 to 128 of the General Regulations on tax management and inspection actions and procedures and on the development of the common rules for tax application procedures, approved by Royal Decree 1065/2007, of 27 July.

The circumstances that determine the appropriateness of the rectification shall be verified during the processing of the file.

To this end, the Administration may examine the documentation submitted and compare it with the data and background information in its possession.It may also make requirements to the obligor himself in connection with the rectification of his autoliquidation, including those relating to the documentary justification of financial operations that have an impact on the correction requested.It may also make requests to third parties to provide information that they are obliged to provide on a general basis or to ratify it by submitting supporting documents.Reports that are deemed necessary may also be requested.

The proceedings shall be notified to the interested party of the motion for a resolution so that, within 15 days of the day following the notification of the proposal, it shall allege what is appropriate to its right, unless the rectification agreed to coincide with that requested by the interested party, in which case the resolution shall be notified without further processing.

Termination of proceedings

The procedure will end with a decision on whether or not to rectify the self-assessment.

In the event that the application is considered to be admissible, the competent body of the Tax Administration will make a provisional settlement rectifying the return filed and will refund, where applicable, the amount unduly paid plus the corresponding interest for late payment, in accordance with the provisions of articles 221 and 32.2 of the LGT and its implementing regulations.

Regarding the LGT see Law 58/2003, of 17 December, General Tributaria (BOE of 18 December).

Special features in the case of a request for rectification using the personal income tax return form

However, for taxpayers who request the rectification of their self-assessments of IRPF submitted using the declaration form, the following special provisions are established in the event that the Tax Administration, having limited its actions to checking the documentation submitted by the interested party with the data and background information in its possession, agrees to rectify the self-assessment in the terms requested by the taxpayer**:**

a. The agreement of the administration **shall not preclude subsequent verification of the**

subject matter of the procedure.

b. If the agreement gives rise exclusively to a refund derived from the tax regulations and no interest for late payment is payable, **will be deemed to have been notified by the receipt of the bank transfer, without the need for the Tax Administration to make a provisional settlement.**

Regulations

In both national and regional regulations, the link to the **consolidated text** of the BOE has been chosen, as a document that integrates the **modifications and corrections** that have been made to the original **text** of the regulation since its origin.

The State Agency Official State Gazette offers, in addition to the **latest consolidated and updated text** of the main rules of the legal system, the **intermediate versions** that correspond to each of the modifications that have been made over time.

Whenever a consolidated standard is subject to a subsequent amendment, a notice appears in the consolidated text of the BOE below the list of versions, indicating that the latest update is in progress.The time between the publication of the amendment on the BOE and the preparation of a new consolidated version incorporating it is usually between 1 and 3 working days, according to the website BOE.

***Warning**:in order to determine the legislation applicable in 2022, take into account, in the consolidated text, the entries into force and the dates from which the amendments to the various articles and provisions take effect.*

Basic state regulations

Ley 35/2006, de 28 de noviembre,
del Impuesto sobre la Renta de las Personas Físicas y de modificación parcial de las leyes de los Impuestos sobre Sociedades, sobre la Renta de no Residentes y sobre el Patrimonio. (BOE, 29-noviembre-2006)

Real Decreto 439/2007, de 30 de marzo,
por el que se aprueba el Reglamento del Impuesto sobre la Renta de las Personas Físicas y se modifica el Reglamento de Planes y Fondos de Pensiones, aprobado por Real Decreto 304/2004, de 20 de febrero. (BOE, 31-marzo-2007)

Orden HFP/310/2023, de 28 de marzo,
por la que se aprueban los modelos de declaración del Impuesto sobre la Renta de las Personas Físicas y del Impuesto sobre el Patrimonio, ejercicio 2022, se determinan el lugar, forma y plazos de presentación de los mismos, se establecen los procedimientos de obtención, modificación, confirmación y presentación del borrador de declaración del Impuesto sobre la Renta de las Personas Físicas, y se determinan las condiciones generales y el procedimiento para la presentación de ambos por medios electrónicos. (BOE, 31-marzo-2023)

Orden HFP/1335/2021, de 1 de diciembre,
por la que se desarrollan para el año 2022 el método de estimación objetiva del Impuesto sobre la Renta de las Personas Físicas y el régimen especial simplificado del Impuesto sobre el Valor Añadido. (BOE, 02-diciembre-2021)

Orden HFP/1172/2022, de 29 de noviembre,

por la que se desarrollan para el año 2023 el método de estimación objetiva del Impuesto sobre la Renta de las Personas Físicas y el régimen especial simplificado del Impuesto sobre el Valor Añadido. (BOE, 01-diciembre-2022)

