

*Place your  
expectations  
at the top*





*The world's best connected  
entrepreneurship hub*

# Highlights: The best connected innovation hub in the world

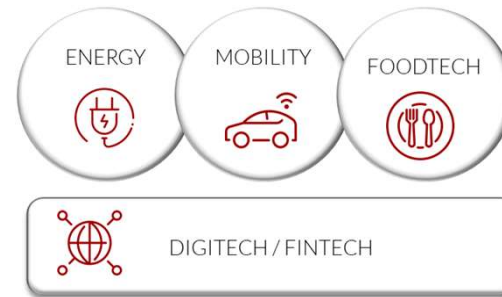
Connected to  
global  
stakeholders

The Biscay Startup Bay connects its corporate partners with the **most dynamic ecosystems** in the world, concentrating the **most important global innovation stakeholders** that are shaping entrepreneurship and open innovation in the world.

- Incubators/Concentrators: CIC, SOSA, Maria 01, South Summit
- Accelerators: Techstars, Masschallenge.

Multicorporate  
&  
multisectorial

Globally connected **multicorporate and multisectorial** approach with more than 20 industrial and tech corporate leaders across sectors.



Concentration  
& Soft landing

The best place for startups' **concentration** and **soft landing**, thanks to:

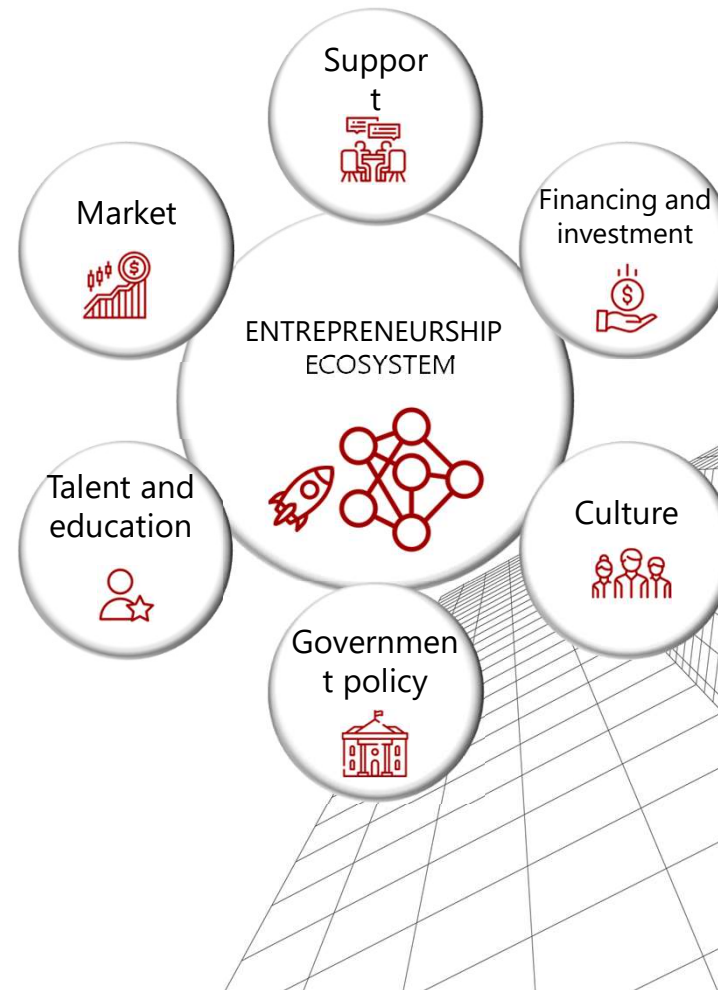
- Investment funds.
- 9.542 sqm fully dedicated to advanced entrepreneurship.

Tax system

Tax system fostering **entrepreneurship** and **innovation**.

# Reference models

## Dimensions of benchmarking analysis



We have chosen among the different areas that define an entrepreneurial ecosystem, studied and identified **international reference models** and carried out a thorough process interviews, contacts and benchmarking of best practices with some of the global key players.

