

Employment Update

**Main developments in the field of social security introduced by Royal
Decree-Law 18/2019 of 27 December**

January 2nd 2020

With regard to Royal Decree-Law 18/2019 adopting certain measures in the field of taxation, cadastre and social security

1.- New developments in pension revaluation.

a.- Public Pensions:

The pensions paid by the Social Security system in its contributory mode will not increase by 0.25% at the beginning of 2020, as the application of Article 58 of the Revised Text of the General Social Security Act, which provides for annual revaluation, has been suspended.

Likewise, the Government is urged to apply, once the 2020 General State Budget Bill is approved, a 0.9% revaluation of pensions with retroactive effect to 1 January 2020. Until then, Social Security pensions will maintain the same amount as they had been recognised at 31 December 2019.

2.- News on the bases and types of Social Security contributions.

The extension of some of the measures adopted in Royal Decree-Law 28/2018, of 28 December (RDL 28/2018), regarding the bases and rates of social security contributions, is provisionally envisaged, guaranteeing their applicability from 1 January 2020, given the temporary nature of this regulation signed in 2019.

Specifically, it is agreed to maintain certain contribution rules provided for in Articles 3 to 9 of the aforementioned legal text, relating to the following aspects:

a.- Maximum contribution base:

The maximum amount of the social security contribution base remains, as in 2019, at 4,070.10 euros per month (Article 3 of RDL 28/2018).

b.- Special System for Domestic and Agricultural Employees:

The rules on social security contributions and protective action provided for in Articles 4 and 5 of RDL 28/2018 shall continue to apply.

c.- Self-employed workers under the Special Regime for Self-employed Workers (RETA)

The minimum contribution base remains the amount of EUR 944.40 per month for self-employed workers under the RETA and self-employed workers included in the first contribution group referred to in Article 10 of Law 47/2015 of 21 October regulating the social protection of workers in the maritime-fishing sector (Article 6(1) of RDL 28/2018).

The remaining contribution bases will be determined in accordance with the rules laid down in Article 6(2) to (8) of RDL 28/2018.



As regards the contribution rates applicable to the workers indicated, the provisions of Articles 7 and 8 of RDL 28/2018 will continue to apply, but taking into account the provisions of the second transitional provision of the same legal text.

The bases and rates of contribution in the Special System for Self-Employed Workers in Agriculture, established in the RETA, will continue to be those established in Article 9 of RDL 28/2018.

d.- Decrease in the number of accidents at work:

The application of the system of reduction of contributions due to professional contingencies is suspended for companies that have considerably reduced their labour accident rate, as provided for in Royal Decree 231/2017, of 10 March, for contributions generated during the year 2020.

e.- Legal rules for social security contributions:

Likewise, and insofar as it does not oppose the provisions of RDL 28/2018 on social security contributions, the application of Order TMS/83/2019 of 31 January, which develops the legal rules for social security contributions, unemployment, protection on cessation of activity, the Wage Guarantee Fund and vocational training for the 2019 financial year, will be maintained.

Due to their special importance, the following aspects should be highlighted:

In 2020, the contribution rates are maintained at the amounts set for 2019, that is: **i) common contingencies:** 23.6% borne by the company and 4.7% borne by the employee; **ii) overtime derived from force majeure:** 12% borne by the company and 2% by the employee and, **finally iii) remaining overtime:** 23.6% borne by the company and 4.7% by the employee.

For the contribution for contingencies of **accidents at work and occupational diseases**, the rates of the premium rate established in the fourth additional provision of Law 42/2006, of 28 December, on the General State Budget for 2007, must be applied.

Likewise, the obligation to make contributions during IT situations, risk during pregnancy, risk during breastfeeding and enjoyment of maternity or paternity leave periods is maintained, even if these represent a cause for suspension of the employment relationship. In these cases, the contribution base applicable for common contingencies will be that corresponding to the month prior to the date of the situation in which the worker is involved.

3.- News on access to retirement pension with the prerequisites of Law 27/2011.

The application of the regulations on retirement pensions in their different forms, access requirements, conditions and rules for determining benefits prior to Law 27/2011 is expected to be extended during the year 2020, in the following cases

i.- Persons whose employment relationship has been terminated before 1 April 2013, provided that after that date they are not included again in any of the Social Security system regimes;

ii.- Persons whose employment relationship has been suspended or terminated as a result of decisions adopted in employment regulation proceedings, or by means of collective agreements in any field, company collective agreements, as well as decisions adopted in bankruptcy proceedings, approved, signed or declared prior to 1 April 2013, provided that the termination or suspension of the employment relationship occurs prior to 1 January 2021.

4.- News on Minimum Interprofessional Wage (SMI).

The amount of the SMI for any activity in agriculture, industry and services, regardless of the sex or age of the workers, remains at 30 euros/day or 900 euros/month, as the effects of Royal Decree 1462/2018 of 21 December establishing the SMI for 2019 have been extended until the Royal Decree establishing the SMI for 2020 is approved.

You can read the [full decree](#) for more information.

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