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Global hiring guide for Spain



The essential guide to hiring
overseas employees in Spain



Employees [Add employee](#)



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Spain consistently ranks among the world's top countries for its **exceptional** quality of life.

The relaxed Mediterranean lifestyle holds great appeal for a global workforce seeking a place that seamlessly balances career aspirations with the joys of everyday living.

However, as an employer, it's essential to understand the intricacies of hiring in Spain. So, what key insights should you consider when expanding your workforce to this vibrant and inviting country?



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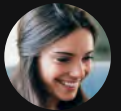
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Understanding the hiring landscape in Spain

Spain, known for its rich culture, diverse landscapes, and economic opportunities, is becoming an increasingly popular destination for businesses seeking international expansion. The nation's enticing mix of tradition and innovation creates a distinctive market to explore.

Spain boasts booming industries such as tourism, renewable energy, and technology hubs like Barcelona and Madrid. Its exceptional work-life balance and favourable weather conditions consistently draw highly educated talent from around the world to these vibrant hubs of opportunity.

However, navigating Spain's hiring landscape, with its distinct legal requirements and employment practices, can be challenging for those new to the scene. Before you embark on your overseas hiring journey, let's take a closer look at what's facing you as an employer in this vibrant country.



Spanish **currency:** The Euro (EUR)

Like many of the countries in the Eurozone, the Euro (EUR) is the official currency used in Spain. This widely accepted currency plays a vital role in international trade and finance. But besides its stability, what other advantages does the Euro offer?

- ✓ **Investment opportunities:** The Euro's stability attracts investors hoping to strengthen their presence within the European market.
- ✓ **Impact on financial markets:** The Euro's performance influences global financial markets, making it a currency of great importance.
- ✓ **Global recognition:** The Euro is the second most commonly used currency in the world (second to the U.S. Dollar), streamlining international transactions and simplifying cross-border business.



Spanish payroll: When do Spanish employees expect to be paid?

While some industries may follow different payment schedules, employees in Spain are most commonly paid on a monthly basis. For overseas employers, this type of monthly payroll offers several advantages:

- ✓ **Consistency:** Monthly payments provide employees with regular and predictable income.
- ✓ **Budget planning:** Both employees and employers can manage finances more efficiently with a consistent pay schedule.
- ✓ **Tax compliance:** Timely monthly payrolls help meet tax obligations and regulatory requirements.
- ✓ **Administrative ease:** Monthly payroll cycles reduce administrative complexity.

13th & 14th-month salary payments:

13th and 14th-month salary payments are standard practice in Spain. Typically, the yearly salary is divided into 14 parts to accommodate these extra payments. Employers are obligated to provide these extra salaries in July and December, as outlined in the employment contract and collective agreements of the employees.

Note: 13th and 14th-month payments are taxed as normal income.

What are the typical working hours in Spain?

The standard work day in Spain can be anything from 9 am to 8 pm. This is because the standard workday for those employed in retail and various shops in Spain often follows a "split shift" structure, which includes a two-hour lunch break. On the other hand, office jobs in Spain generally maintain working hours similar to those in other countries, typically with lunch breaks lasting between 30 to 60 minutes. Understanding the unique working hours structure in Spain is crucial for businesses, and having local expertise on board can greatly influence business operations, ensuring seamless adaptation to the local work culture.

Spanish **tax regulations:** Ensuring compliance

Maintaining tax compliance is crucial when hiring in Spain to avoid legal issues and financial penalties. Complying with tax regulations also showcases your commitment to ethical business practices and transparency — something an increasing number of employees value in today's working landscape.

