

Spain

Payroll & Employment Law Guide

2026 Edition · Last updated October 1, 2026

RD 126/2026 SMI, Orden PJC/297/2026 contribution parameters, the convenio colectivo system and 2026 incentives

Overview —

A reference for employing in Spain

The employment obligation begins when the employer is registered with the TGSS and a CCC number is issued. Commercial registration and social security employer registration are separate steps, and no employee can enter the system without a CCC.

40h	convenio	28.30%	47%
STATUTORY WEEKLY WORKING TIME IN 2026	SECTOR AGREEMENT THAT SETS THE REAL PAY FLOOR	CONTINGENCIAS COMUNES CONTRIBUTION RATE	TOP IRPF WITHHOLDING RATE

WHAT THIS GUIDE COVERS

I	Setting Up and Doing Business	The employment obligation begins when the employer is registered with the TGSS and a CCC number is issued.
II	Working Conditions and Leave Entitlements	Working time and rest are set by statute, while their monetary value is set by the convenio colectivo.
III	Tax and Social Security	IRPF has two components: the state scale and the regional scale each comunidad autónoma sets.
IV	Payroll Operations	Contribution reporting runs on the Sistema de Liquidación Directa model: the employer submits employee-level data, the TGSS calculates the contribution and returns it to the...
V	Hiring and Termination	Social security registration must be completed before work starts, and the content of the contract is filed with SEPE within 10 days.
VI	Compensation and Benefits	The SMI is the absolute statutory floor, not the operative pay floor.
VII	Visas and Work Permits	EU, EEA and Swiss nationals need no work permit; for stays longer than 3 months they obtain an NIE and register with the Registro Central de Extranjeros.
VIII	Practical Notes and Common Pitfalls	Pay scales, overtime premiums, night premiums, probation, resignation notice and sick-pay top-ups all change with the convenio colectivo.
IX	Incentives and Employer Support Schemes	Spain has no general contribution reduction, no minimum-wage subsidy and no additional-employment incentive.

I

Setting Up and Doing Business

The employment obligation begins when the employer is registered with the TGSS and a CCC number is issued. Commercial registration and social security employer registration are separate steps, and no employee can enter the system without a CCC.

FORMATION AND EMPLOYER REGISTRATION

STRUCTURE OR STEP	CAPITAL OR ACTION	AUTHORITY
S.L.	EUR 1; reserve rule up to EUR 3,000	Notary and Registro Mercantil
S.A.	EUR 60,000; 25% paid	Notary and Registro Mercantil
Sucursal	No separate legal personality; NIF required	Registro Mercantil
Tax registration	Modelo 036; epígrafe IAE	AEAT
Employer registration	Inscripción and CCC	TGSS
Workplace opening	Comunicación de apertura	Comunidad autónoma

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Practical check: Hiring a worker in order to assign them to another company is lawful only through an authorised ETT. Where ET art. 43 cesión ilegal is found, both companies are jointly and severally liable and the worker acquires fija status in whichever company they choose. SII reporting is mandatory for taxpayers with annual turnover above EUR 6,010,121.04. Verifactu starts on January 1, 2027 for legal entities and on July 1, 2027 for other taxpayers.

II · WORKING CONDITIONS AND LEAVE ENTITLEMENTS

Working time and rest are set by statute, while their monetary value is set by the convenio colectivo. There is no statutory premium for overtime or night work, so payroll must hold the statutory ceiling and the sector payment rule as separate parameters.

II

Working Conditions and Leave Entitlements

WORKING TIME AND LEAVE SUMMARY

TOPIC	DURATION OR RATE	APPLICATION
Weekly work	40 hours; annual average basis	ET art. 34/1
Daily limit and rest	9 hours; 12 hours between shifts	15-minute break after 6 hours
Overtime	80 hours a year	Premium set in the convenio
Night work	22:00 - 06:00; 8 hours on average	Premium set in the convenio
Weekly rest	1.5 uninterrupted days	May be banked over 14 days
Annual leave and public holidays	At least 30 calendar days; up to 14 holidays	2 set locally; no payment in lieu
Birth and childcare	16 weeks per parent	First 6 weeks continuous and mandatory
Sick pay	Days 4 to 15 borne by the employer	INSS from day 16

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Parameter warning: The bill cutting the week to 37.5 hours fell in the Congreso on September 10, 2025; the statutory week in 2026 is 40 hours. The employer may distribute 10% of the annual jornada irregularly with 5 days' prior notice. A daily record of start and end times is mandatory under ET art. 34/9 and is retained for 4 years. Sick pay is 60% of the contribution base for days 4 to 20 and 75% from day 21, and most convenios oblige the employer to top it up to 100%. The additional 2 weeks of care leave usable until the child turns 8 can be claimed from January 1, 2026; nursing leave is 1 hour a day until month 9.

