THE OECD TAX-BENEFIT MODEL FOR SPAIN

Description of policy rules for 2020
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This version: October 2020

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Preface

The OECD Tax-Benefit model (TaxBEN) incorporates detailed policy rules for tax liabilities and benefit entitlements as they apply to individual families across OECD member countries. Its main use is to calculate the amount of taxes that people are liable to pay, and the government transfers they are likely to receive, in different family and labour-market situations. The model includes legal policy rules that are relevant for people of working age (from 18 years old until the statutory retirement age) and their dependent children. Income tax liabilities and benefit entitlements are calculated for a broad set of stylised families (“vignettes”, e.g. a married couple of 40 years old adults with two children aged 4 and 6 respectively). Model users are free to change many of these characteristics, including the age and number of children, activity status of adult members, hours of work, current and past earnings levels, unemployment duration, social contribution records, and housing-related costs. The model has been updated annually since the early 2000s for most OECD countries.

TaxBEN’s policy scope includes the main taxes on employment income (earnings), social contributions paid by individuals and by employers, as well as the main cash and near-cash benefit programmes, including unemployment benefits, family benefits, guaranteed minimum-income benefits, cash housing benefits, and employment-conditional benefits. Disability benefits and support for non-parental childcare are included for a sub-set of countries and years. The most important policy areas that are outside the scope of the model include taxes on wealth (e.g. taxes on immovable and unmovable properties, including local taxes), indirect taxes (e.g. VAT), early-retirement benefits, sickness benefits and in-kind transfers (e.g. free school meals, subsidised transport and free health care).

This report describes the taxes and benefits that are included in the model and focuses on the rules that are relevant for family, individual and labour-market circumstances that are within its scope. The Annex provides information on other cash benefits and taxes on employment incomes that can be relevant for some members of the working-age population, but which are not included in the TaxBEN model.

Reading notes and further details on the scope and content of this report

- The reference date for policy rules described in this report is January 1, 2020.
- Guidelines for completing and updating this report are provided here.
- Further information on the model, model results, and references to reports and analytical uses is available on the project website. A methodology document provides a full description of the assumptions underlying the model as well as the model choices that users can make. The symbol "" in the text provides a link to a glossary of technical terms.
- Section titles provide the names of taxes and benefits as they are known in the country: first, direct translation into English, then (in brackets) the name in the national language.
- In order to facilitate transparency between the policy descriptions and the associated code in the model, the variable names are indicated in the text in square brackets using the following format: [variable name], for instance: [AW] for the average wage.
The OECD Tax-Benefit model for Spain: Policy rules in 2020

1. Reference wages and other reference amounts

Average wage [AW]: The OECD tax-benefit model uses Secretariat estimates of the average full-time wage (available here)\(^1\). If Secretariat estimates are not available yet, the model uses wage projections obtained by applying forecasted wage growth\(^2\) to the latest available wage estimate.

The minimum wage [MIN] in 2020 is EUR 950 per month. The annual minimum wage is computed by multiplying the minimum monthly wage (as of January 1, 2020) by 14 (including 13\(^{th}\) and 14\(^{th}\) payments), i.e. EUR 950 × 14 = EUR 13 300.

Another useful reference amount in Spain is an index used for the calculation of social benefits: Public Income Rate of Multiple Effects, IPREM (Indicador Público de Renta de Efectos Múltiples). In 2020 IPREM is EUR 537.84 per month, that is EUR 7 529.76 yearly (including 13\(^{th}\) and 14\(^{th}\) bonus payments).

2. Unemployment benefits

2.1. Unemployment insurance benefit (Prestación por desempleo)

Variable names: [UI\_p; UI\_s]\(^3\)

This is an unemployment insurance benefit. It is contributory, not means-tested and taxable.

2.1.1. Eligibility conditions

Age: The same age limits as those which give right to work: from 16 years old and up to the retirement age (if the employee is entitled to retirement pension).