Key points to consider include:

- ✔ **Social security contributions:** Employers and employees both contribute to Spain's social security system.
- ✔ **VAT:** Value Added Tax (VAT) regulations are also relevant for businesses operating in Spain. Currently, the standard VAT rate in Spain is 21%, with reduced rates of 10% and 4%.
- ✔ **Withholding obligations:** Employers are responsible for withholding income tax from employee salaries. Non-residents obtaining employment income in Spain are taxed at the general NRIT rate of 24%. For residents of other EU member states or EEA countries with which there is an effective exchange of tax information, the rate is 19%.
- ✔ **Income tax rates:** Spain's income tax rates vary depending on income levels and other factors.
- ✔ **National and regional taxes:** In Spain, taxes are managed by both national and regional tax authorities. National tax authorities oversee matters like income tax and corporate tax, while regional tax authorities handle specific regional taxes and local property taxes. Which authority applies to you as an employer depends on your business location and the type of tax in question. This is why it's essential to speak with a specialist (with direct knowledge of Spanish tax compliance) before making assumptions about your tax liability.

Tax rates in Spain:

Understanding Spain's tax rates is essential for residents and businesses operating in the country. However, because these rates are subject to change at both national and regional levels, it's advisable to seek guidance from tax experts to ensure full tax compliance and optimise your tax situation in Spain.

For the tax year 2023, the tax rates for income in Spain are as follows:

PERSONAL INCOME TAX

- ✓ Up to 12,450€: 19%
- ✓ 12,451€ — 20,200€: 24%
- ✓ 20,201€ — 35,200€: 30%
- ✓ 35,201€ — 60,000€: 37%
- ✓ 60,001€ — 300,000€: 45%
- ✓ Over 300,000€: 47%

CORPORATE TAX

- ✓ The standard corporate tax rate is 25%.
- ✓ Effective 1 January 2023, companies with turnover less than EUR 1 million are subject to a reduced corporate tax rate of 23%.
- ✓ For newly established companies, a special reduced rate of 15% applies for the first profitable year and the following year.

(Information correct as of August 2023)

Spanish social security: Insights on benefits

Social security contributions in Spain support various benefits and services.
These payments cover access to:

- ✓ Coverage for work-related incapacity due to sickness or injury
- ✓ Unemployment benefits
- ✓ Maternity and paternity care and child allowance
- ✓ Benefits for non-work-related illness or injury incapacity
- ✓ Retirement and pension
- ✓ Public healthcare

As of August 2023, social security contributions and conditions include:

- ✓ **Employers:** Contributions of 23.6% of an employee's salary, including pension and healthcare contributions.
- ✓ **Employees:** Contributions of 4.7% for pension and 1.55% for healthcare.
- ✓ **Means testing:** Some social assistance programs in Spain are means-tested. This means financial resources and even family income might be taken into account when determining your eligibility for benefits.
- ✓ **Self-employed:** Contribution rates vary depending on income and other factors.

(Information correct as of August 2023)

Universal benefits in Spain:

If you find yourself without enough income to meet your basic needs and haven't contributed sufficiently to the Spanish social protection system, there are non-contributory benefits available to help Spanish residents get by.

As an overseas employer, familiarity with universal benefits can help you provide support and guidance to Spanish employees during times of financial hardship and also enhance your reputation as a responsible employer.

Some universal benefits in Spain include:

- ✓ **Non-contributory invalidity pension:** For individuals with disabilities and limited financial resources.
- ✓ **Minimum living income:** Designed for those facing financial vulnerability, and struggling to cover their essential expenses.
- ✓ **Non-contributory retirement pension:** For retirees with insufficient means.
- ✓ **Housing benefits:** Aimed at easing the burden of rental costs for individuals with limited means.
- ✓ **Benefit for Spanish nationals residing abroad and returnees:** Available to Spanish nationals living abroad and those who have returned to Spain after residing abroad for at least ten years.
- ✓ **Social services:** Additional support to enhance the living conditions, particularly for the elderly and individuals with disabilities.



