

## Employment Update

### 2021 Employment Developments

#### Law 11/2020 of 30th December on the General State Budget for 2021

8th January 2021

On 31 December 2020, Law 11/2020 of 30th December on the 2021 General State Budget (LGPE) was published in the BOE (Official State Gazette)

Following is an analysis of the main employment and social security issues.

SUMMARY TABLE: MAIN UPDATES	
<p>1.- New developments in terms of pension revaluation. -arts. 35 and 44 LPGE-</p>	<p>The pensions paid by the social security system in its contributory mode, as well as the pensions of the State's passive classes, will have an increase of 0.9% in 2021.</p> <p>By 2021, the amount of retirement and disability pensions in the non-contributory social security system will increase by 1.8% with respect to the amount established for 2020, leaving an annual amount of 5,639.20 euros.</p>
<p>2.- Developments on the basis and types of contributions to the Social Security. -art. 119 LPGE-</p>	<p><b>a.- Maximum and minimum limits of the quotation bases:</b> The maximum limit of the contribution base in each of the Social Security Schemes is set, as from 1 January 2021, at the amount of <b>4,070.10 euros per month</b>. On the other hand, the minimum ceiling of the contribution bases according to professional categories and contribution groups will be increased from 1 January 2021 with respect to the current ones, by the same percentage as the increase in the minimum interprofessional wage.</p> <p><b>b.- The contribution rates in the General Social Security Regime</b> shall be, during the year 2021, the following (i) for <u>common contingencies</u>, <b>28.30%</b>, with 23.60% being borne by the company and 4.70% by the worker; (ii) for <u>occupational accident</u> and <u>occupational illnesses</u>, the percentages of the premium rate included in the fourth additional provision of Law 42/2006, of 28th December, on the State Budget for 2007 shall be applied, with the resulting premiums being borne exclusively by the company.</p> <p><b>c.-</b> During 2021, for the <b>additional contribution for overtime</b> established in article 149 of the rewritten text of the General Law on Social Security, the following contribution rates shall be applied (i) in the case of overtime due to force majeure, 14.00 percent, of which 12.00 percent shall be borne by the company and 2.00 percent by the worker; (ii) in the case of overtime not included in the preceding paragraph, 28.30 percent, of which 23.60 percent shall be borne by the company and 4.70 percent by the worker.</p> <p><b>d.- Special System for Household and Agricultural Employees:</b> in this Special System, the contribution bases and rates for household employees shall be, as of 1st January 2021, the following: the contribution bases for common and professional contingencies shall be determined by applying the increase in the minimum interprofessional wage in 2021 to the monthly pay scale and the corresponding contribution base in force in 2020.</p> <p>In the Special System for Employed Agricultural Workers the minimum contribution bases, according to professional categories and contribution groups, will be</p>



	<p>increased, as from 1st January 2021, and with respect to those in force on 31 December 2020, by the same percentage as the increase in the minimum interprofessional wage and the maximum bases, regardless of professional category and contribution group, as from 1st January 2021, will be 4,070.10 euros per month.</p> <p><b>e.- Self-employed workers under the Special Regime for Self-employed Workers ("RETA"):</b> In the RETA the maximum and minimum bases, as from 1st January 2021, shall be as follows: the maximum contribution base shall be 4,070.10 euros per month. The minimum contribution base will be 944.40 euros per month.</p>
<p>3.- News in relation to self-employed workers who have had 10 or more workers in their service. -art. 119 LPGE-</p>	<p>For self-employed workers who at some point in 2020 and simultaneously have had several employees equal to or greater than 10 in their service, the minimum contribution base from 1st January 2021 will be 1,214.10 euros per month.</p> <p>Said minimum contribution base shall also be applicable as of 1st January 2021 to the self-employed workers included in this special regime under the provisions of article 305.2.b) and e) of the revised text of the General Social Security Act, except for those who initially register with it during the first 12 months of their activity, as of the date of effect of said registration.</p>
<p>4.- Developments in recruitment: Contract for dual university training. - F.P.. 36° LPGE-</p>	<p>A new section 3 is included in Article 11 of the Workers' Statute Law, which regulates the contract for dual university training, which will be formalised within the framework of the educational cooperation agreements signed by the universities with the collaborating entities. The purpose of this contract is to provide university students with professional qualifications through a system of alternating paid work in a company with training activity received as part of their university education, to encourage a greater relationship between this and the worker's training and apprenticeship.</p> <p>The regulations shall develop the system of delivery and the characteristics of worker training in university centres and companies, its recognition, in a regime of alternation with actual work, as well as the financing of the training activity and with the remuneration of the contracted worker, which shall be set in proportion to the actual working time, in accordance with the provisions of the collective agreement, and in no case below the minimum inter-professional wage.</p> <p>The social security protection action of the worker hired for dual university training shall include all protectable contingencies and benefits, including unemployment. Likewise, they shall be entitled to coverage by the Wage Guarantee Fund.</p>
<p>5.- Developments in the recruitment of permanent-seasonal workers in the tourism sector. -A.P. 122° LPGE-</p>	<p>With effect from 1st January 2021 and for an indefinite period of time, companies, excluding those belonging to the public sector, engaged in activities within the tourism sector, as well as commerce and the hotel and catering industry, provided that they are linked to the said tourism sector, which generate productive activity in the months of February, March and November of each year and who start and/or maintain in employment during those months workers with discontinuous fixed-term contracts, may apply a reduction in those months of 50% of the company's social security contributions for common contingencies, as well as for the concepts of joint collection of Unemployment, FOGASA and Vocational Training for those workers.</p>
<p>6.- News on FOGASA's responsibility. - F.P. 36° LPGE-</p>	<p>Article 33(2) of the Workers' Statute Act is reworded as follows:</p> <p><i>"2. The Wage Guarantee Fund in the cases of the previous paragraph shall pay compensations acknowledged as a consequence of a judgment, order, judicial conciliation act, or administrative resolution in favour of the workers</i></p>