# Reference models

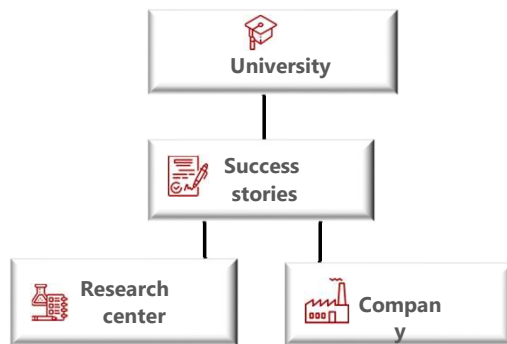
Tax related reference models



Interviews with international agents



Best practices in entrepreneurial culture

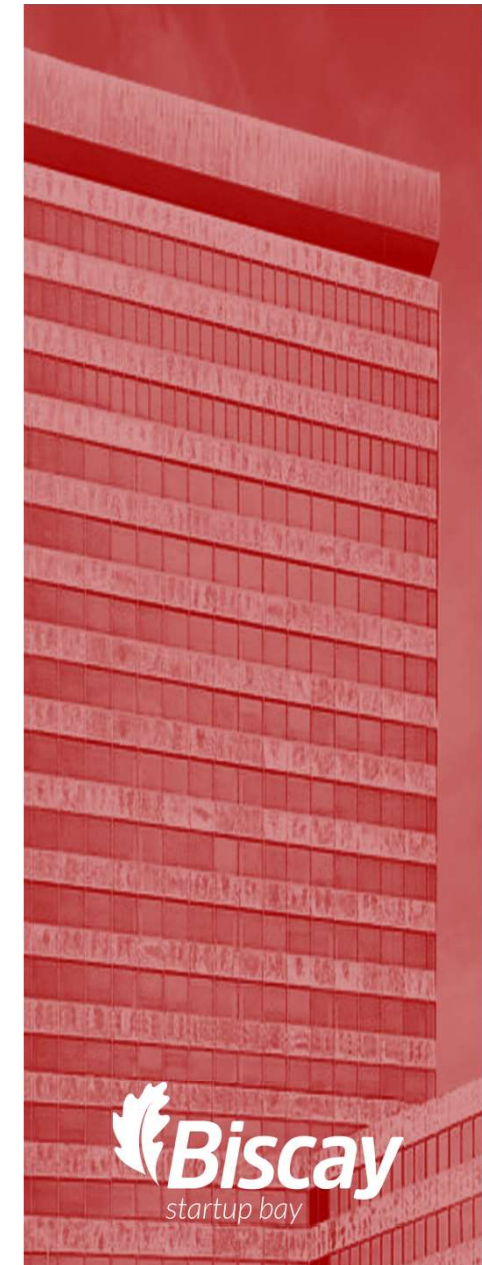
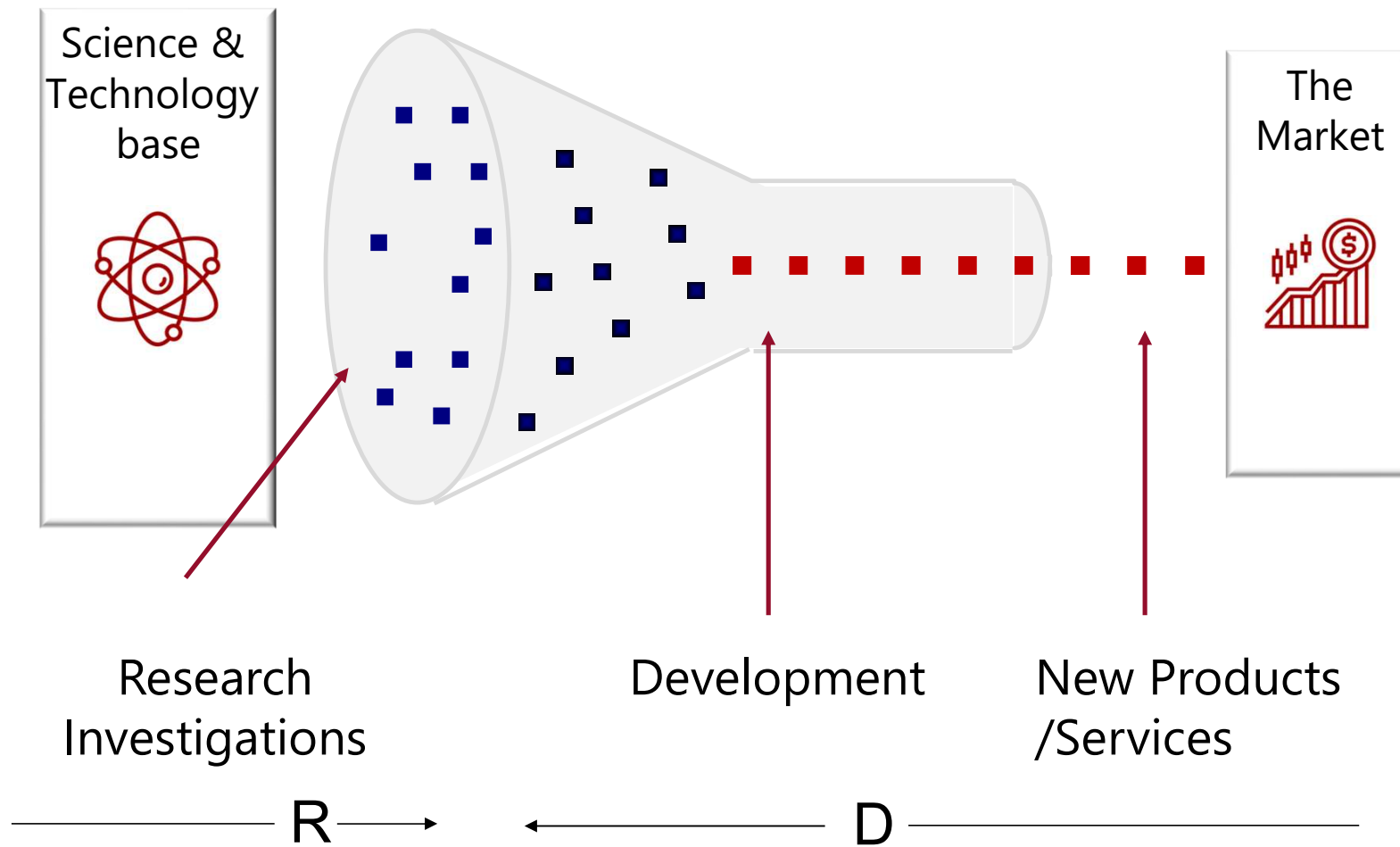