III · TAX AND SOCIAL SECURITY

I RPF has two components: the state scale and the regional scale each comunidad autónoma sets. What payroll applies is not their sum but an individually calculated withholding rate per employee. Contribution parameters come from the annual cotización order.

III

Tax and Social Security

INCOME TAX AND CONTRIBUTION PARAMETERS

ITEM	RATE OR AMOUNT	BASE, BAND OR SPLIT
IRPF state, lower bands	9.50% and 12.00%	EUR 0 to 12,450 and 20,200
IRPF state, middle bands	15.00% and 18.50%	Up to EUR 35,200 and 60,000
IRPF state, upper bands	22.50% and 24.50%	Up to EUR 300,000 and above
IRPF withholding scale	19.00%; 24.00%; 30.00%; 37.00%	45.00% and 47.00% at the top
Contingencias comunes	28.30%	Employer 23.60; employee 4.70
Desempleo	Open-ended 7.05; fixed-term 8.30	Employer 5.50, 6.70; employee 1.55, 1.60
FOGASA, FP and MEI	0.20%; 0.70% and 0.90%	FP 0.60 and 0.10; MEI 0.75 and 0.15
Contribution ceiling and AT/EP	EUR 5,101.20 a month	Orden PJC/297/2026; AT/EP by activity
Employer and employee total	30.65%; fixed-term 31.85%	Employee 6.50; IRPF withholding separate

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Watch out: The monthly minimum base is EUR 1,989.30 in group 1, EUR 1,649.70 in group 2, EUR 1,435.20 in group 3 and EUR 1,424.40 in groups 4 to 7; in the daily groups it is EUR 47.48. Bands above the ceiling attract the cuota de solidaridad: 1.15% from EUR 5,101.21 to 5,611.32, 1.25% from EUR 5,611.33 to 7,651.80, and 1.46% above EUR 7,651.80. Contributions are paid by the last day of the following month; late payment carries a recargo of 10% to 20%, and 20% to 35% where no filing was made.

IV · PAYROLL OPERATIONS

Contribution reporting runs on the Sistema de Liquidación Directa model: the employer submits employee-level data, the TGSS calculates the contribution and returns it to the employer. The nómina must also itemise the contributions paid by the employer, and an accurate calculation can still attract a fine if the record or filing format is wrong.

IV — Payroll Operations

PAYMENT, RECORDS AND FILINGS

ITEM	RULE	CHANNEL OR RISK
Pay period	Monthly; ET art. 29/1	10% annual interest if late
Nómina content	Employer contributions itemised	Orden ESS/2098/2014
Contribution filing and payment	Sistema de Liquidación Directa	Last day of the following month; SILTRA
IRPF filing	Modelo 111; quarterly or monthly	First 20 calendar days
Annual summary	Modelo 190; January 1 to 31	Certificado de retenciones
Contract filing	Within 10 days of signing	SEPE Contrat@
Retention	Contributions 4 years; books 6 years	6 years binding in practice

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Regulatory note: Pay is made by bank transfer; electronic delivery of the payslip is valid and a wet signature is not required, but proof of delivery must be retained. The employee alta is filed before work starts and no more than 60 calendar days in advance; baja and data changes are filed within 6 calendar days. Unemployment and ERTE certificates go through SEPE Certific@2. Employers with prior-year turnover above EUR 6,010,121.04 file modelo 111 monthly. The Beckham regime under Ley 35/2006 art. 93 allows 24% on Spanish employment income up to EUR 600,000 and 47% above it, and is elected on modelo 149 within 6 months of starting work.

