

FACT SHEET LABOUR LAW SPANISH LABOUR AND SOCIAL SECURITY REGULATIONS

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Employment agreements

Employment agreements can be made **verbally or in writing**, unless there are express provisions that require a written contract (for example, temporary contracts, part-time contracts and training contracts). If this formal requirement is not met, the contract is understood to be indefinite-term and full-time, unless evidence is provided to the contrary. The hiring of workers must be notified to the Public Employment Service within ten days of the contracts being made.

There are various different **types of employment agreement**, including indefinite-term, fixed-term, training, distance work and part-time agreements:

- Spanish legislation sets out specific grounds for the execution of **fixed-term or temporary** contracts. All temporary contracts must be made in writing and must specify the reason for their temporary nature in sufficient detail i.e. temporary contracts cannot be concluded without a reason (a specific project or service, market circumstances, accumulation of tasks or over-ordering). Otherwise, or if the ground for the temporary contract does not truly correspond to one of the legally-established grounds, the contract will be deemed to be made for an indefinite term.
- There are two kinds of **training employment** agreements: “work experience” agreements (for university and other graduates or holders of professional training qualifications; no more than 5 years may have elapsed since completion of the relevant studies) and “trainee and apprenticeship” agreements (targeted at young people who lack the occupational qualifications required for a work experience contract for the position or occupation for which the contract is made).
- An employment agreement will be **part-time** when a number of hours of work has been agreed with the worker per day, week, month or year which is less than the working hours of a “comparable full-time worker” (usually, 40 hours per week), that is, a full-time worker at the same company and workplace who performs identical or similar work.
- Where work is predominantly carried out at the worker’s home or a place chosen by the worker, it is considered as **distance work or telework** agreement; it may be concluded provided it is formalized in writing.

The **official minimum wage** is established by the Government each year and amounts to € 950,00 per month or € 13.300,00 per year for persons over 18 years of age (including 12 monthly and 2 extra payroll payments) for 2021. However, the minimum wages for each professional group are usually regulated in collective labour agreements.

In the event of **termination of an employment agreement** by the employer, there are three main grounds for dismissal of an employee: collective layoff; objective grounds and disciplinary action. The statutory severance the first two cases consists of 20 days’ salary per year worked, up to a maximum of 12 months’ salary. In case of dismissal on disciplinary grounds (serious and culpable breach by the worker) the worker is not entitled to severance pay.



A worker dismissed on any objective or disciplinary ground may **appeal the decision** made by the employer before the labour courts, although a conciliation hearing before an administrative conciliation body must first be held between the worker and the employer to attempt to reach an agreement. The dismissal will be classified in one of the three following categories: justified, unjustified (the employer may choose between reinstating the worker, in which case the worker will be entitled to back pay accrued from the date of dismissal until the notification of the decision or until the worker found a new job, if this occurred prior to the decision; or terminating the contract, by paying severance of 33 days' salary per year worked, up to a maximum of 24 months' salary) or null (immediate reinstatement of the worker and payment of salaries not received).

Social Security contributions

As a general rule, all employers, their employees and self-employed workers who reside and/or perform their duties in Spain are required to be registered with, and pay contributions to, the Spanish social security system. There are different contribution programs under the Spanish social security system, but the two main ones are the general social security program (*Régimen General de la Seguridad Social*) and the special regime for self-employed (*Régimen Especial de Trabajadores Autónomos*; applicable to self-employed shareholders of companies who own more than 25% of the share capital and serve as their directors, 33% if they don't serve as such).

As a general rule, employers and their employees will be subject to the general social security program. Social security contributions are paid partly by the employer and partly by the employee. Personnel are classified under a number of professional and job categories for the purposes of determining their social security contributions. Each category has a maximum and minimum contribution base, which are generally reviewed on a yearly basis. For 2021, the maximum contribution base will be € 4.070,10 per month for all professional categories and groups; the minimum base amounts to € 1.050,00 per month.

The total contribution rates applicable to employers and employees under the general social security program in 2021 are as follows:

- Employer (%): 29,9
- Employee (%): 6,4 (6,35 in case of fixed-term contracts)

The total employer contribution rate is increased by additional percentages relating to the occupational accident and disease contingencies provided for in the State Budget Law. Employers deduct the employees' portion of contributions from their wages and pay them over, together with the employer's portion of contributions, to the social security authorities.



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