Contribution/employment history: A claimant must have contributed for a minimum of 360 days in the 6 years preceding the legal status of unemployment.

Special regulations during the COVID-19 Pandemic (not modelled in TaxBEN): From 23 April to 31 December 2020, rules concerning the minimum contribution period for unemployment benefits have been suspended for workers who have been furloughed or had their working hours temporarily reduced as a result of COVID-19: These workers are not subject to the minimum contribution period.

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1 Average Wages are estimated by the Centre for Tax Policy and Administration at the OECD. For more information on methodology see the latest Taxing Wages publication.

2 Wage growth projections are based on OECD Economic Outlook and EU economic forecasts (for non-OECD countries).

3 Each section lists the variable names (in TaxBEN outputs) which correspond to the benefits/taxes described in the section. Variable names ending with “\_p” refer to the first adult (so-called “principal” adult) whereas those ending with “\_s” refer to the spouse.
The rules governing the minimum contribution period have also been suspended for intermittent permanent employees whose work has been interrupted or who cannot return to work due to COVID-19. These workers can receive unemployment benefit for a maximum of 90 days, even if they do not meet the minimum contribution period requirement. From 7 May 2020, performing artists who are unemployed and who have paid contributions for 20-54 days between 14 March 2019 and 14 March 2020 will be eligible for contributory benefits for 120 days. Those who have paid contributions for more than 54 days will be eligible for benefits for 180 days. (outside the scope of TaxBEN).

**Behavioural requirements and related eligibility conditions:** Unemployment benefit can be paid to a registered unemployed person, who is available and actively seeking work, ready to accept a suitable placement and to take part in activities addressed to raise their employability, and who did not leave his/her previous job voluntarily. TaxBEN assumes that these compulsory conditions are satisfied when simulating unemployment benefits.\(^4\)

2.1.2. **Benefit amount**

The benefit is 70% of the reference earnings for a maximum period of 180 days, then 50% of the reference earnings for the remaining period of the benefits. The reference earnings correspond to the average contribution base over the last 180 days. Maximum contribution base is EUR 4 070.10 per month.

The benefit is limited by a maximum and a minimum that depend on the number of dependent children (below 26). Both are expressed as a percentage of IPREM.

<table>
<thead>
<tr>
<th>Family type</th>
<th>% of IPREM*</th>
<th>Minimum</th>
<th>Maximum</th>
</tr>
</thead>
<tbody>
<tr>
<td>With no dependent children</td>
<td>80</td>
<td>175</td>
<td></td>
</tr>
<tr>
<td>With dependent children</td>
<td>107</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>One child</td>
<td>-</td>
<td>200</td>
<td></td>
</tr>
<tr>
<td>Two or more children</td>
<td>-</td>
<td>225</td>
<td></td>
</tr>
</tbody>
</table>

* (including 13th and 14th bonus payments)

The maximum and minimum are reduced in proportion to hours worked in the previous job in relation to the company’s normal full working day (not modelled).

2.1.3. **Benefit duration**

The total duration increases with the contribution record. There is no waiting period. The benefit is paid 30 days per month.

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\(^4\) Details on behavioural requirements and sanction provisions for unemployment benefits are reported in regularly updated companion reports, see [Immervoll and Knotz (2018)](https://example.com), [Langenbucher (2015)](https://example.com) and [Venn (2011)](https://example.com).
Any benefit receipt between the 18th of March and the 30th of September does not count towards the maximum duration of unemployment benefits (that is, the maximum duration of unemployment benefits has effectively been extended by 6.5 months for workers laid off because of the COVID-19 pandemic, not modelled in TaxBEN). This extension does not apply to those who were already unemployed before the 18th of March. Intermittent permanent employees who have not paid sufficient contributions will be paid unemployment benefit for up to 90 days. If intermittent permanent employees who cannot work due to COVID-19 are eligible for unemployment benefit on the basis of their contributions or continue to pay them, they will also be eligible to receive benefit for 90 days if they become involuntarily unemployed again, i.e. their entitlement is not exhausted for 90 days (outside the scope of TaxBEN).