V · HIRING AND TERMINATION

Social security registration must be completed before work starts, and the content of the contract is filed with SEPE within 10 days. Termination is not a notification but a reasoned and formal act, and a ground not stated in the carta de despido cannot be argued later in court.

V

Hiring and Termination

CONTRACT, NOTICE AND SEVERANCE

PARAMETER	RULE
Fixed-term maximum	6 months; 1 year by sectoral convenio
Chaining limit	More than 18 months in 24 means fija
Probation period	Técnico titulado 6 months; others 2 months
Probation, small employer and short term	3 months under 25 staff; 1 month on 6 months
Objective dismissal notice	15 days; 6 hours a week to seek work
Despido objetivo and colectivo	20 days a year; maximum 12 months' pay
Despido improcedente	33 days a year; maximum 24 months' pay
Despido disciplinario and nulo	No severance; reinstatement if nulo
Service before February 12, 2012	45 days a year; cap of 720 days

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Practical check: A fixed-term contract cannot exceed 90 days a year, or 120 in agri-food; on expiry 12 days a year is paid, with formativo and sustitución exempt. Resignation notice is not in statute; 15 days is common practice. In an objective dismissal severance is paid as the notice is served; a formal defect raises the cost from 20 days to 33. Severance is exempt from IRPF up to EUR 180,000. The colectivo threshold is 10 employees under 100 staff, 10% between 100 and 300, and 30 above 300; consultation is 30 days, or 15 under 50 staff. A dismissal is challenged within 20 working days. Retirement is 66 years and 10 months, or 65 with 38 years and 3 months of contributions.

VI · COMPENSATION AND BENEFITS

The SMI is the absolute statutory floor, not the operative pay floor. The operative floor is the tablas salariales of the applicable convenio colectivo, graded by professional group, and in practice it sits clearly above the SMI. There is no statutory annual increase; increases come from the convenio's pay table.

VI —

Compensation and Benefits

PAY FLOOR, PAYMENT STRUCTURE AND EXEMPTION CAPS

ITEM	2026 VALUE
SMI, monthly and daily	EUR 1,221 on 14 payments; EUR 40.70 a day
SMI, annual gross and legal basis	EUR 17,094; RD 126/2026
SMI increase and 12-payment prorata	Up 3.1% on 2025; EUR 1,424.50 a month
Pagas extraordinarias	At least 2 a year; statutory floor 14 payments
Benefit-in-kind cap	30% of total pay
Meal and transport exemption	EUR 11 a day; EUR 136.36 monthly, 1,500 yearly
Private health insurance exemption	EUR 500 a year; EUR 1,500 if disabled
Childcare support and vocational training	No cap

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Parameter warning: The registro retributivo is mandatory for every employer at every size and is prepared after 10 days' prior consultation with employee representatives; where the average gap between the sexes exceeds 25% the employer must justify in writing that the gap is unrelated to sex. An employer with 50 or more employees must also have a plan de igualdad and a pay audit, and the plan is registered with REGCON. The SMI amount is unattachable; the excess is garnished under the 30%, 50%, 60%, 75% and 90% bands of LEC art. 607.

VII · VISAS AND WORK PERMITS

EU, EEA and Swiss nationals need no work permit; for stays longer than 3 months they obtain an NIE and register with the Registro Central de Extranjeros. Third-country nationals are split between the general regime and the fast-track route of Ley 14/2013.

VII —

Visas and Work Permits

PERMITS, POSTINGS AND THE QUALIFIED ROUTE

TOPIC	RULE
EU, EEA and Swiss national	No work permit required
Stay beyond 3 months	NIE and Registro Central de Extranjeros
Posting notification	Regardless of length; electronic, before start
A1 certificate	Maximum 24 months in the EU, EEA and Switzerland
Posting from Türkiye	Bilateral agreement of December 1, 1986
Qualified application route	UGE-CE; maximum 20 days; positive silence
EU Blue Card	3 years of higher education or 5 years' experience
Digital nomad	Visa up to 1 year; residence 3 years; renewals 2 years

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Penalty and uncertainty: Spain has no foreign worker quota; employing someone without authorisation is a very serious infringement under LISOS and carries a fine of EUR 7,501 to 225,018 per worker. Under the general regime the situación nacional de empleo is checked against the Catálogo de Ocupaciones de Difícil Cobertura, which is updated quarterly. The general regime rests on LO 4/2000 and RD 1155/2024; RD 1155/2024 was amended by RD 316/2026 and partly annulled by two Tribunal Supremo rulings in 2026, so the text in force should be verified before filing.