Accelerators

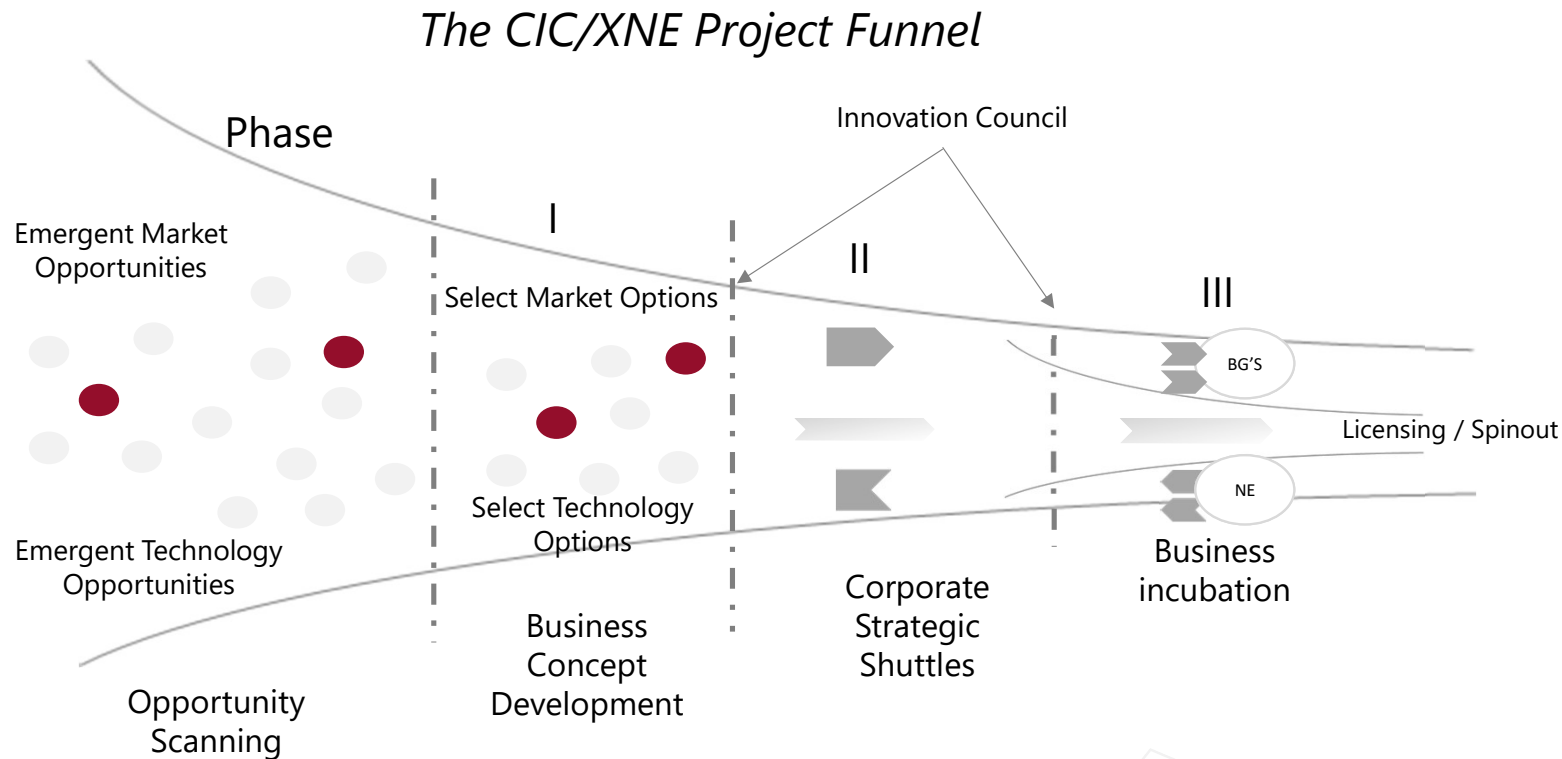


Entrepreneurship hubs

# Closed Innovation System



# Open Innovation System



## A Typical Corporate Innovation System

- Designed to minimize “false positive” errors
- Ignores risk of “false negative” errors

Biscay is part of the European **Open Innovation Forum** led by Henry Chesbrough the father of Open Innovation

**Biscay**  
startup bay

# Biscay Startup Bay

## Infrastructure



Public companies



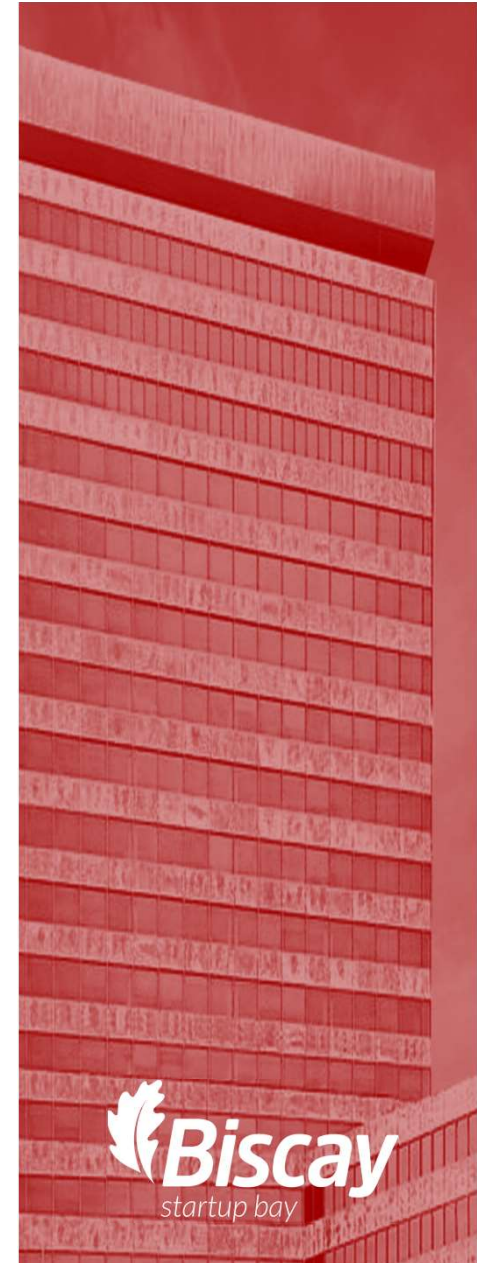
## Tax system



## Multistakeholder



## Multicorporate





# *International Entrepreneurship Center of Biscay*



➤ Early twentieth century, Bilbao-Biscay is the great economic reference of the Basque Country and one of the most important in Spain. The spectacular growth of Bilbao is accompanied by an important cultural and industrial development, based in steel industry and shipbuilding.



➤ Now, the creation of the International Entrepreneurship Center of Biscay, located in the center of Bilbao, regains the former financial heart of Bilbao. It will boost corporate growth, strengthen the local entrepreneurial ecosystem and will connect Biscay and its companies to the world.