2.1.4. Means test
The benefit is not means-tested.

2.1.5. Tax treatment
The benefit is taxable and subject to social security contributions. For a person on unemployment insurance, the total social security contributions amount to 4.7% of the reference earnings, subject to lower and upper ceilings.

2.1.6. Interactions with other components of the tax-benefit system
Accumulation with social security pensions or cash benefits is not possible unless these had been compatible with the work that gave rise to the unemployment benefit.

2.1.7. Combining benefit receipt and employment/starting a new job
The benefit is not compatible with full-time employment. However, it is compatible with part-time activity as an employee. In this case, the benefit is reduced in the same proportion as the number of daily working hours.

A job creation programme allows people to receive unemployment benefits while starting self-employment, for a maximum of 270 days (not covered by the model).
2.2. **Unemployment assistance benefit** (Prestaciones por desempleo de nivel asistencial)

Variable names: [UA]  

2.2.1. **Eligibility conditions**

**Age:** From 16 years old and up to the retirement age (if the employee is entitled to retirement pension).

**Other conditions:** Unemployed individuals are eligible in the following cases:

- Workers who have exhausted their unemployment insurance benefits and have family responsibilities;  
- Workers older than 45 years who have exhausted their unemployment insurance benefits and do not have family responsibilities;  
- Workers who did not meet the minimum contribution period to be eligible for contributory unemployment benefits;  
- Workers over 52;  
- Spanish emigrant workers in certain cases *(not covered by the model)*;  
- People released from prison *(not covered by the model)*;  
- Workers (partially) recovered from disability *(not covered by the model)*.

2.2.2. **Benefit amount**

It is 80% of the IPREM, excluding the bonus payments.

2.2.3. **Benefit duration**

There is a waiting period of one month, except if the unemployed did not meet the minimum contribution requirement to be eligible for contributory unemployment benefits.

The duration of the benefit depends on the relevant condition for entitlement:

- Workers who have exhausted their unemployment benefit entitlements and have family responsibilities: 18 months, except
  - Unemployed over the age of 45 who were entitled to at least 4 months of Unemployment benefits: 24 months
  - Unemployed over the age of 45 who were entitled to at least 6 months of Unemployment Benefits: 30 months
- Workers aged 45 years or older who have exhausted their benefit entitlements but do not have family responsibilities: 6 months.
- Workers who are not entitled to Unemployment Benefits:
  - If they have family responsibilities
    - one month of benefit entitlement for each month of contributions for contribution periods between three and six months

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5 Family responsibilities mean having to support a spouse and/or children under 26 years of age or those who are older and disabled.
- 21 months for contribution periods of six months or longer.
  - For those without family responsibilities: six months for contribution periods of at least six months.
- Workers aged 52 and over: until they reach the statutory retirement age.

2.2.4. Means test
Per capita household income (including all income sources except family benefits) should not exceed 75% the minimum wage on a monthly basis, excluding 13th and 14th bonus payments. The same condition applies to individual earnings of any adult in the family.

2.2.5. Tax treatment
The benefit is taxable. However, the recipients for whom unemployment assistance is the sole income source do not pay taxes. The benefit is not subject to social security contributions.

2.2.6. Interactions with other components of the tax-benefit system
Accumulation with social security pensions or cash benefits is not possible unless these had been compatible with the work that gave rise to the unemployment benefit.

2.2.7. Combining benefit receipt and employment/starting a new job
The unemployment assistance is compatible with part-time work as an employee. The allowance is reduced in the same proportion as the number of daily working hours. Earnings cannot exceed 75% of the minimum wage on a monthly basis, excluding 13th and 14th bonus payments.

2.3. Active Integration Income (Renta Activa de Inserción)
Variable names: [UA]6
This programme aims to help long-term unemployed to get back to work. It is non-contributory, means-tested and taxable.

