

# LET'S GET STARTED GUIDE

Spain





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# INTRODUCTION

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## BACKGROUND OF THIS DOCUMENT

Managing HR services in Spain requires a solid understanding of local employment laws and employee rights. This guide helps you navigate the key HR processes and highlights the most important topics to consider when hiring in Spain.

Think of it as a **practical checklist** to ensure you meet all essential legal and HR requirements, while laying the groundwork for a fair, attractive, and well-structured workplace.

At Parakar, we're here to support you every step of the way. If you have questions or need tailored advice, don't hesitate to reach out to our HR experts, Kayleigh and Kim. With the help and expertise from the Spanish team, they'll support you in navigating Spanish employment regulations and set up a smooth, compliant operation tailored to your business needs.



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## 1. EMPLOYMENT LAW & CONTRACTS

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### Understanding Spanish Employment Law

To remain compliant when hiring in Spain, it's essential to familiarize yourself with local labour regulations. A few key themes are:

1. Written employment contracts are mandatory.
2. Fixed-term contracts: These are strictly regulated and only permitted in specific situations, such as temporary workload increases or project-based work. Misuse can lead to the contract being reclassified as permanent.
3. Part-time employees: Must receive equal treatment compared to full-time staff in terms of pay, benefits, and working conditions. Discrimination based on working hours is prohibited.
4. Labour inspections: Spain has a robust labour inspection system. Companies are frequently audited for compliance with employment and occupational health regulations. Non-compliance can result in significant fines, contract reclassifications, or other legal consequences.

### Key employment terms and conditions for drafting contracts

A few key things to include when drafting contracts for Spanish employees are:

- **Salary:** Must comply with at least the national minimum wage (Salario Mínimo Interprofesional – SMI), which is adjusted annually. Collective agreements may also stipulate higher minimums depending on the sector or region.
- **Working Hours:** Standard full-time work is 40 hours per week, with a maximum of 9 hours per day unless otherwise agreed. Overtime is regulated and typically compensated with time off or additional pay.
- **Probation Period:** Usually up to 6 months for qualified or managerial positions. For other roles, the maximum is typically 2 months, unless extended by a collective agreement.
- **Notice Periods:** Generally 15 working days, but this may vary depending on the employment contract or applicable collective labour agreement (See Section 5. Convenio Colectivo).

## Leave in Spain

It is advisable to familiarize yourself with the various types of employee leave recognized in Spain before proceeding with any hiring decisions:

- **Parental Leave:** Both parents are entitled to 16 weeks of paid parental leave, with at least 6 weeks taken immediately after birth. This leave is non-transferable and funded by Social Security.
- **Sick Leave:** Employees are entitled to temporary incapacity leave, which is paid partly by the employer and Social Security, depending on the duration.
- **Annual Leave:** Employees are entitled to a minimum of 30 calendar days (22 working days) of paid vacation per year.
- **Other Leave:** Includes marriage leave, bereavement leave, leave for relocation and various other types of leaves - or civic duties (jury duty, elections, etc.), - often detailed in collective agreements.

## 2. SOCIAL SECURITY & INSURANCES

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### Mandatory insurance

All employers must register employees with the **Spanish Social Security System (Seguridad Social)**. This implies that:

- Employers must make regular contributions on behalf of their employees. These contributions cover general social security benefits as well as employment-related risks.
- Employers are responsible for covering short-term sick leave (typically the first 3 days). From day 4 onward, Social Security covers the employee's salary, often through coordination with a **Mutual Insurance Company (Mutua)**.
- Separate contributions to a Mutua are mandatory. They manage workplace accidents, occupational illnesses, and long-term sick leave.

Through the **Seguridad Social**, workers are covered for:

