

# Employment Hiring Guide - Spain

## Comprehensive Overview of Labor Regulations and Contract Types

### Introduction to Legal Framework

Hiring employees in Spain is governed by a comprehensive and protective legal framework designed to ensure fair labor practices and safeguard employee rights. The system is characterized by a strong emphasis on statutory regulations, supplemented by collective bargaining agreements that are prevalent across various sectors. Understanding this framework is crucial for any employer operating within the country.

### Main Labor Laws of the Country

The cornerstone of Spanish labor law is the **Workers' Statute Act (Revised 2024)**, known locally as the *Estatuto de los Trabajadores*. This primary piece of legislation outlines the fundamental rights and obligations of both employees and employers. It governs all key aspects of the employment relationship, including contract types, working conditions, dismissals, and collective rights.

Other significant legal instruments include:

- **The General Social Security Law (LGSS):** This law regulates the Spanish social security system, detailing contribution requirements, benefits, and coverage for contingencies such as illness, retirement, unemployment, and workplace accidents.
- **The Law on Prevention of Occupational Risks:** This legislation establishes the framework for ensuring health and safety in the workplace, mandating risk assessments, training, and preventative measures.
- **Collective Bargaining Agreements (*Convenios Colectivos*):**

These agreements, negotiated between trade unions and employer associations at national, regional, or company levels, often provide more favorable conditions for employees than the minimums established by the Workers' Statute. They are legally binding for all companies within their scope.

## Regulatory Bodies

Several government bodies oversee the enforcement of labor laws and the administration of employment-related processes:

- **Ministry of Labor and Social Economy (*Ministerio de Trabajo y Economía Social*)**: The primary governmental body responsible for developing and implementing labor policy and legislation.
- **Social Security General Treasury (*Tesorería General de la Seguridad Social - TGSS*)**: The entity responsible for managing the affiliation of employees, as well as the collection of social security contributions from both employers and employees.
- **State Public Employment Service (*Servicio Público de Empleo Estatal - SEPE*)**: The agency in charge of managing unemployment benefits and the official registration of all employment contracts.
- **Labor and Social Security Inspectorate (*Inspección de Trabajo y Seguridad Social*)**: The enforcement body that conducts inspections to ensure companies comply with all labor and social security regulations.

## Permitted Contract Types

Following recent labor reforms aimed at promoting job stability, Spanish law defaults to the permanent contract as the standard form of employment. The use of temporary contracts is now strictly limited to specific, justified circumstances.

### Permanent Contracts (*Contrato Indefinido*)

This is the standard and most common type of employment contract in Spain. It is established for an indefinite period and provides the highest level of job security and protection against dismissal for the employee. It can be full-time or part-time. A variation of this is the **Fixed-Discontinuous Contract (*Contrato Fijo-Discontinuo*)**,

which is a permanent contract for seasonal or intermittent work, where the employee works only during specific periods of the year but remains linked to the company.

### **Fixed-Term Contracts (*Contrato de Duración Determinada*)**

The use of fixed-term contracts is exceptional and restricted to two primary causes:

- 1                    1                    Due to Production Circumstances:** This contract can be used to address occasional and unforeseeable increases in production or market demand. The maximum duration is **six months**, which can be extended to twelve months by a sector-specific collective bargaining agreement. It cannot be used for activities that are part of the company's normal, permanent workload.
- 2                    2                    For the Substitution of an Employee:** This contract is used to temporarily replace an employee who has the right to have their job reserved (e.g., due to maternity leave, sick leave, or a sabbatical). The contract can last for the entire duration of the absent employee's leave.

### **Training Contracts**

Spain provides for two types of training contracts aimed at integrating young people into the labor market:

- 1                    1                    Alternating Training Contract:** Combines paid work with formal training. It is intended for individuals under 30 and has a maximum duration of two years.
- 2                    2                    Professional Practice Contract:** Aimed at individuals who have recently obtained a university degree, vocational training certificate, or equivalent. It must be signed within three years of graduation and has a duration of between six months and one year.