2.3.1. Eligibility conditions
Age: 45-65 years old.
Other conditions: Unemployed who have exhausted or are not eligible to unemployment insurance and/or assistance benefits and have been registered at the Employment Office for at least 12 months.
There are some special categories of unemployed who are not obliged to meet all the above requirements (not modelled).

6 TaxBEN implements the Prestaciones por desempleo de nivel asistencial, and not the Renta Activa.
2.3.2. \textit{Benefit amount}

It is 80\% of the IPREM, excluding the bonus payments.

2.3.3. \textit{Benefit duration}

Maximum duration is 11 months.

2.3.4. \textit{Means test}

Per capita household income (including all income sources except family benefits) should not exceed 75\% of the minimum wage on a monthly basis, excluding 13\textsuperscript{th} and 14\textsuperscript{th} bonus payments. The same condition applies to individual earnings of any adult in the family.

2.3.5. \textit{Tax treatment}

The benefit is taxable but is not subject to social security contributions.

2.3.6. \textit{Interactions with other components of the tax-benefit system}

Accumulation with social security pensions or cash benefits is not possible unless these had been compatible with the work that gave rise to the unemployment benefit.

2.3.7. \textit{Combining benefit receipt and employment/starting a new job}

The unemployment assistance is compatible with part-time work as an employee. The allowance is reduced in the same proportion as the number of daily working hours. Earnings cannot exceed 75\% of the minimum wage on a monthly basis, excluding 13\textsuperscript{th} and 14\textsuperscript{th} bonus payments.
Box 1. COVID-19 emergency measure: unemployment protection for intermittent permanent employees and workers with permanent jobs *(not modelled in TaxBEN)*

The right to reinstatement of benefits received by intermittent permanent employees and workers with permanent jobs involving periodic work which recurs on specific dates who have had their work interrupted or who may not be able to return to work on the scheduled date as a result of COVID-19.

*Entitlement and eligibility conditions*

Claimants must be intermittent permanent employees or workers with permanent jobs involving periodic work which recurs on specific dates who have had their work interrupted or who may not be able to return to work on the scheduled date as a result of COVID-19, and who comply with the eligibility requirements for making an initial claim or resume claiming contributory unemployment benefit or unemployment allowance.

*Benefit amounts*

When workers again become involuntarily unemployed, they will again be eligible to receive what was paid to them during the COVID-19 pandemic, for a maximum of 90 days.

Those who, after receiving the benefits or allowances to which they were entitled, have received the special benefit for intermittent permanent employees will not be entitled to this reinstatement.

This measure will remain in force until 31 December 2020.

*Benefit duration*

Ninety days of reinstatement of the unemployment benefit or allowance received and entitlement exhausted during the COVID-19 pandemic.

*Means test*

This benefit is not subject to means testing if it is payable as contributory unemployment benefit.

In all cases, however, for workers to be eligible to make an initial claim or resume claiming benefits, their income must not exceed 75% of the national minimum wage, calculated on a monthly basis (excluding the two extra payments). In some cases, the worker must also have family responsibilities.

*Tax treatment*

The benefit is included in the tax base for income tax.

If contributory benefit is received, the managing entity will be responsible for Social Security contributions and will deduct and pay the worker’s contribution for common contingencies. There are no Social Security contributions in the case of unemployment allowance for intermittent permanent employees, except for workers aged over 52 years who meet a set of requirements.

*Interactions with other components of the tax-benefit system*
It is compatible with any Social Security benefits that are compatible with the work concerned. It is, however, counted as income for the purposes of unemployment allowance.

Combining benefit receipt and employment/starting a new job

Contributory benefit and unemployment allowance are compatible with other work as an employee which is held on the date of eligibility for the benefit or started later, but the corresponding wages count as income for the purposes of unemployment allowance. If applicable, the amount of the benefit or allowance is deducted from the part corresponding to the hours worked.
Box 2. COVID-19 emergency measure: contributory unemployment protection for intermittent permanent workers (not modelled in TaxBEN)

Contributory unemployment benefit for intermittent permanent employees and workers with permanent jobs involving periodic work which recurs on specific dates who have had their work interrupted or who may not be able to return to work as a result of COVID-19.

