



Recent Legislative Developments in Spanish Labor Law

With the start of 2015, a number of legislative developments will have a direct effect on employment and Social Security regulations. Most of changes are the result of Law 36/2014, of December 26, 2014, on the General State Budgets for 2015. The objective was to introduce labor laws that will not hinder the economic recovery but still address the needs of companies and workers.

Social Security Developments

New System for the Payment of Social Security Contributions (Cret@ System). Law 34/2014, of December 26, 2014, entails a change in the Spanish scheme of Social Security contributions. The change involves replacing the current self-declaration form with a direct-settlement form (or direct billing), through which the General Social Security Treasury will calculate the employee contribution based on the personal information available.

The implementation of the new settlement scheme will be applied in parallel with the traditional self-declaration form, until all employers subject to paying Social Security contributions have been entered into the new scheme. In this regard, the General Social Security

Treasury will issue resolutions on the incorporation of the responsible subjects into the new scheme. This incorporation will take effect once the employer is notified by the Social Security. The utilization of the new scheme will, however, not be compulsory until the third calendar month following the incorporation of the new system. Until that date, the self-declaration form may still be used.

Extension of the Social Security Contribution “Flat-Rate” for Employees with Indefinite Contracts. The government established by Royal Legislative Decree 17/2014, of December 26, 2014, that the duration of the “contribution flat-rate” for companies in connection with indefinite contracts will remain in force until March 31, 2015, replacing the original period of application planned until December 31, 2014. This measure will allow companies to make a contribution of a single amount of €100 for common contingencies during the first 24 months of employment for indefinite employees hired before March 31, 2015.

Social Security Contributions for 2015. Notwithstanding the foregoing, Law 36/2014 on General State Budget, of December 26, 2014, will establish the general contribution regulations for 2015:

Maximum and Minimum Amount for Each of the Social Security Schemes. The maximum contribution amount for the new year will be €3,606 per month. The minimum amount is determined by the national minimum wage in force, increased by one-sixth, unless otherwise provided.

Maximum Income Subject to Contribution for the General Social Security Scheme. The contribution bases for all contingencies and situations covered by this plan, with the

exception of accidents at work and occupational illnesses, will be limited to a maximum amount of €3,606 per month (€120.20 per day). The maximum limit will be increased in relation to the limit set in 2014, depending on the increase of the national minimum wage.

The minimum contribution bases for employees with part-time contracts will be aligned with the contribution for full-time contracts for the same unit of time and similar remuneration.

Applicable Rates for Social Security Contributions

Contingency	Total Rate 2015	% Firm	% Employee
Common Contingencies	28.3%	23.6%	4.7%
Overtime (force majeure)	14%	12%	2%
Overtime (remaining cases)	28.3%	23.6%	4.7%
Unemployment: permanent contracts (part-time and seasonal), temporary contracts for internship contracts, apprenticeship contracts and training, relay contracts, and on-call contracts	7.05%	5.5%	1.55%
Unemployment: part-time and full-time temporary contracts (except the cases mentioned above)	8.3%	6.7%	1.6%
Wage Guarantee Fund	0.2%	0.2%	0%
Professional Training	0.7%	0.6%	0.1%

New Law on Mutual Insurance Companies that Collaborate with Social Security. Law 35/2014, of December 26, 2014, establishes a new legal system regarding the Mutual Social Security Associations for accidents at work and occupational illnesses, now called “Mutual Insurance Companies that collaborate with the Social Security.” This law clearly defines the contingencies and benefits handled by these associations, with the aim of improving transparency and efficiency. One of the most important aspects of the law is the establishment and promotion of mechanisms for an enhanced coordination with public health services. The associations are therefore granted the power to monitor and follow up benefits for temporary incapacity from the moment of medical leave, and they are able to formulate reasoned proposals for medical discharge if they determine that the illness is not preventing the beneficiary from working.

Developments in Pensions

Royal Legislative Decree 1107/2014, of December 26, 2014, sets a general revaluation of 0.25 percent for all Social Security pensions in line with the General State Budgets for

2015. That allows the maximum amount of the pension, after the revaluation, to be €2,560.88 per month, without prejudice to extraordinary payments that may correspond.

Other Developments

Increase in the Minimum Professional Wage. The minimum professional wage for any agricultural, industrial, or services activity will increase by 0.5 percent over the year 2014 and will be €648.60 per month (€21.62 per day).

Postponement of the Date of Expansion of Paternity Leave. The entry into force date of the expansion of paternity leave from 13 days to four weeks in the case of birth, adoption, or fostering has been postponed to January 1, 2016.

Recovery of Part of the Extraordinary Payments of Public Sector Personnel of December 2012. In July 2012, the government suspended extraordinary payments to public sector personnel as of December 2012. This was one of the measures introduced by Royal Decree 20/2012, of July 13, 2012,

aimed at the reduction of government deficit and the pursuit of budget stability.

Recovery of the sums corresponding to the first accrued 44 days of the extraordinary payment that had been suspended in December 2012 was agreed upon by resolution of the Ministry of the Treasury and Public Administrations (“the Administrations”) on December 29, 2014, in line with the General Budgets of 2015.

Reductions of the Legal Interest Rate. After several consecutive years with a legal interest rate settled at 4 percent, the legal interest rate will be reduced in 2015 to 3.5 percent. This applies, among other cases, to credit operations with no previously agreed interest rate or to cases of payment of fees and taxes imposed by the Administrations, when opting for a fractioned payment. It also serves as basis for the calculation of the interest rate for procedural arrears.

Lawyer Contacts

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