# Main objectives of the project



➤ **Attract** entrepreneurship projects, startups and high-potential corporations to Biscay, specifically those with high technological and innovation content



➤ **Position** Biscay internationally as a reference innovative entrepreneurial pole in the South of Europe



➤ **Connect** the local entrepreneurial fabric (both startup and corporate) to the main international reference ecosystems globally



➤ **Drive** the local entrepreneurial ecosystem by actions that allow interaction between the different agents that comprise it

## Connecting LOCAL to GLOBAL

Thanks to public-private partnerships, the International Entrepreneurship Center will connect startups and corporates of Bilbao-Biscay to leading international ecosystems.



*Soft landing for Europe and Latin America*

# Building

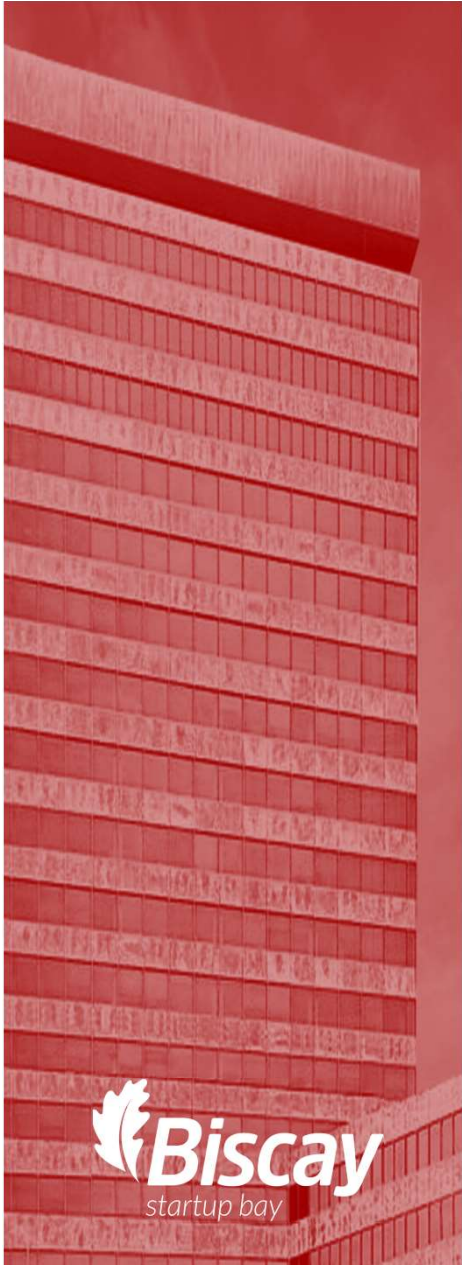
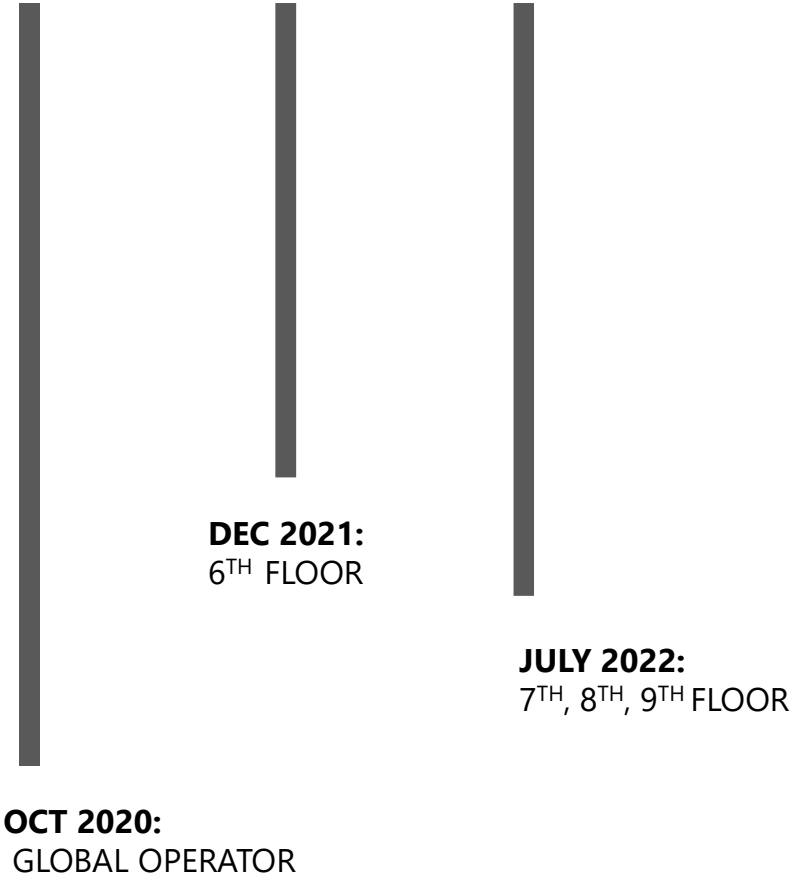
The **International Entrepreneurship Center** is located in a unique building, refurbished and adapted to respond to the needs of modern, innovative entrepreneurial needs in the center of Bilbao (*Gran Vía, no. 1*)

▼  
A total of **9,542** square metres are made available, distributed over eleven floors, with a complementary terrace.