Entitlement and eligibility conditions

Claimants must be intermittent permanent employees or workers with permanent jobs involving periodic work which recurs on specific dates who have had their work interrupted or who may not be able to return to work on the scheduled date as a result of COVID-19, who either have not paid sufficient contributions to be eligible for contributory unemployment benefit or have exhausted their entitlements.

Benefit amounts

The monthly amount of the new benefit will be equal to the last monthly payment of the contributory benefit received.

Benefit duration

From the date on which the work was interrupted or on which the worker did not return to work, until the benefit reinstatement, for a maximum of 90 days. This measure will remain in force until 31 December 2020.

Means test

This benefit is not subject to means testing.

Tax treatment

The benefit is included in the tax base for income tax.

The managing entity will be responsible for Social Security contributions and will deduct and pay the worker’s contribution for common contingencies.

Interactions with other components of the tax-benefit system

It is compatible with any Social Security benefits that are compatible with the work concerned.

Combining benefit receipt and employment/starting a new job

It is compatible with other work as an employee which is held on the date of eligibility for the benefit or started later, subject to deduction of the amount corresponding to the hours worked.

It is not compatible with self-employed work.
Box 3. COVID-19 emergency measure: contributory unemployment benefit for workers in ERTEs (not modelled in TaxBEN)

Contributory unemployment benefit for workers who have been furloughed or who have had their working hours reduced as a result of COVID-19.

Entitlement and eligibility conditions

Claimants must be working and paying Social Security contributions on the date on which their employer implements a furlough scheme or reduces their working hours. There is no minimum period of contributions.

Claimants must be affected by a furlough scheme or reduction in working hours – due to force majeure or for economic, technical, organizational or production-related reasons directly arising from COVID-19 – of which the labour authority has been notified by their employer. Cases of force majeure must be verified by the labour authority.

Workers who are eligible for retirement may receive the benefit.

Benefit amounts

If the worker is furloughed for a specific number of days or a specific period, the amount of unemployment benefit will be equivalent to 70% of the regulatory base, which is the average of the base for paying unemployment contributions in the company concerned during the previous 180 days, or for a lesser time period, immediately prior to their involuntarily unemployment, within the general minimum and maximum thresholds established for contributory unemployment benefit.

If the worker’s working hours are reduced, they will be awarded the part corresponding to the hours during which they are unemployed, after calculating 70% of the regulatory base.

If workers again become involuntarily unemployed in the future, the benefits they have received as a result of the pandemic will not be counted as received.

Benefit duration

From the date on which workers are furloughed or their working hours are reduced as a result of COVID-19 until the end of the scheme, which is currently planned for 30 September 2020.

Workers will be paid for the days or hours during which, within the timeframe established in the paragraph above, they are unemployed.

Means test

This benefit is not subject to means testing.

Tax treatment

The benefit is included in the tax base for income tax.

Both the employer and the worker will continue to pay Social Security contributions as before. The employer deducts and pays the worker’s contribution corresponding to the periods of work, while the managing entity does the same with respect to the days or periods during which the worker is unemployed.

Interactions with other components of the tax-benefit system
It is compatible with any Social Security benefits that are compatible with the work concerned.

*Combining benefit receipt and employment/starting a new job*

It is compatible with other work as an employee which is held on the date of eligibility for the benefit or started later, subject to deduction of the amount corresponding to the hours worked. It is not compatible with self-employed work.
Box 4. COVID-19 emergency measure: contributory unemployment benefit for performing Artists (not modelled in TaxBEN)

Special eligibility for contributory unemployment protection for performing artists as a result of the COVID-19 pandemic.