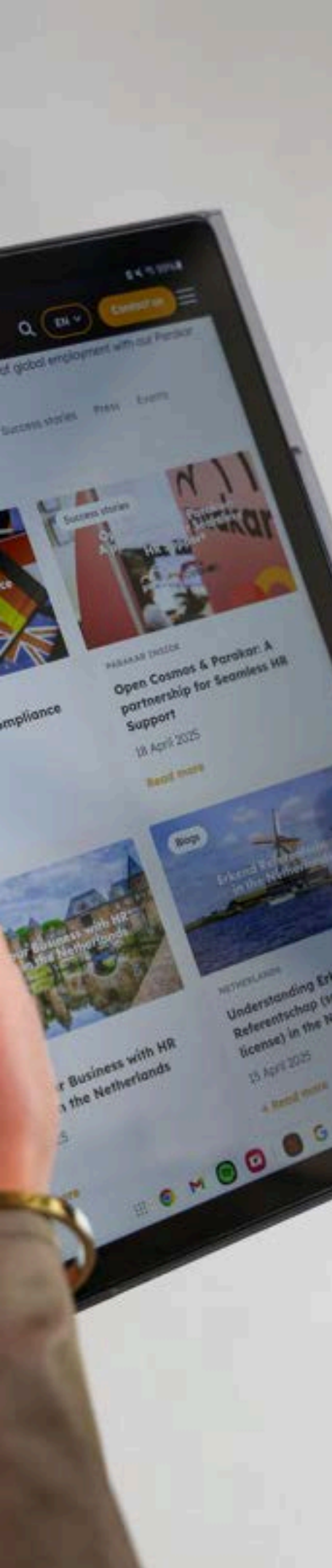
- Public Healthcare
- Unemployment Benefits
- Retirement/Pension
- Temporary or permanent disability
- Maternity/Paternity Leave
- Work-related accidents and occupational illnesses
- → Must be covered via Mutual Insurance Companies (Mutuas)

### Optional insurance

Some employers choose to offer additional private insurance as part of a competitive employment package. These may include:

- Private health insurance (to reduce waiting times and offer premium care)
- Supplementary accident insurance
- Disability insurance
- Life insurance
- Dental or vision plans

*Please note that insurance requirements depend on various factors, such as the industry, and should therefore always be assessed carefully on a case-by-case basis.*



### 3. REGISTRATION AND PAYROLL ADMINISTRATION

To legally employ staff in Spain, several essential steps must be completed to set up and manage payroll correctly:

#### Step 1: Register Your Company

- Spanish Commercial Registry (Registro Mercantil): Officially register your business to begin legal operations in Spain.
- Tax Identification Number (NIF): Apply for a NIF through the Spanish Tax Agency (Agencia Tributaria) to handle tax obligations.

#### Step 2: Register as an Employer

- Social Security (Seguridad Social): Enroll your company as an employer to contribute to employee health, pension, and unemployment systems.
- Obtain a Contribution Account Code (Código de Cuenta de Cotización) for each work location.

#### Step 3: Set Up Payroll Administration

- Work with a payroll provider like Parakar or use Spanish-compliant payroll software to ensure accurate calculation of:
  - Gross salaries
  - Tax withholdings
  - Social security and Mutua contributions
  - Statutory benefits and deductions

#### Step 4: Salary Payment

- Wages must be paid monthly, usually by the end of the month.
- Timely, accurate salary transfers are essential for legal compliance and employee trust.

#### Step 5: Monthly Payroll Obligations

- Payslips: Provide employees with a detailed monthly payslip (nómina) showing gross pay, deductions, and net salary.
- Social Security Contributions & Tax Declarations: Submit monthly declarations to Social Security and the Tax Agency on time.

## 4. TERMINATION

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**Terminating an employee in Spain requires careful adherence to legal procedures to avoid liability. Familiarize with the rules around dismissal:**

### Justified dismissal:

- Serious misconduct
- Poor performance
- Economic or organizational needs (objective dismissal)

It must be supported with proper documentation and reasoning. Typically, a 15-day notice period is required. If no notice is given, employers must provide payment in lieu of notice equal to the salary for that period. If a dismissal is deemed unfair or lacks legal justification, the employee may be reinstated to their position, or receive compensation.

### Severance pay:

- Disciplinary dismissal: No severance pay is owed if the dismissal is legally justified due to serious misconduct. However, the employee can challenge the dismissal in court. If the judge finds it unjustified, severance (or reinstatement) applies.
- Objective (justified) dismissal: Severance is owed: 20 days' salary per year of service, capped at 12 months. The employer must provide written justification and follow procedural requirements.
- Unjustified dismissal: If the dismissal is found unfair or lacks proper justification, severance increases to 33 days' salary per year of service, capped at 24 months. Alternatively, the court may order reinstatement (with back pay).

### Collective redundancy (Despido Colectivo)

When multiple employees are dismissed for economic or organizational reasons within a 90-day period, collective redundancy procedures must be followed. The thresholds for triggering this process depend on company size, such as 10 or more employees in smaller companies, 10% of the workforce in mid-sized companies, or 30 or more in larger companies. Employers are required to formally consult with employee representatives, notify labour authorities, and provide written justification. Severance typically amounts to 20 days' salary per year of service, capped at 12 months. Failure to comply with these rules may lead to the dismissals being deemed unfair or invalid.