Time off: Annual leave, sick pay, and parental leave

Determining paid time off for employees in Spain can be complex due to variations in federal and regional laws. However, some key points to note include:

- ✓ **Parental leave:** Paid 100% by social security, parental leave is a fundamental entitlement for all employees in Spain. Provided that you notify your employer appropriately, they are not permitted to deny your request for leave or a modified work schedule (as of August 2023, parental leave is set at 16 weeks for both mothers and fathers).
- ✓ **Annual leave:** Paid annual leave is also a statutory right, typically ranging from 22 to 30 paid days per year, depending on factors like seniority and industry.
- ✓ **Sick leave:** Employers must provide paid sick leave (an average of 15-20 days per year) but may be reimbursed by the social security department at a later stage.
- ✓ **Public holidays:** Spain observes multiple public holidays, and employees are generally entitled to paid leave on these days.



Tip: Employers must align their policies with applicable laws and regulations, considering both federal and regional requirements. This is why collaborating with an expert in Spanish hiring is essential for maintaining compliance.

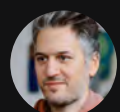
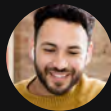
(Information correct as of August 2023)

Spanish employment terms: Employer responsibilities

Transparency in employment terms is crucial when hiring in Spain. Ensuring clarity in employment contracts helps employers and employees maintain a healthy working relationship and avoid legal issues.

This is why it can be a good idea to consider leveraging Teamed's expertise to assist in crafting clear and compliant employment contracts, providing an added layer of confidence for both parties. **Key responsibilities for overseas employers to clarify include:**

- ✔ **Job description:** Clearly define job roles, responsibilities, and performance expectations.
- ✔ **Compensation:** Specify salary structures, bonuses, benefits, and any additional perks.
- ✔ **Working hours:** Detail projected working hours, flexible work arrangements, and provisions for work-life balance.
- ✔ **Annual leave:** Communicate paid leave entitlements, including vacation, personal days, and public holidays.
- ✔ **Sick leave:** Outline the sick leave policy, reporting procedures, and medical documentation requirements.
- ✔ **Termination process:** Provide information on notice periods for both employer and employee in case of termination.



Empower your global workforce with Teamed

Manage the hiring & retention of global teams with ease

Offering you global employment software with a human touch and local expertise, Teamed is your new partner in global workforce management.

Teamed simplifies the process of hiring and managing a global team, from helping you adhere to local regulations to facilitating seamless payroll processes. Whether you're an established company or a budding startup, Teamed's advanced (but user-friendly!) platform offers reliable advantages such as:

- ✓ **Global payroll expertise:** Seamlessly process payroll in 50+ currencies, ensuring accurate and compliant payments worldwide.
- ✓ **Effortless onboarding:** Onboard employees within hours, not weeks, with our same-day onboarding process.
- ✓ **Local tax & compliance:** Rely on Teamed's legal experts to navigate the intricate web of global regulations, mitigating risks and ensuring full compliance.
- ✓ **Tailored employee experiences:** From benefits to onboarding, create a localised approach for your global employees — enhancing satisfaction and engagement.
- ✓ **24/5 support:** Get expert assistance whenever you need it, addressing the complexities of global hiring with a dedicated (and human!) support team.
- ✓ **Dedicated local experts:** Benefit from 1-1 employee onboarding, guided by local experts who understand the nuances of each region.
- ✓ **Transparent pricing:** Access critical features without the hefty costs, with plans starting from £199 per month.

With Teamed as your partner, you can start hiring in Spain quickly and easily!

Start using the Teamed platform in just three easy steps:



Step 1

Kick off call &
platform access.



Step 2

1-1 employee
onboarding call with one
of our local experts.




Step 3

Contract sent to the
employee to be signed
and complete. Sorted!

Learn more

To learn more about Teamed's global employment software and kickstart your global hiring journey with our in-house expertise, speak with one of our experts today!

Alternatively, try out our employment cost calculator to compare employment costs in different countries and discover how hiring overseas can benefit you.



Speak to an expert

Calculate