	<p>due to dismissal or extinction of the contracts in accordance with Articles 50, 51, 52, 40.1, and 41. 3 of this law, and of the termination of contracts in accordance with Articles 181 and 182 of Royal Legislative Decree 1/2020, of 5th May, which approves the revised text of the Bankruptcy Law, as well as compensation for the termination of temporary or fixed-term contracts in the cases that are legally appropriate. In all cases with the maximum limit of one year's salary, except in the case of Article 41.3 of this regulation, which would be 9 monthly payments, without the daily salary, the basis of the calculation, being able to exceed double the minimum interprofessional salary, including the proportional part of the extraordinary payments. The amount of the compensation, for the sole purpose of payment by the Salary Guarantee Fund in the event of dismissal or termination of contracts, shall be calculated based on thirty days per year of service, with the limit set out above".</p>
<p>7.- New developments in pension plan contributions: Limits on the reduction in the tax base for contributions to social security schemes. -Art. 62 LPGE-</p>	<p>As a joint maximum limit for the reductions provided for in paragraphs 1, 2, 3, 4 and 5 of Article 51 of the Personal Income Tax Act (Reductions for contributions to social security systems), the lower of the following amounts shall apply: (a) 30 per cent of the sum of the net income from work and economic activities received individually in the financial year, or; (b) 2,000 euros per annum</p> <p>This limit will be increased by 8,000 euros, provided that such increase comes from business contributions. The own contributions that the individual entrepreneur makes to employment pension plans or to mutual benefit societies, of which he is in turn a promoter and participant or a mutual benefit society, as well as those made to company social benefit plans or collective dependency insurance of which he is in turn the policy holder and insured, shall be considered as company contributions, for the purposes of calculating this limit.</p> <p>In addition, 5,000 euros per annum for the premiums for group dependency insurance paid by the company.</p>
<p>8.- News on economic indicators. -A.P. 49° and 121° LPGE-</p>	<p>In 2021, the <b>legal interest rate</b> is set at 3%.</p> <p>The <b>Public Indicator of Income from Multiple Effects</b> ("IPREM") will have the following amounts during 2021: (a) The <u>daily</u> IPREM, 18.83 euros; (b) The <u>monthly</u> IPREM, 564.90 euros, and; (c) The <u>annual</u> IPREM, 6,778.80 euros.</p>
<p>9.- News on the rebate for changing jobs for occupational risk prevention reasons. -A.P. 123° LPGE-</p>	<p>With effect from the entry into force of this Act and indefinite validity, in cases where, by reason of <b>risk during pregnancy or risk during breastfeeding</b>, the worker, under the provisions of Article 26 of Law 31/1995 of 8 November on the Prevention of Occupational Hazards, is assigned to a different job or function and is compatible with its status, a 50% discount on the employer's social security contribution for common contingencies shall be applied to the contributions accrued during the period of stay in the new job or function.</p> <p>This same rebate shall be applicable in those cases where, due to occupational disease, under the terms and conditions provided for by law, there is a change of job in the same company or the performance, in another different company, of a job compatible with the worker's status.</p>
<p>10.- New developments in the field of reduction of the labour accident rate. -A.P. 127° LPGE-</p>	<p>The application of the system of reduction of contributions for professional contingencies is suspended for companies that have considerably reduced their rate of labour accidents, as provided for in Royal Decree 231/2017, of 10th March, for contributions generated during 2021. This suspension will be extended until the Government reforms the Royal Decree, which must be carried out during 2021.</p>