Orden HFP/405/2023, de 18 de abril,
por la que se reducen para el período impositivo 2022 los índices de rendimiento neto y la reducción general aplicables en el método de estimación objetiva del Impuesto sobre la Renta de las Personas Físicas para las actividades agrícolas y ganaderas afectadas por diversas circunstancias excepcionales. (BOE, 25-abril-2023)

Real Decreto-ley 20/2021, de 5 de octubre,
por el que se adoptan medidas urgentes de apoyo para la reparación de los daños ocasionados por las erupciones volcánicas y para la reconstrucción económica y social de la isla de La Palma. (BOE, 06-octubre-2021)

Autonomous Community rules in relation to personal income tax (legal provisions)

Autonomous Community of Andalusia

Ley 5/2021, de 20 de octubre,
de Tributos Cedidos de la Comunidad Autónoma de Andalucía. TEXTO CONSOLIDADO BOE. (BOE, 03-noviembre-2021)

Autonomous Community of Aragon

Decreto Legislativo 1/2005, de 26 de septiembre,
del Gobierno de Aragón, por el que se aprueba el texto refundido de las disposiciones dictadas por la Comunidad Autónoma de Aragón en materia de tributos cedidos. TEXTO CONSOLIDADO BOE. (BOA, 28-octubre-2005)

Autonomous Community of Principality of Asturias

Decreto Legislativo 2/2014, de 22 de octubre,
por el que se aprueba el texto refundido de las disposiciones legales del Principado de Asturias en materia de tributos cedidos por el Estado.TEXTO CONSOLIDADO BOE. (BOPA, 29-octubre-2014). (BOE, 03-febrero-2015)

Autonomous Community of the Balearic Islands.

Decreto Legislativo 1/2014, de 6 de junio,
por el que se aprueba el Texto Refundido de las disposiciones legales de la Comunidad Autónoma de las Illes Balears en materia de tributos cedidos por el Estado. TEXTO CONSOLIDADO BOE (BOIB, 07-junio-2014). (BOE, 02-julio-2014)

Autonomous Community of the Canary Islands

Decreto-Legislativo 1/2009, de 21 de abril,
por el que se aprueba el Texto Refundido de las disposiciones legales vigentes dictadas por la Comunidad Autónoma de Canarias en materia de tributos cedidos. TEXTO CONSOLIDADO BOE. (BOC Canarias, 23-abril-2009)

Autonomous Region of Cantabria

Decreto Legislativo 62/2008, de 19 de junio,
por el que se aprueba el texto refundido de la Ley de Medidas Fiscales en materia de Tributos cedidos por el Estado. TEXTO CONSOLIDADO BOE. (BOC Cantabria, 02-julio-2008)

Autonomous Community of Castilla La Mancha

Ley 8/2013, de 21 de noviembre,
de Medidas Tributarias de Castilla-La Mancha.TEXTO CONSOLIDADO BOE. (DOCM, 29-noviembre-2013). (BOE, 10-febrero-2014)

Community of Castilla y León

Decreto Legislativo 1/2013, de 12 de septiembre,
por el que se aprueba el texto refundido de las disposiciones legales de la Comunidad de Castilla y León en materia de tributos propios y cedidos. TEXTO CONSOLIDADO BOE. (BOCYL, 18-septiembre-2013)

Autonomous Community of Catalonia

Ley 21/2001, de 28 de diciembre,
de Medidas Fiscales y Administrativas. Artículo 1.3. TEXTO NO CONSOLIDADO. (DOGC, 31-diciembre-2001) (BOE, 25-enero-2002)

Ley 31/2002, de 30 de diciembre,
de Medidas Fiscales y Administrativas. Artículo 1º.1 y 3. TEXTO NO CONSOLIDADO. (DOGC, 31-diciembre-2002) (BOE, 17-enero-2003)

Ley 7/2004, de 16 de julio,
de medidas fiscales y administrativas. Artículo 1. TEXTO NO CONSOLIDADO. (DOGC, 21-julio-2004) (BOE, 29-septiembre-2004)

Ley 21/2005, de 29 de diciembre,
de medidas financieras. Artículo 14. TEXTO NO CONSOLIDADO. (DOGC, 31-diciembre-2005) (BOE, 08-febrero-2006)

Decreto Ley 1/2008, de 1 de julio,
de medidas urgentes en materia fiscal y financiera. Artículo 3. TEXTO NO CONSOLIDADO BOE. (DOGC, 03-julio-2008)

Ley 16/2008, de 23 de diciembre,
de medidas fiscales y financieras. Artículo 34. TEXTO NO CONSOLIDADO BOE. (DOGC, 31-diciembre-2008) (BOE, 26-enero-2009)