Entitlement and eligibility conditions

Claimants must have worked and paid Social Security contributions as a performing artist for at least 20 days between 15 March 2019 and 14 March 2020 and must not have claimed ordinary contributory benefit.

Workers must not have reached the normal age of eligibility for contributory retirement pension unless they have paid sufficient contributions. They must be registered as jobseekers with the competent public employment service and must have signed the commitment to activity. They must submit their application between 7 May 2020 and the end of 2020.

Claimants are not required to be paying Social Security contributions or in an equivalent situation.

Benefit amounts

The monthly amount of the unemployment benefit is EUR 775.83 gross.

Benefit duration

If the claimant has actively worked as a performing artist for 20-54 days between 15 March 2019 and 14 March 2020, the contributory benefit will have a duration of 120 days. If, within the same timeframe, the artist has actively worked for 55 days or more, the contributory benefit will have a duration of 180 days.

Means test

The beneficiary must not be receiving any benefits derived from employed or self-employed work and must verify that they are not working as employed or self-employed persons, nor receiving these benefits.

Tax treatment

The benefit is included in the tax base for income tax.

During receipt of this benefit, the managing entity will be responsible for paying the employer’s Social Security contribution and will deduct and pay the worker’s contribution for common contingencies.

Interactions with other components of the tax-benefit system

It is not compatible with any other benefit, minimum income, integration income, social assistance or similar aid granted by any Public Administration.

Combining benefit receipt and employment/starting a new job

It is incompatible with both employed and self-employed work, even if the work is part-time, and is also incompatible with any benefits derived from employed or self-employed work.
Box 5. COVID-19 emergency measure: special allowance for domestic workers (*not modelled in TaxBEN*)

**Entitlement and eligibility conditions**

Claimants must have registered and have been paying contributions under the Special Scheme for Domestic Workers within the General Social Security Scheme prior to 14 March 2020 and, for reasons beyond their control due to the COVID-19 health crisis, from 15 March 2020, have temporarily ceased to provide services, whether totally or partially, at one or several homes, or their employment contract has been terminated.

Applications can be submitted up to one month after the end of the state of emergency, which took place on 21 June 2020.

**Benefit amounts**

The amount of the special allowance is equal to 70% of the regulatory base corresponding to the work that they have ceased to perform. This amount must not exceed the national minimum wage, excluding the part corresponding to the 2 extra payments (EUR 950).

If working hours have been reduced, the amount will be proportional to the hours which are not worked.

**Benefit duration**

From the date on which the worker ceases or reduces their work or the date of termination of their employment contract, until one month after the end of the state of emergency, i.e. until 21 July 2020.

**Means test**

The sum of the benefit and any income earned through other employed or self-employed work, including domestic work, must not exceed the national minimum wage, excluding the part corresponding to the 2 extra payments.

**Tax treatment**

The benefit is included in the tax base for income tax.

During receipt of the benefit, no Social Security contributions will be paid by either the managing entity or workers.

*Interactions with other components of the tax-benefit system*

It is not compatible with temporary incapacity benefit.

*Combining benefit receipt and employment/starting a new job*

It is compatible with employed or self-employed work, including work which qualifies as active work under the Special Scheme for Domestic Workers in the General Social Security Scheme, provided that the sum of the income derived from the benefit and the other paid work does not exceed the national minimum wage, excluding the part corresponding to the 2 extra payments.
Box 6. COVID-19 emergency measure: special unemployment allowance for termination of temporary contracts (not modelled in TaxBEN)

**Entitlement and eligibility conditions**

Claimants must be unemployed due to involuntary termination between 15 March and 21 June 2020 of a fixed-term employment contract which was valid for two months or longer, working as an employee and paying unemployment contributions, and who have not paid sufficient contributions to be eligible for contributory unemployment benefit or unemployment allowance. Seasonal workers on the Social Security Special Scheme for Agricultural Workers are not eligible for this benefit.

Claimants must be registered as jobseekers with the public employment services and have signed a commitment to activity.