## 5. COLLECTIVE BARGAINING AGREEMENTS (CONVENIOS COLECTIVOS)

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In Spain, Collective Bargaining Agreements (**Convenios Colectivos**) play a central role in shaping employment conditions. They often supplement or override general labor laws and are legally binding in many sectors.

- **Widespread and often mandatory**: These agreements apply automatically based on sector, location, or company size—even if the employer hasn't actively signed one.
- **Key areas covered**: Salary scales, working hours, leave entitlements, overtime pay, benefits, and training requirements.
- **Legal compliance**: Employers must identify and comply with the relevant agreement. Non-compliance can result in penalties or disputes.





## 6. PENSION

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All employees in Spain are automatically enrolled in the state pension scheme, funded through mandatory social security contributions by both employer and employee. While company pension schemes are not legally required, some employers offer voluntary private or supplementary pension plans as part of a competitive benefits package.

## 7. EMPLOYEE HANDBOOK & WORKPLACE POLICIES

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Although not legally mandatory, having an employee handbook is highly recommended for clarity and compliance. It should outline essential policies such as:

- Sick leave and time-off procedures
- Remote or hybrid work guidelines
- Disciplinary and grievance procedures

Spanish law also requires that employers take active steps to prevent and address workplace harassment and bullying. This includes implementing a dignity-at-work policy, clear reporting mechanisms, and fair investigation procedures—particularly for gender-based harassment.

## 8. VACATION DAYS

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The minimum of entitlement of vacation days differs per CBA (e.g. **23 working days**). In addition, employees benefit from up to **14 public holidays per year**, depending on the region (national, regional, and local). These public holidays do not count toward the 30-day vacation entitlement.

*Be sure to track accruals and expiration of vacation days accurately.*

## 9. OCCUPATIONAL HEALTH & ABSENCE MANAGEMENT

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Employers are obligated to ensure a safe and healthy workplace by offering occupational health services, including medical checks and risk prevention measures.

- Sick pay: The first 3 days are usually unpaid unless otherwise covered by a Collective Bargaining Agreement (CBA) or employer policy.
- From day 4 onward, the employee receives a portion of their salary, covered by Social Security.
- Long-term absences must be supported by formal medical certification and are managed in coordination with Mutual Insurance Companies (Mutuas).



## 10. RISK ASSESSMENT (PREVENCIÓN DE RIESGOS LABORALES)

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Employers are legally required to conduct a written risk assessment under the [Occupational Risk Prevention Act](#).

- This includes drafting a prevention plan, identifying workplace hazards, and implementing preventive measures.
- Periodic medical check-ups and occupational health surveillance are also required, either through an in-house or external prevention service.

## 11. DATA PROTECTION (LOPDGDD & GDPR)

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Spain follows the EU's General Data Protection Regulation ([GDPR](#)), along with the national data protection law ([LOPDGDD](#)).

- Employers must handle employee data responsibly, ensuring transparency and proportionality.
- Any employee monitoring (e.g. cameras, email tracking) must be clearly justified, communicated in advance, and included in company policies.

## 12. WORKING WITH CONTRACTORS / FREELANCERS

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- The use of independent contractors (autónomos) is legal, but authorities monitor strictly and regularly for false self-employment ([falsos autónomos](#)).
- If a freelancer works under similar conditions as an employee, such as fixed hours, under supervision, or using company tools, they may be reclassified as an employee.
- Misclassification can result in significant fines and back payments for social security contributions.

## 13. WORKS COUNCIL / EMPLOYEE REPRESENTATION

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- Employee representation becomes mandatory in companies with 10 or more employees.
- From 10–49 employees, workers may elect delegates. From 50 employees and up, a works council (comité de empresa) is required.
- These bodies have legal rights to information, consultation, and participation in key decisions.
- Elections must follow strict legal procedures and timelines.



## 14. WORK PERMITS & IMMIGRATION

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- Non-EU nationals must obtain a work visa and residence permit before starting employment in Spain. If married/family to a EU citizen they can obtain an EU card that allows them to work in Europe.
- Employers are typically required to demonstrate that no suitable EU/EEA candidate is available.
- The EU Blue Card is an alternative for highly qualified professionals, offering a streamlined process and enhanced mobility rights.