# Building

9,542 sqm



## Global stakeholders

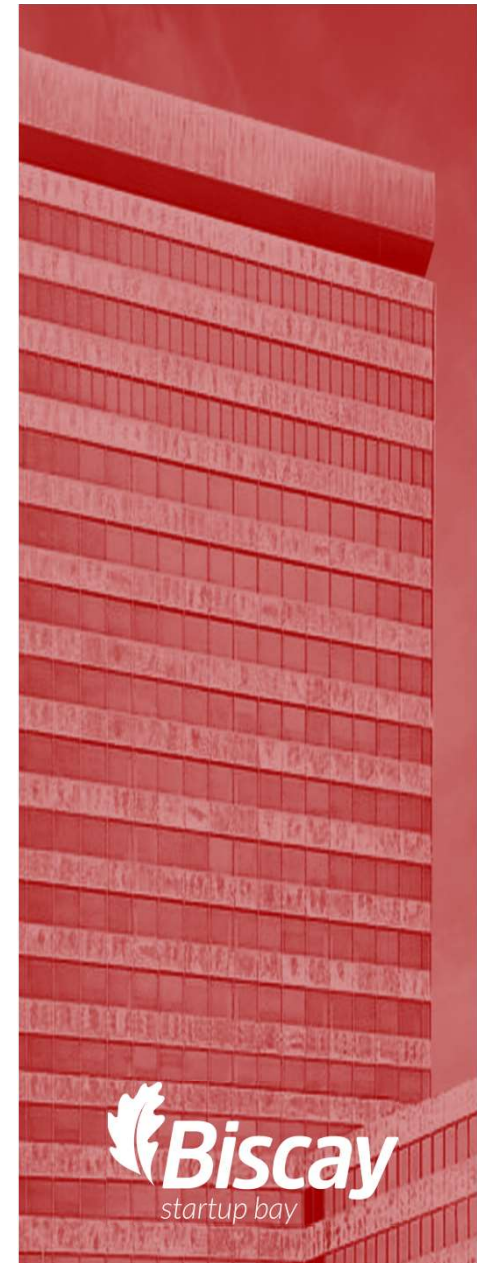
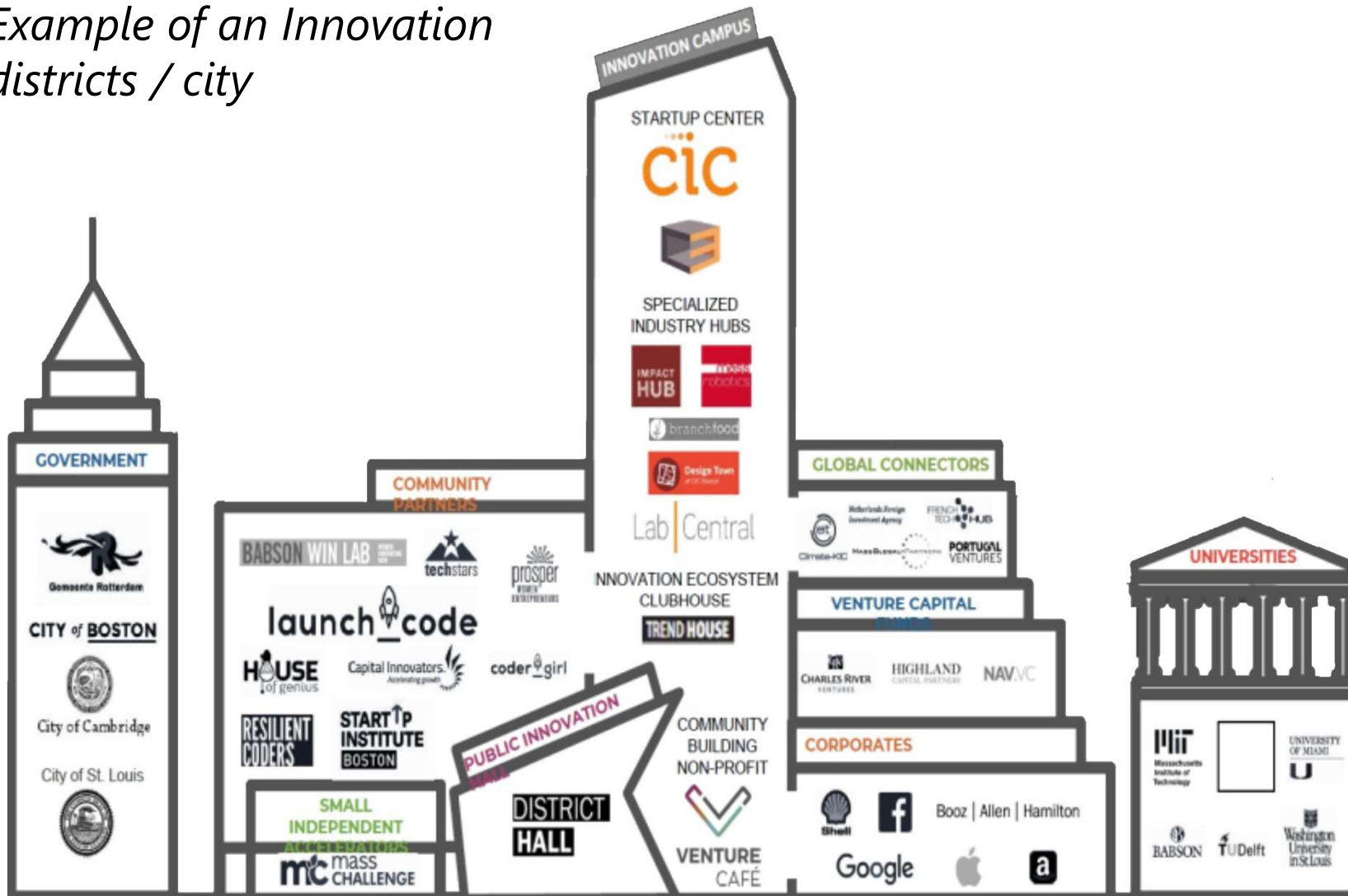


The global stakeholders participating in Biscay Bay of Startups guarantee the **connection of the corporate leaders to the global innovation and startup ecosystems.**