Applications for the benefit must be made between 5 May 2020 and 21 July 2020.

**Benefit amounts**

The 80% of the public income index indicator monthly rate in force.

**Benefit duration**

One month.

**Means test**

The worker’s income must not exceed 75% of the national minimum wage, calculated on a monthly basis (excluding the two extra payments).

**Tax treatment**

The benefit is included in the tax base for income tax.

Social Security contributions will not be paid during receipt of the benefit.

**Interactions with other components of the tax-benefit system**

It is not compatible with minimum income, integration income, social assistance or similar aid granted by any Public Administration.

**Combining benefit receipt and employment/starting a new job**

It is incompatible with both employed and self-employed work, except part-time work, in which case it can be made compatible if the worker wishes, provided that they still meet the income requirement after factoring in wages. If applicable, the part corresponding to the hours worked will be deducted from the amount of the benefit.
2.4. **Extraordinary unemployment allowance** *(Subsidio extraordinario por desempleo)*

Variable names: [UA]⁷

This programme aims to help long-term unemployed to get back to work. It is non-contributory, means-tested and taxable. It replaces previous programmes: professional requalification programme *(Programa de recualificación professional, PREPARA)* and Employment activation programme *(Programa de activación para el empleo, PAE)*, which which could not be extended beyond May 2018, due to the rulings of the Constitutional Court.

2.4.1. **Eligibility conditions**

**Age:** The same age limits as those, which give right to work: from 16 years old and up to the retirement age (if the employee is entitled to retirement pension).

**Other conditions:** Unemployed who have exhausted or are not eligible to unemployment insurance and/or assistance benefits and have been registered at the Employment Office.

2.4.2. **Benefit amount**

It is 80% of the IPREM, excluding the bonus payments.

2.4.3. **Benefit duration**

Maximum duration is 6 months.

2.4.4. **Means test**

Per capita household income (including all income sources except family benefits) should not exceed 75% the minimum wage on a monthly basis, excluding 13th and 14th bonus payments. The same condition applies to individual earnings of any adult in the family.

2.4.5. **Tax treatment**

The benefit is taxable but is not subject to social security contributions.

2.4.6. **Interactions with other components of the tax-benefit system**

Accumulation with social security pensions or cash benefits is not possible unless these had been compatible with the work that gave rise to the unemployment benefit.

2.4.7. **Combining benefit receipt and employment/starting a new job**

The unemployment assistance is compatible with part-time work as an employee. The allowance is reduced in the same proportion as the number of daily working hours. Earnings cannot exceed 75% of the minimum wage on a monthly basis, excluding 13th and 14th bonus payments.

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⁷ TaxBEN implements the Prestaciones por desempleo de nivel asistencial, and not Subsidio extraordinario por desempleo.
3. Social assistance and housing benefits

Each of the 17 Autonomous Communities (regions) of Spain and the cities of Ceuta and Melilla has its specific law regulating the minimum income scheme. The general principle is to alleviate poverty by means of cash benefits for basic living needs. The model simulates the minimum income scheme in Madrid. Nine autonomous communities (Andalucía, Aragon, Asturias, Catalonia, Galicia, Madrid, Murcia, Basque Country and Valencian Community) have also a supplement to the minimum income in support of housing rent, illness, etc. TaxBEN currently models minimum income benefits in four regions: Madrid (default region), Andalucía, Catalonia, and Galicia.\(^8\)

3.1. Minimum Insertion Income in Madrid (Rentá Mínima de Inserción en Madrid)

Variable name: \([\text{SA}]\)

This is a non-contributory benefit, means-tested and not taxable.

3.1.1. Eligibility conditions

**Age:** Older than 25 and younger than 65 or in any of the following circumstances:

a) have members of the household younger than 18 years old or with disabilities  
b) be an orphan (or in situation of serious social exclusion) between 18 and 25 years old (not modelled)  
c) be over 65 years old, live alone, do not receive public pension (not modelled).