<p>11.- Developments in self-employment on a multi-activity basis. -Art. 119 LPGE-</p>	<p>Self-employed workers who, as a result of employed work carried out simultaneously, pay contributions under a multiple-activity regime, and who do so during the year 2021, taking into account both the contributions made under this special regime and the employer's contributions and those corresponding to the worker under the social security regime corresponding to his employed activity, shall be entitled to reimbursement of 50% of the excess in which their contributions for common contingencies exceed the amount <b>12,917.37 euros</b> with a maximum of 50% of the contributions paid into this special regime due to their contributions for common contingencies.</p> <p>In such cases, the General Treasury of the Social Security shall proceed to pay the corresponding refund in each case before 1st May of the following financial year, except when there are special features in the contribution that prevent it from being made in this period or it is necessary for the interested party to provide data, in which case the refund shall be made after this date.</p>
<p>12.- News on contributions in cases/conditions of compatibility of retirement and work. -F.P. 38° LPGE-</p>	<p>While working as an employee compatible with the retirement pension, under the terms established in Article 214 of the General Social Security Act, employers and workers shall contribute to the General Scheme only for temporary incapacity and professional contingencies, according to the regulations governing said Scheme, although they shall be subject to a special pension contribution of 9% on the basis of contributions for common contingencies, not computable for benefit purposes, which shall be distributed among them, with the employer paying 7% and the worker 2%.</p>
<p>13.- Developments in the area of contributions for the contingency of professional training. -A.P. 124° LPGE-</p>	<p>Companies that <b>pay contributions for the vocational training contingency will have a credit</b> for the training of their employees, which will result from applying to the amount paid by the company for vocational training during the year 2020 the percentage of bonus that, depending on the size of the company, is established below: (a) Companies with 6 to 9 workers: 100 per cent; (b) From 10 to 49 workers: 75 per cent; (c) From 50 to 249 workers: 60 per cent, and; (d) From 250 or more workers: 50 per cent.</p> <p>Companies with 1 to 5 workers will have a bonus credit per company of 420 euros, instead of a percentage. Likewise, companies that open new work centres during 2021, as well as newly created companies, when they incorporate new workers into their staff, will be able to benefit from a training credit, under the terms established in the regulations. In these cases, the companies will have a credit of bonuses whose amount will result from applying the amount of 65 euros to the number of newly incorporated workers.</p>
<p>14.- News on the moratorium on the payment of contributions by means of deferment with the Social Security. -F.P. 43° LPGE-</p>	<p>Companies and self-employed workers included in any social security regime, provided they are up to date with their social security obligations and have no other deferral in force, may request a deferral either directly or through their authorised representatives to act through the Electronic Data Referral System in the field of Social Security (RED System), the moratorium on the payment of social security and joint collection contributions, which are due between December 2020 and February 2021 in the case of companies, and between January and March 2021 in the case of self-employed workers. This postponement will be in accordance with the terms and conditions generally established in the Social Security regulations, with the following particularities:</p> <ol style="list-style-type: none"> <li>1) A 0.5% interest rate will be applied instead of the rate provided for in Article 23.5 of the General Law on Social Security, approved by Royal Legislative Decree 8/2015, of 30th October.</li> <li>2) Requests for postponement must be made before the first ten calendar days of each of the statutory deadlines for payment of the accrued</li> </ol>



	<p>instalments referred to above have elapsed.</p> <ol style="list-style-type: none"><li>3) The deferment shall be granted by means of a single resolution, regardless of the months involved, and shall be paid back in monthly instalments and shall establish a repayment period of 4 months for each monthly payment requested, without exceeding a total of 12 monthly payments. The first payment will be made from the month following that in which it was issued.</li><li>4) The request for this postponement shall determine that the debtor shall be up to date with his social security obligations, with respect to the quotas affected by the same, until the corresponding resolution is issued.</li></ol>
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The LPGE will enter into force on the day following its publication in the Official State Gazette, i.e., on 1st January 2021.

It should also be recalled that on 30th December 2020 Royal Decree-Law No 38/2020 of 29th December adopting measures to adjust the United Kingdom of Great Britain and Northern Ireland to the status of third country following the end of the transitional period provided for in the Agreement on the withdrawal of the United Kingdom of Great Britain and Northern Ireland from the European Union and the European Atomic Energy Community was published, of 31st January 2020, through which - see Additional Provision Six - the validity of Royal Decree 231/2020, of 4th February, which sets the minimum interprofessional wage for 2020 ("RD 231/2020") at 33.66 euros/day, or 950 euros/month, is extended.

The extension of RD 231/2020, and therefore of the Minimum Interprofessional Wage for 2020, will remain in force until the Royal Decree fixing the minimum interprofessional wage for 2021 is approved within the framework of social dialogue.

You can see the entire Royal Decree on this [link](#).

We hope that these comments will be useful, and, in any case, the Andersen Employment Practice is at your disposal to clarify any doubts you may have in this regard.

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