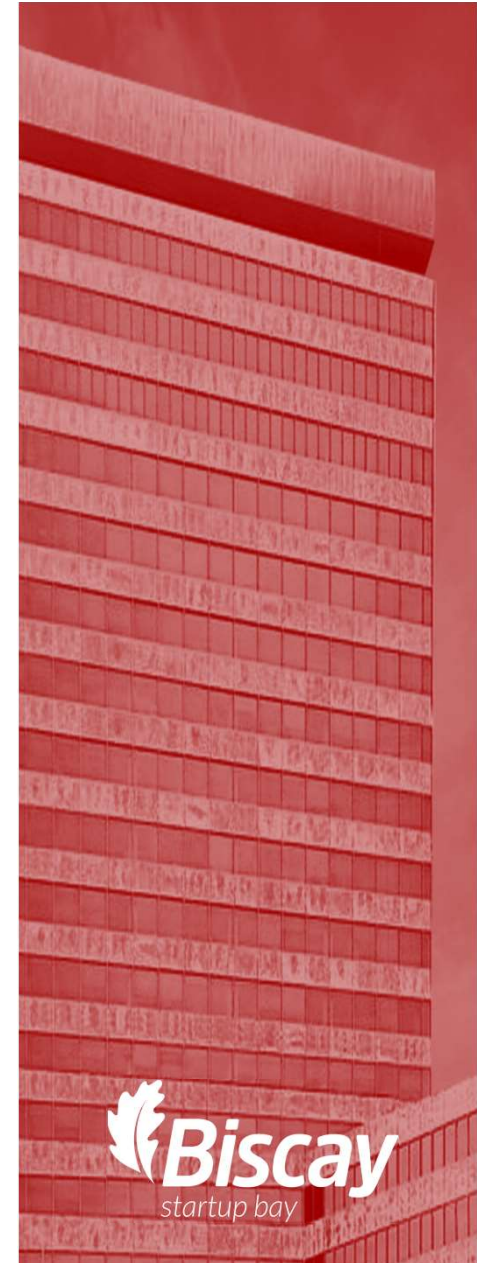
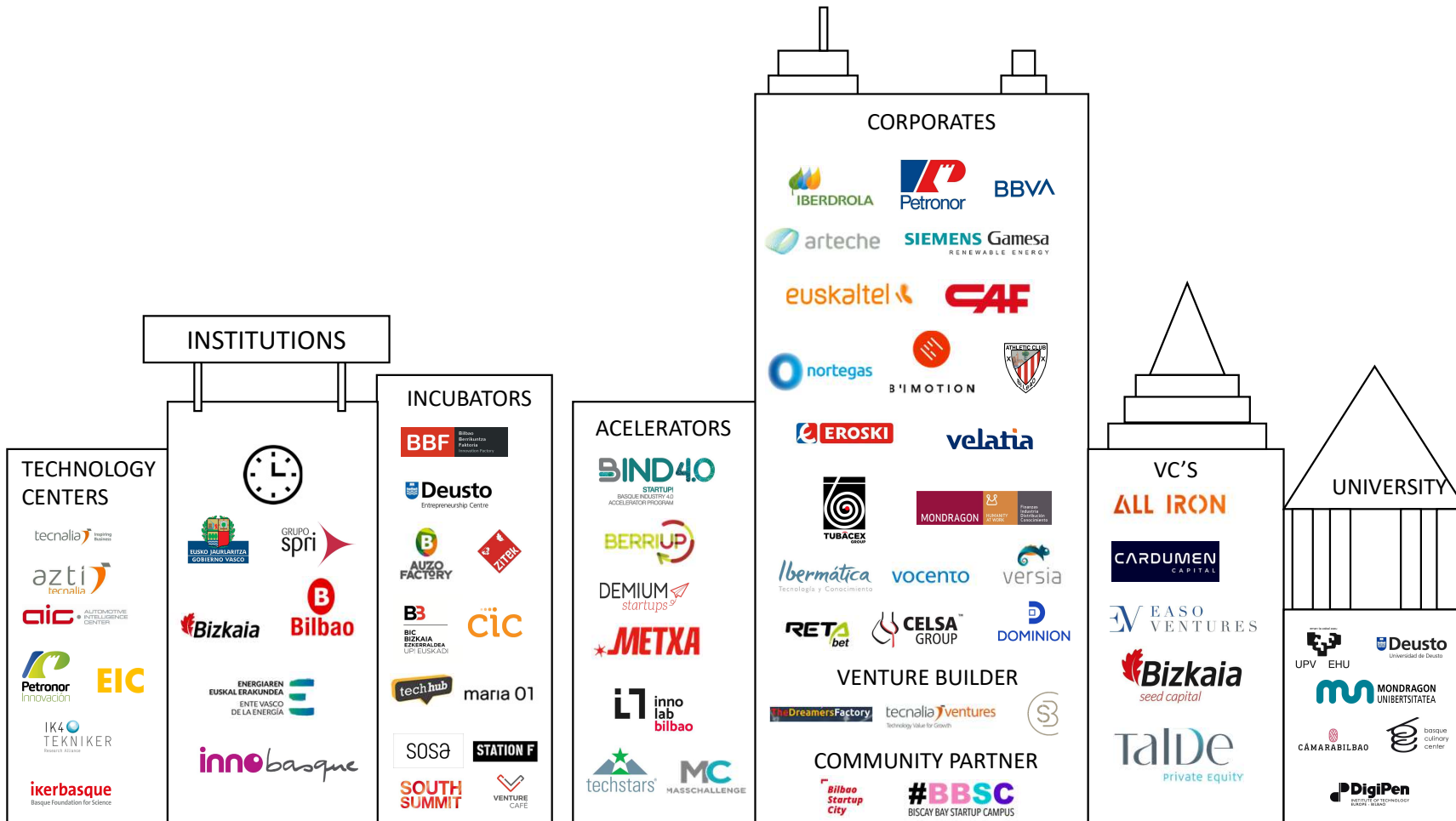
- Access to novel technology with **partners' innovation needs assessment.** Global innovation trend reports that provide a roadmap of specific ecosystems and the trends that are present.
- Matchmaking with global startups: **access to global CIC, SOSA, Maria 01 and South Summit startups** and international ecosystems visits.
- **Connection to talent** with the provided Global scan / Targeted Technology & Startup Matching.
- **Engaging employees in the innovation ecosystem.**
- **Brand awareness and positioning.**

# Future

Example of an Innovation districts / city



# Future Biscay Startup Bay





A person is sitting on a ledge on the right side of the image, looking out over a city. The city is densely packed with buildings and is situated in a valley. In the background, there are mountains and a cloudy sky. The entire image has a red overlay. The text "Biscay, an appealing region" is written in white, italicized font across the middle of the image.

