

Globalization Partners provides [employer of record services](#) for customers that want to hire employees and run payroll without first establishing a branch office or subsidiary in Spain. Your candidate is hired via Globalization Partners' Spain [Professional Employer Organization \(PEO\)](#) in accordance with local labor laws and can be onboarded in days instead of the months it typically takes. The individual is assigned to work on your team, working on your company's behalf exactly as if he or she were your employee to fulfill your in-country requirements.

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Our comprehensive solution and Global PEO service enable customers to run payroll in Spain while HR services, tax, and compliance management matters are lifted from their shoulders onto ours. As a Global PEO expert, we manage employment contract best practices, statutory and market norm benefits, and employee expenses, as well as severance and termination if required. We also keep you apprised of changes to local employment laws in Spain.

Your new employee is productive sooner, has a better hiring experience and is 100% dedicated to your team. You'll have peace of mind knowing you have a team of dedicated employment experts assisting with every hire. Globalization Partners allows you to harness the talent of the brightest people in more than 185 countries around the world, quickly and

painlessly.

Spain is located on the Iberian Peninsula and shares with Portugal the longest border in the European Union. The Spanish are outgoing and like to get to know people before they do business with them, so you should be prepared to spend time building relationships and sharing details about your family and home life before getting to business issues. Meetings often start late and the Spanish frequently wander off topic with little regard for agendas, and frequent interruptions and multiple people speaking at the same time should be taken as a sign of interest in the discussion and not be considered as rude. Decisions are rarely reached in large meetings but are made by senior management, and deals are usually agreed to orally and then written down.

When negotiating terms of an employment contract and offer letter with an employee in Spain, it may be useful to keep the following standard benefits in Spain in mind:

### **Hiring in Spain**

Spain tightly regulates employment with jobs grouped into different categories that each have their own regulations. The regulations set salary ranges, working hours, and yearly vacation days. Employees like indefinite contracts because such contracts make it much more difficult to lay them off and higher compensation packages are required. Negotiating for an indefinite contract can be as important to an employee as salary negotiations.

When negotiating terms of an offer letter or an employment contract with a candidate in Spain, it may be useful to keep the following standard benefits in Spain in mind:

### **Employment Contracts in Spain**

Because the labor law is relatively strict, it is legally required to put a strong, written employment contract in place in Spain which spells out the terms of the employee's compensation, benefits, and termination requirements. An employment contract in Spain should always state the salary and any compensation amounts in euro rather than a foreign

currency.

This information is a general summary and is not intended as legal advice.

## **Working Hours in Spain**

Spanish employees expect to work a 40 hour week.

## **Holidays in Spain**

The people of Spain celebrate 10 national holidays:

- New Year's Day
- Three Kings Day
- Labor Day
- Good Friday
- Assumption Day
- National Day
- All Saints Day
- Constitution Day
- Immaculate Conception Day
- Christmas Day

In addition to the national holidays, there are provincial holidays which vary in each of the autonomous communities.

## **Vacation Days in Spain**

The market norm and the minimally required vacation days are 30 calendar days (i.e., 23 paid business days per year). The vacation time cannot be “paid out.”

## **Spain Sick Leave**

There are no standard sick days. Under Spain’s labor law, when a worker is temporarily unable to work and in need of medical assistance due to illness or accident, he/she will be paid at least 60 percent of his/her wages. The employer normally pays the worker for a temporary sick leave and is reimbursed by the Social Security department. The maximum period of such leave is 18 months, after which the situation must be reviewed. The amount of sick leave pay depends on the status of the employee and the applicable collective bargaining agreement.

### **Maternity/Paternity Leave in Spain**

Maternity leave consists of 16 weeks’ paid leave, 6 weeks of which must be taken after the birth. To be eligible for maternity leave, the mother had to have registered with the social security office and have made contributions for a minimum of 180 days during the prior seven years or a total of 360 days during their career.

One year of unpaid leave is also granted after the paid leave is taken and the mother’s job is guaranteed on return. The mother may take an additional two years of unpaid leave, but her employer does not have to offer her previous job to her on her return to work.

Paternity leave is 30 days, with additional days allowed if there were complications for the mother or the baby.

### **Health Insurance in Spain**

Health insurance is funded through social security taxes. Supplementary health insurance may be provided by an employer to an employee as a benefit. Most executives request supplementary health and life insurance, or a small company may provide an allowance in lieu of arranging insurance. Globalization Partners provides optional supplementary medical insurance coverage for Professionals and/or their dependents.

### **Spain Supplementary Benefits**

Employees receive 15 days (including weekends) for marriage, 2 days for the death of a family member, and 1 day for home relocation. Through Globalization Partners you can also provide our professionals in Spain with restaurant, transportation, and nursery vouchers as additional benefits.

## **Bonuses**

A 13th month or annual bonus is not required in Spain. A commission plan or quarterly bonus plan is a common benefit for a sales employee.

## **Termination/Severance in Spain**

A probation period of no more than 6 months for qualified technicians (or 2 months for other workers) may generally be agreed to in writing in the employment contract, which is filed at the local employment office.

In general, for an indefinite contract in Spain without a trial period and without other specific agreements, an employment contract can be terminated for the following reasons:

- mutual agreement between the parties
- reasons mentioned officially in the contract
- resignation of the worker
- death, serious invalidity or permanent, total or absolute invalidity of the worker
- retirement of the worker
- death, retirement or invalidity of the contractor or the end of their legal status
- collective dismissal (economic, technical, organizational or production grounds)
- express wish of the worker on justified grounds
- dismissal on disciplinary grounds
- legally admissible objective causes

In practice, when an employer assesses that an employee is poorly suited for the role, an employer and an employee usually come to a mutual agreement to terminate the contract. The expected liability for terminating an employee in Spain may be budgeted as a severance

fee for a wrongful termination equal to 33 days of salary per employment year (basically one month of salary for every year worked with the company.) The calculation base for the fee includes extra income as bonus and commissions, i.e., it is calculated on the basis of total gross income of the last 12 months. In addition, when the company wants to terminate, the company should expect to pay one additional month in lieu of notice, over and above the severance fee.

Employees who believe they have been terminated unfairly may contest against their termination in a labor tribunal.

## **Paying Taxes in Spain**

Companies pay social security tax equal to 29.9% of the employee's salary up to a salary ceiling of EUR 3,596.98.

## **Why Globalization Partners**

Establishing a branch office or subsidiary in Spain to engage a small team is time-consuming, expensive and complex. Spanish labor law has strong worker protections, requiring great attention to detail and an understanding of local best practices. Globalization Partners makes it painless and easy to expand into Spain. We can help you hire your candidate of choice, handle HR matters and payroll, and ensure that you're in compliance with local laws, without the burden of setting up a foreign branch office or subsidiary. Our Spain PEO and [Global Employer of Record](#) solution provides you peace of mind so that you can focus on running your company.

If you would like to discuss how Globalization Partners can provide a seamless employee leasing or PEO solution for hiring employees in Spain, please [contact us](#).