VIII · PRACTICAL NOTES AND COMMON PITFALLS

Pay scales, overtime premiums, night premiums, probation, resignation notice and sick-pay top-ups all change with the convenio colectivo. The applicable convenio is identified by activity, geography and time; more than five thousand convenios are in force, and an expired text stays in force until a new one is signed.

VIII

Practical Notes and Common Pitfalls

CONVENIO, REPRESENTATION AND ENFORCEMENT THRESHOLDS

TOPIC	RULE
Ultraactividad and company convenio	Indefinite; cannot undercut sector pay
Delegado de personal	Optional at 6 to 10 employees; 1 at 11 to 30
Extended representation	3 delegados at 31 to 49 employees
Comité de empresa and whistleblowing	Mandatory at 50 or more employees
Disability employment quota	2% at 50 or more employees
Leave calendar	Dates known at least 2 months in advance
ITSS fine, leves and graves	EUR 70 to 750; EUR 751 to 7,500
ITSS fine, muy graves	EUR 7,501 to 225,018

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Watch out: The contribution evasion fine is 50% to 65% of the evaded amount, 65.01% to 80% if serious and 80.01% to 100% if very serious. In a false autónomo relationship the unpaid contributions are assessed retrospectively with a recargo of up to 20%; a self-employed person drawing more than 75% of their income from one client becomes a TRADE, and Ley 12/2021 created an employment presumption for digital platform riders. Consultation with employee representatives is mandatory, and its absence can render a dismissal nulo in collective processes. The calendario laboral is published every year and displayed at the workplace.

IX · INCENTIVES AND EMPLOYER SUPPORT SCHEMES

Spain has no general contribution reduction, no minimum-wage subsidy and no additional-employment incentive. The framework created by RDL 1/2023 consists of target-group monthly bonificaciones in fixed euro amounts; what is reduced is an amount rather than a rate, and the weight sits on open-ended hiring.

IX

Incentives and Employer Support Schemes

2026 INCENTIVE CATALOGUE

SCHEME	AMOUNT AND DURATION	MAIN CONDITION
Unemployed, victim, excluded; art. 21, 16, 20	EUR 110 and 128 a month; 3 and 4 years	128 over 45 or woman; 147 first 12 months
Placement and formativo; art. 25 and 24/1	EUR 138 and 128 a month; 3 years	EUR 147 if woman; whole contract if disabled
Dual training contract; art. 23	EUR 91 employer; EUR 28 employee	For the life of the contract
Cover on birth and care leave; art. 17, 18	EUR 366 a month	Period overlapping the benefit
Tourism and Ceuta-Melilla; art. 30, 31	EUR 262 a month	February, March, November; 20 training hours
Disabled worker, open-ended	EUR 375 a month; EUR 4,500 a year	EUR 425 and 5,100 in the aggravated group
Disability addition and fixed-term	EUR 100 if over 45; EUR 70.83 if woman	Fomento 291.66; aggravated 341.66
ERTE and Mecanismo RED	ETOP 20%; force majeure 90	RED cíclica 60%, 30 and 20

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Eligibility and limits: The incentive is applied at source; it is selected on the alta or variación de datos filing, the contract is reported to SEPE Contrat@ within 10 working days, and only an employer with no debt to the TGSS or AEAT can benefit. The employer takes on a three-year employment maintenance commitment; the relief cannot exceed 60% of the annual wage cost and only one incentive applies per employee. On part-time work the amount is prorated and none arises below 50%. There is no workforce localisation quota; the closest obligation is the 2% disability quota at 50 or more employees.

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Convenio colectivo pay tables, TGSS contribution bases and ceilings, the cuota de solidaridad, IRPF withholding set partly by the autonomous community, monthly Sistema de Liquidación Directa filings and work-permit duties have to run on one operating calendar. Datassist helps international employers manage Spanish payroll and employment processes from a single centre.

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