*Biscay, an appealing region*

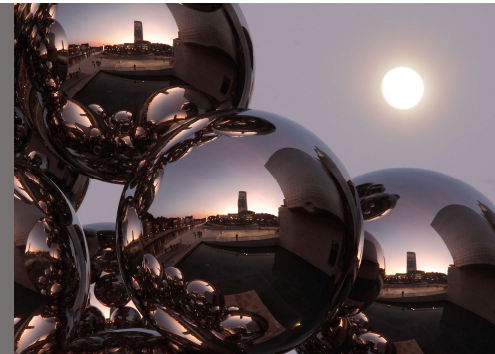
## *Unique capacity to collect taxes*

- › Bizkaia is the **largest of the three Historical Territories** of The Basque Autonomous Community and its capital. **Bilbao** the main city of The Bay of Biscay. Atlantic Arch of Europe. The principal distinguishing factor of the Basque Regional Government is their **unique capacity to collect taxes** and **establish tax laws**.



Taxation  
serving  
Productive  
Economy

Advantages  
of a Sole  
Territory



- › For highly qualified and talented people
- › For startups and R+D+I intensive firms
- › For investment and financing
- › Stability and Legal Security
- › Ecosystem of Innovation and Entrepreneurship

# Unique Territory due to Stability and Legal Security

- › Bizkaia has its **own Tax Authority** which manages all taxes collected, except Customs duties, like any country and moreover the Parliament of Bizkaia passes its own tax laws with a **similar autonomy to any other country**.
- › Thanks to this **Tax autonomy** Bizkaia can implement both **economic and tax measures** to establish its own economic ecosystem, globally connected.



## "zero uncertainty"

- › **Tax Queries:** Bizkaia Tax Authority responds to any query from companies or individual people regarding taxation in a legally binding way.
- › **Pre payment proposals:** In the case of complex matters, Bizkaia Tax Authority is committed to calculating correctly tax benefits and other elements of taxation involved.



## Proximity and agility

The Regional Government (Diputación) is a more agile and supportive administration **due to the characteristics of the territory.**



## Avoiding double taxation

Bizkaia benefits from agreements to avoid double taxation subscribed to by Spain with other countries, **especially with Latin America and Europe.**

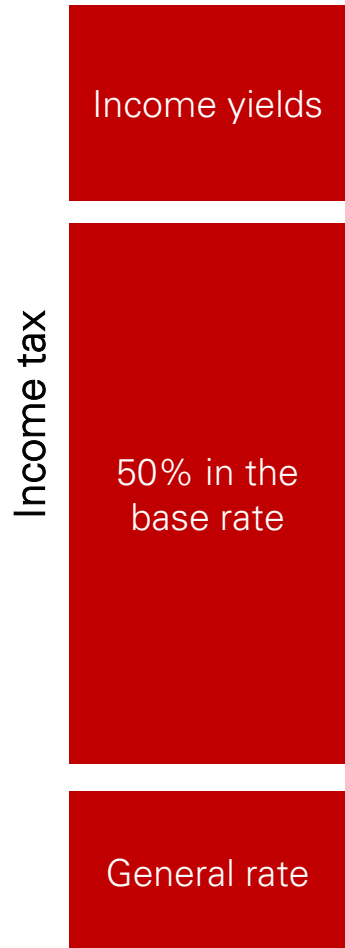


## Transparency

Bizkaia Tax authority (Hacienda Foral) is defined as a **TRANSPARENT TAX AUTHORITY** (Nº1 2015 ranking of local council transparency 2015).

# Attractive territory for fund managers

*Fund managers linked to entrepreneurship, innovation and the development of economic activity*



Returns coming from participations, shares and other rights that grant special economic rights obtained by administrators, managers or employees of the entities or of their managing entities or entities part of the group will **be considered income yields**.

It is included in the base rate at 50% (ie maximum effective taxation of 24.5%) of its amount when it meets the following requirements:

- The **special economic rights** of those participations, shares or rights are conditioned to the obtaining, **by other investors of the alternative investment entity, of a minimum guaranteed profitability** defined in the regulation or the statute of the alternative investment entity.
- The participations or special rights **must be held for a minimum period of five years**, unless they are liquidated in advance or are null and void or are lost in whole or in part as a result of the change in the managing entity, in which case, they must have been held uninterruptedly until such circumstances occur.

**General taxation rate for alternative finance management institutions – 24%.** It does not pay the carried interest the entity through which it is perceived

# Attractive territory for fund managers

## Extraordinary deduction for investment in micro, small or medium companies

Income Tax, Corporate Tax  
Non Resident Income Tax

Deduction

A right to **deduct the invested quantities** during 2020.

Investment in micro, small or medium-sized companies as long as the participation of the taxpayer and people and entities related to it does not **exceed at any time 25% of the company's equity or voting rights**.

The investment must be held for a period of **at least five years**.

The regulation contemplates **three levels of deduction**, depending on the characteristics of the investment.