Ley 26/2009, de 23 de diciembre,
de medidas fiscales, financieras y administrativas. Artículo 20. TEXTO NO CONSOLIDADO BOE. (DOGC, 31-diciembre-2009) (BOE, 18-enero-2010)

Ley 24/2010, de 22 de julio,
de aprobación de la escala autonómica del Impuesto sobre la Renta de las Personas Físicas. Artículo único. TEXTO CONSOLIDADO BOE.(DOGC, 29-julio-2010) (BOE, 14-agosto-2010)

Ley 7/2011, de 27 de julio,
de Medidas Fiscales y Financieras. Disposición transitoria sexta. TEXTO CONSOLIDADO BOE. (DOGC, 29-julio-2011) (BOE, 16-agosto-2011)

Ley 2/2014, de 27 de enero,
de medidas fiscales, administrativas, financieras y del sector público. Artículo 119. TEXTO CONSOLIDADO BOE. (DOGC, 30-enero-2014) (BOE, 21-marzo-2014)

Decreto-ley 36/2020, de 3 de noviembre,
de medidas urgentes en el ámbito del impuesto sobre las estancias en establecimientos turísticos y del impuesto sobre la renta de las personas físicas. Artículo 2. TEXTO CONSOLIDADO BOE. (DOGC, 05-noviembre-2020) (BOE, 09-diciembre-2020)

Autonomous Community of Extremadura

Decreto Legislativo 1/2018, de 10 de abril,
por el que se aprueba el texto refundido de las disposiciones legales de la Comunidad Autónoma de Extremadura en materia de tributos cedidos por el Estado. TEXTO CONSOLIDADO BOE. (DOE, 23-mayo-2018) (BOE, 19-junio-2018)

Autonomous Community of Galicia

Decreto Legislativo 1/2011, de 28 de julio,
por el que se aprueba el texto refundido de las disposiciones legales de la Comunidad Autónoma de Galicia en materia de tributos cedidos por el Estado. TEXTO CONSOLIDADO BOE. (DOG, 20-octubre-2011) (BOE, 19-noviembre-2011)

Community of Madrid

Decreto Legislativo 1/2010, de 21 de octubre,
del Consejo de Gobierno, por el que se aprueba el Texto Refundido de las Disposiciones Legales de la Comunidad de Madrid en materia de tributos cedidos por el Estado. TEXTO CONSOLIDADO BOE. (BOCM, 25-octubre-2010)

Autonomous Region of Murcia

Decreto Legislativo 1/2010, de 5 de noviembre,
por el que se aprueba el Texto Refundido de las disposiciones legales vigentes en la Región de Murcia en materia de tributos cedidos. TEXTO CONSOLIDADO BOE. (BORM, 31-enero-2011) (BOE, 17-junio-2011)

Autonomous Community of La Rioja

Ley 10/2017, de 27 de octubre,
por la que se consolidan las disposiciones legales de la Comunidad Autónoma de La Rioja en materia de impuestos propios y tributos cedidos. TEXTO CONSOLIDADO BOE. (BOR, 30-octubre-2017) (BOE, 28-noviembre-2017)

Region of Valencia

Ley 13/1997, de 23 de diciembre,
por la que se regula el tramo autonómico del Impuesto sobre la Renta de las Personas Físicas y restantes tributos

cedidos. TEXTO CONSOLIDADO BOE. (DOCV, 31-diciembre-1997) (BOE, 07-abril-1998)

Glossary of abbreviations

1. : Personal Income Tax
2. (BOE: Official State Gazette
3. (IRNR): Non-resident Income Tax
4. (TRLIRNR): Rewritten Text of the Non-resident Income Tax Act (TRLIRNR)
5. .: Personal Income Tax
6. AEAT: Tax Agency
7. AEAT e-Office: Tax Agency
8. AIE's: Economic Interest Groupings
9. BI: Taxable base
10. BO: Official Journal
11. BOC: Official Gazette of the Canary Islands
12. BOCM: Official Gazette of the Community of Madrid
13. BOCyL: Official Bulletin of Castile and Leon
14. BOE: Official State Gazette
15. BOIB: Official Gazette Illes Balears
16. BOJA: Official Gazette of the Junta de Andalucía
17. BOR: Official Gazette of La Rioja
18. BORM: Official Gazette of the Region of Murcia
19. CAP: Common Agricultural Policy
20. CE: European Community
21. CEE: European Economic Community
22. CIF: Tax Identification Code (CIF)
23. CNMV.: National Securities Market Commission.
24. CRN: Complete Reference Number
25. DNI: National ID Card