## 15. TAX BENEFITS FOR EXPATS (BECKHAM LAW)

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Foreign professionals relocating to Spain may benefit from the "Beckham Law" tax regime, designed to attract international talent.

- Eligible individuals can opt to pay a flat income tax rate of 24% on Spanish-sourced income up to €600,000 per year (47% for income above that), for a maximum of six years.
- One key advantage is that foreign-sourced income is generally excluded from Spanish taxation under this regime.
- The application must be submitted within six months of registering with the Spanish Social Security system.

*Note: This scheme is only available to employees and some company directors, not to freelancers or self-employed individuals.*



## 16. CONFIDENTIAL ADVISOR (DELEGADO DE PREVENCIÓN)

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In Spain, companies with more than five employees must appoint a Delegado de Prevención (Prevention Delegate) to represent workers on matters related to occupational health and safety. While there is no legal obligation to appoint a general confidential advisor for personal or interpersonal issues (e.g. bullying, harassment), it is considered good practice, especially in larger or international organizations, to establish a trusted contact for conflict resolution and employee well-being.

## 17. COMPETITIVE EMPLOYMENT PACKAGE

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To attract and retain talent in Spain, it's essential to offer a well-rounded employment package that aligns with local expectations:

- **13th and 14th Month Salaries:** It is common practice to split annual salary into 14 payments—one in June or July (summer bonus) and another in December (Christmas bonus). These are often mandated by Collective Bargaining Agreements (CBAs).
- **Flexible Working:** While not legally required in all cases, flexible hours and remote work options have become increasingly expected—especially post-COVID. Offering hybrid models can boost employee satisfaction and broaden your talent pool.
- **Private Health Insurance:** Though not mandatory, company-sponsored private health insurance is a highly valued perk, particularly in competitive or senior roles. It can complement the public healthcare system and improve overall employee well-being.

## 18. ONBOARDING & OFFBOARDING

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- **Onboarding:** Employees must be registered with the Social Security system (Seguridad Social) before starting work. Make sure contracts are signed, tax details are collected, and occupational risk assessments are shared.
- **Offboarding:** Upon termination, employers must provide a certificate of employment (certificado de empresa) and ensure that all final payments, including unused vacation pay, are settled. Depending on the reason for termination, severance pay or other formalities may also apply.

## 19. RECRUITMENT

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Follow legal requirements and ethical practices when recruiting:

- Choose appropriate channels for job postings, ensuring equal access to opportunities.
- You may use recruitment agencies, but if using temporary work agencies (ETTs), ensure they are properly licensed and that agency workers are treated equally under Spain's Temporary Agency Work regulations.
- Conduct fair and non-discriminatory selection processes, with structured interviews and clear evaluation criteria.
- Clearly communicate terms, benefits, and expectations during the hiring process to ensure transparency and compliance with labor law.





## 20. DIVERSITY, INCLUSION & EQUITY

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Fostering a diverse and inclusive workplace is crucial for innovation, employee engagement, and long-term business resilience. In Spain, while inclusive practices are encouraged across all organizations, certain obligations are legally mandated—particularly for larger companies.

Companies with 50 or more employees are required to develop and publish Equality Plans (**Planes de Igualdad**). These plans must be negotiated with employee representatives and should include:

- Equal pay measures and pay audits to detect and address wage gaps
- Anti-discrimination policies covering hiring, promotion, training, and working conditions
- Gender equity actions aimed at improving representation in leadership and decision-making roles
- Career development strategies to ensure equal opportunities for all genders
- Timelines and measurable objectives, with regular monitoring and reporting

In addition, Spain enforces pay transparency and gender equality laws, requiring employers to keep gender-disaggregated salary records and justify any wage gaps. Larger companies must also conduct gender pay audits as part of their Equality Plans, ensuring ongoing accountability and compliance with national equality standards.



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## DISCLAIMER

This document is for informational purposes only and should not be used as solid legal advice. We advise that with respect to any issue or problem the advice of a knowledgeable attorney is taken. Parakar can facilitate such consultation at a cost. The opinions expressed in or through this document are the opinions of the individual author and may not reflect the opinions of the firm or any individual attorney.

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## OUR SPANISH EXPERT TEAM

While Kayleigh and Kim are your primary points of contact and will guide you through your HR matters, they are supported by a dedicated team of Spanish HR operations experts. Meet the team:



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