	<u>Deduction</u>	<u>Maximum base</u>
<ul style="list-style-type: none"><li>Investment in SME's or micro companies</li></ul>	10%	100,000
<ul style="list-style-type: none"><li>Investment in micro companies or SME</li><li>New foundation or in the last 5 years</li><li>Possibility of knowledge contribution by investor</li></ul>	15%	150,000
<ul style="list-style-type: none"><li>Investment in innovative micro companies or SME</li><li>New foundation or in the last 7 years (except new geographical markets or products, with an estimated increase of 50% in the operating volume)</li></ul>	20%	200,000

Deduction  
levels

# Attractive territory for startups and innovative corporates

## TAX rate

20% for micro companies and small companies (24% general rate).

## Tax base reductions

- 10% for medium sized and large companies, 14% for Micro and small companies in compensation to develop capitalization through reserve funds for five years, if the company does not distribute profits and uses them to set up a restricted reserve, a 2,4 % deduction in the base rate is applied for medium sized and large companies (2.8% for micro and small companies).
- 10% for companies, 15% for micro and small companies for reserve of profit levelling.
- 0,5% of turnover for usage of own intellectual property, IP as well as registered brands.
- 70% of income for transfer of intellectual or industrial property (patent box) developing open innovation which leads to an actual nominal rate of 6% for small companies (7,2% for medium sized and large companies).

## Losses carry

TAX losses carry forward. Up to 50% for tax losses (70% for micro companies and small companies) can be carried forward within 30 years.

# Attractive territory for startups and innovative corporates

## Deductions through non accounting adjustments

- Amortization expenses
  - Micro and Small enterprises: Free depreciation for new tangible assets (except buildings and vehicles).
  - Medium Sized enterprises: accelerated depreciation (Multiplying by 1.5 the general depreciation) for new tangible assets (except buildings and vehicles).
  - Other Companies: Free depreciation applicable to goods whose value does not exceed 1,500 euros, tangible and intangible assets (except buildings) related to R+D activities and R+D expenses activated as intangible assets.
- Reduction of 10% in the Tax Base, for Micro Company Start Ups which means an actual nominal rate of 18%.
- Deductible financial expenses up to 3 million euros without limitations or when the company does not form part of a group.

With a limit of 35%

- For investment in non current assets 10%.
- For creating employment 5,000 euros per worker.
- For investment in environmental projects 30%.
- For investment in cinematographic projects 30%.
- For investment in R+D projects or Technological innovation in other companies. Up to 120% profitability.

With a limit of 70%

- For R+D activities : 30% in a given year and 50% if expenses are higher than the average of the last two years.
- For hiring research personnel : 20% more.
- For technological innovation activities : from 15 to 20% depending on type of project.

Total deduction can reach 80.5% of the quota because the deductions with a limit of 70% are applied after subtracting the deductions with a 35% limit. Therefore, a R+D intensive company, using all the deductions, can reach an effective tax rate of: 4.7% for medium sized and large companies, 3.9% for small companies, 3.4% for micro companies

## Deductions

# Attractive Territory for Highly Qualified and Talented People

## Tax incentives and advantages for relocated people who become residents



### Who is a resident?

- Someone who stays longer in Bizkaia than in any other place in Spain during the year.
- The main activity is **based in Bizkaia**.
- The resident pays **Income Tax** and in some cases **Wealth Tax**.

### Special tax rate for the first 6 years

**Highly qualified professional** people have a special tax rate for the first **6 years**

- > 35% of the salary is tax free.
- > 15% directly and 20% for relocation expenses and setting up in Bizkaia.
- > Income from assets abroad are tax free.
- > Assets abroad exempt from Wealth Tax.

### Resident incentives

Moreover the **relocated professional** can avail of the following **resident incentives**

- > Up to 49% tax saving on Private Pension Funds.
- > 18% deduction on purchase of habitual residence.
- > 20% deduction on rent paid on habitual residence.
- > From 603 euros deduction for descendents.
- > Deduction of 1,432 euros on each income tax return.
- > Wealth Tax exemption up to 800,000 euros and up to 400,000 euros exemption on habitual residence



# Aid Programmes

## *Support for business creation, consolidation and growth*

### Support for creation

Creation of new Innovative Companies

- Aids to promote the creation and implementation of innovative firms

### 2 i Plan

Promotion of Innovation and Advanced Investment

- Actions aimed at improving the competitiveness of the company through innovation projects and advanced investments

### 3 i Plan

Comprehensive programme of innovation, internationalisation and investment support

- Aids to increase competitiveness through comprehensive actions in innovation, internationalisation and investment.

### Hazitek programme

- Direct funding to business R&D and innovation. The Hazitek programme encompasses two different support lines:
- Support to the development of competitive R&D projects, which provides grants to projects aiming the development of new products which are original or better than the existing ones; it also addresses the support to new technology and scientific base companies.
- Support the development of strategic R&D projects, arisen from business leadership and involving the Basque scientific-technological skills.

# World's first tax system to explicitly meet SDGs

*The Biscay Government will become the world's first administration to introduce a tax regime that rewards investment which meets sustainable development goals (SDGs)*

Collaboration  
with global  
stakeholders

Collaboration agreement with University College London (UCL) to develop a fiscal policy in accordance with the SDGs set in the 2030 Agenda of the United Nations. The project will be led by the economist and professor Mariana Mazzucato of Institute for Innovation and Public Purpose.

Pioneer

While many of the world's governments have committed to supporting the SDGs, none have formally introduced tax incentives in law to help meet the goals.

Covering  
the  
whole fiscal  
system

It will not just be one single tax such as an energy tax, for example but cover the whole fiscal system.

A framework for fiscal growth and institutional transformation, including economic growth covering health, the environment, equality and education.

In response  
to future  
challenges

It responds to challenges in three strategic areas for Biscay

- The demographic challenge (population aging, gender equality, low birth rate, migration and the sustainability of public and private pension programs).
- Climate change (the environment, social welfare, the recovery of degraded areas, the reduction of the climate footprint, the reorientation of the economy and the recovery of waters and rivers).
- The development of economic activity, attracting companies and talent, dependence on the energy sector and the search for industrial companies that help address the new global challenges.



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