26. DOCM: Official Journal of Castile-La Mancha
27. DOCV: Official Journal Generalitat Valenciana
28. DOE: Official Journal of Extremadura
29. DOG: Official Journal of Galicia
30. DOGC: Official Journal of the Generalitat de Catalunya
31. DT: Transitional Provision
32. EC: European Community
33. ECC: Ministry of Economy and Competitiveness
34. EDN: Normal Direct Evaluation
35. EDS: Simplified Estimated Tax
36. EEA: European Economic Area
37. EHA: Ministry of Economy and Finance
38. EO: Objective Evaluation
39. ERTE: Temporary Redundancy Proceedings
40. EU: European Union
41. EYH: Department of Economy and Finance
42. Exemptions under Article 7 of the Personal Income Tax Act: Personal Income Tax
43. FOM: Ministry of Development
44. HAC: Ministerio de Hacienda
45. HAP: Ministry of the Treasury and public administrations
46. HFP: Ministry of Finance and Public Administrations
47. IAE: Economic Activities Tax
48. IBAVI: Balearic Housing Institute
49. IBI: Property Tax
50. IGIC: Canary Islands Indirect General Tax
51. IMSERSO: Institute of Older People and Social Services
52. INT: Ministry of the Interior

53. IPREM: Spanish Public Multiple-Effect Income Indicator
54. IRNR: Non-resident Income Tax
55. IRPF: Personal Income Tax
56. IRPF (Personal Income Tax).: Personal Income Tax
57. IRPF Law: Personal Income Tax
58. IRPF Regulation: Personal Income Tax
59. IRPF Regulation.: Personal Income Tax
60. IRPF applies: Personal Income Tax
61. IRPF declaration model: Personal Income Tax
62. IRPF is taken is declared exempt.: Personal Income Tax
63. IRPF model.: Personal Income Tax
64. IRPF return: Personal Income Tax
65. IRPF return form: Personal Income Tax
66. IRPF was applicable.: Personal Income Tax
67. IRPF.: Personal Income Tax
68. IS: Corporation Tax
69. ISD: Inheritance and Gift Tax
70. ISD.: Inheritance and Gift Tax
71. ISFAS: Social Institute of the Armed Forces
72. ITP: Property Transfer Tax
73. ITPAJD: Property transfer and certified legal document taxes
74. IVA: Value Added Tax
75. IVACE: Valencian Institute for Business Competitiveness
76. LAU: Urban Leasing Law
77. LGT: General Tax Act
78. LIS: Law on Corporation Tax
79. LPG: Liquefied petroleum gas

80. MUFACE: Mutualidad General de Funcionarios Civiles del Estado (General Mutual Society of Civil Servants of the State)
81. MUGEJU: Mutualidad General Judicial
82. NGO: Non-governmental organisation
83. NIE: Foreign Nationals' Identity Number
84. NIF: Tax ID Number (NIF)
85. OJEU: Official Journal of the European Union
86. ONCE: Spanish National Organisation for the Blind
87. OVI: Virtual Industry Office
88. PIAS: Individual Systematic Savings Plan
89. Personal Income Tax: Personal Income Tax
90. Personal Income Tax Act: Personal Income Tax
91. Personal Income Tax Law: Personal Income Tax
92. Personal Income Taxpayers: Personal Income Tax
93. R&D&I: Scientific research and technological development and innovation
94. REAGP: Special regime for Agriculture, Livestock and Fisheries
95. RIC: Reserve for investments in the Canary Islands
96. SA: Public Limited Company
97. SICAV: Open-ended Investment Companies
98. SICAVs: Investment Company with Variable Capital
99. TEAC: Central Economic-Administrative Court
100. TIN: Tax ID Number (NIF)
101. TPO: Transfer of Assets (TPO)
102. TRLIRNR: Rewritten Text of the Non-resident Income Tax Act (TRLIRNR)
103. TRLIS: Texto Refundido de la Ley del Impuesto sobre Sociedades (Revised Text of the Corporate Income Tax Act)
104. TS: Supreme Court
105. Tax: Personal Income Tax

106. UNESCO: United Nations Educational Organization

107. UTE's: Temporary joint ventures

108. VAT: Value Added Tax

109. etc.: etcetera

110. following: next

111. income tax: Personal Income Tax

112. income tax return: Personal Income Tax

113. income tax returns: Personal Income Tax

114. no.: number

115. non-resident income tax: Non-resident Income Tax

116. nos.: numbers

117. personal income tax: Personal Income Tax

118. personal income tax campaign: Personal Income Tax

119. personal income tax return: Personal Income Tax

120. shall not be imputed.: Personal Income Tax

121. tax identification number: Tax ID Number (NIF)

122. ∑: summation

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