### **Part-Time Contracts**

A part-time contract is defined as one where the employee works fewer hours per week, day, or year than a comparable full-time employee. It can be either permanent or fixed-term. The contract must specify the number of ordinary working hours and their distribution. Part-time employees enjoy the same rights as full-time employees on a pro-rata basis.

## Hiring Requirements

The hiring process in Spain involves specific administrative steps that must be completed within strict legal deadlines to ensure compliance.

### Required Documentation

Before formalizing a contract, the employer must verify the employee's identity and eligibility to work.

- **For Spanish and EU/EEA Citizens:** National Identity Document (DNI) or Foreigner's Identity Number (NIE), and the employee's Social Security affiliation number.
- **For Non-EU/EEA Citizens:** A valid work and residence permit is mandatory. The employer often needs to initiate the application process on behalf of the prospective employee.

### Registration with Authorities

- 1 Company Registration:** Before hiring its first employee, the company must register with the Social Security General Treasury (TGSS) and obtain a main contribution account code (*Código de Cuenta de Cotización - CCC*).
- 2 Employee Affiliation:** The employer must register the new employee with the TGSS. This process, known as the *alta*, must be completed **before** the employee's start date.
- 3 Contract Registration:** A written copy of the employment contract must be registered with the State Public Employment Service (SEPE) within **ten business days** of its formalization.

### Legal Deadlines

- **Social Security Registration (*Alta*):** Must be communicated to the TGSS up to 60 calendar days before, but no later than the moment the employee begins to work.

- **Contract Registration with SEPE:** Within 10 business days from the start of the employment relationship.
- **Failure to comply** with these deadlines can result in significant financial penalties for the employer.

## Fundamental Employee Rights

The Spanish legal framework grants employees a robust set of fundamental rights designed to ensure fair and safe working conditions.

### Standard Working Hours

The standard working week is **40 hours** on average, calculated on an annual basis. Collective agreements can establish different distributions of these hours, but the total annual limit must be respected.

- **Daily Rest:** A minimum of 12 hours of rest must be provided between the end of one working day and the beginning of the next.
- **Weekly Rest:** A minimum uninterrupted rest period of one and a half days per week, which typically includes Sunday.

### Annual Leave

All employees are entitled to a minimum of **30 calendar days** of paid annual leave per year. This entitlement cannot be replaced by financial compensation, except upon termination of the contract. The specific dates are typically agreed upon between the employer and the employee, in accordance with the provisions of the applicable collective agreement.

### Protection Against Dismissal

Employees are protected against arbitrary dismissal. Any termination of a contract by the employer must be based on legally justified causes, which can be:

- **Objective Causes:** Economic, technical, organizational, or

production-related reasons.

- - **Disciplinary Causes:** Serious and culpable misconduct by the employee.  
If a dismissal is challenged in court and found to be unfair (improcedente), the employer must either reinstate the employee or pay a statutory severance package.

## Employer Obligations

Employers in Spain have a series of ongoing legal and administrative obligations towards their employees and government authorities.

### Employee Registration

As mentioned, the primary obligation is to ensure every employee is correctly registered with the Social Security system before commencing work and that their status is kept up-to-date (e.g., reporting any changes in contract or salary).

### Social Security

Employers are responsible for withholding the employee's portion of social security contributions from their salary and paying it, along with the employer's own significant contribution, to the TGSS on a monthly basis.

- - **Employer Contribution:** Approximately **31.5% - 33.0%** of the employee's contribution base. This covers common contingencies, unemployment, professional training, and a wage guarantee fund.
  - **Employee Contribution:** Approximately **6.4% - 6.7%** of their contribution base, covering common contingencies, unemployment, and training.

### Government Reporting

In addition to monthly social security filings, employers are obligated to:

- - **Withhold Income Tax (IRPF):** Withhold the corresponding personal income tax from employees' salaries and remit it to the State Tax Agency (*Agencia Tributaria*) on a quarterly or monthly basis.
- - **Provide Payslips:** Issue a detailed monthly payslip (*nómina*) to each employee, clearly breaking down their salary, deductions, and social security contributions.
- - **Annual Summaries:** Submit annual reports to the tax and social security authorities summarizing withholdings and contributions made throughout the year (e.g., *Modelo 190* for IRPF).

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