**Other conditions:** The claimant must be available and actively seeking work (if she/he is able to work). He or she has to be registered in the municipality of the region during the previous year of the application. TaxBen assumes these conditions are satisfied.

3.1.2. Benefit amount

The maximum amount of the benefit, depending on the number of members in the household, is the following (from 2016 to 2020):

<table>
<thead>
<tr>
<th>Household size</th>
<th>Monthly amount (EUR)</th>
<th>Supplement (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1(^{st}) person</td>
<td>400</td>
<td>-</td>
</tr>
<tr>
<td>2(^{nd}) person</td>
<td>512.67</td>
<td>112.67</td>
</tr>
<tr>
<td>3(^{rd}) person</td>
<td>587.78</td>
<td>75.11</td>
</tr>
</tbody>
</table>

The maximum amount a family unit (household) can receive is linked to the number of family members.

In Madrid, the amount per month per family cannot be over EUR 655.20 in 2016, EUR 707.70 in 2017, EUR 735.90 in 2018 and EUR 900.00 in 2019 and EUR 950.00 in 2020.

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\(^8\) Information on regional minimum income benefits largely draw on the EUROMOD country report for 2019, [https://www.euromod.ac.uk/sites/default/files/country-reports/year10/Y10_CR_ES_Final.pdf](https://www.euromod.ac.uk/sites/default/files/country-reports/year10/Y10_CR_ES_Final.pdf), [last accessed 26\(^{th}\) of July 2020].
3.1.3. Benefit duration
It lasts as long as the conditions are fulfilled.

3.1.4. Means test
Qualifying households must pass an income test based on economic resources: income from work, pensions, and some benefits and subsidies of the state or any other title, as well as complementary pensions and food, net of social security contributions. Family benefits are not taking into account for the means-test. There is also an asset test. In general, the household income cannot exceed the amount of the minimum income the household apply to. For income below the threshold, the difference between the household income and the threshold is paid (that is, the benefit is withdrawn against any other income on a one-to-one basis).

3.1.5. Tax treatment
The benefit is not taxable.

3.1.6. Interaction with other components of the tax-benefit system
It is complementary with other subsidies, such as employment, housing subsidies, and other public benefits, throughout all autonomous communities.

3.1.7. Combining benefit receipt and employment/starting a new job
In general, this benefit is compatible with income from work (with certain exceptions), although with limits on the amount of income received. The benefit is withdrawn with respect to income from employment on a one-to-one basis.

3.2. Minimum Income Guarantee in Andalucía (Renta Mínima de Inserción Social)
Variable name: [SA]
This is a non-contributory benefit, means-tested and not taxable.

3.2.1. Eligibility conditions
Age: 25-65
Other conditions: Legal residence in Andalucía for at least a year.

3.2.2. Benefit amount
The maximum amount of the benefit, depending on the number of members in the household, is the following:

9 TaxBEN assumes that the household does not hold any wealth.
<table>
<thead>
<tr>
<th>Household size</th>
<th>Monthly amount (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>419.52</td>
</tr>
<tr>
<td>2</td>
<td>473.30</td>
</tr>
<tr>
<td>3</td>
<td>527.08</td>
</tr>
<tr>
<td>4</td>
<td>580.87</td>
</tr>
<tr>
<td>5</td>
<td>634.65</td>
</tr>
<tr>
<td>6*</td>
<td>688.44</td>
</tr>
</tbody>
</table>

* Rate for 3 minors or more – must be the case for a 6 person household in TaxBEN.

The maximum benefit is 779.87.

3.2.3. *Benefit duration*

It lasts as long as the conditions are fulfilled.

3.2.4. *Means test*  
Qualifying households must pass an income test based on economic resources: income from work net of social security contributions, pensions, and some benefits and subsidies of the state or any other title. Family benefits are not taking into account for the means-test. The benefit is the difference between total household income net of social security contributions and taxes and the maximum monthly amounts depending on household composition.

3.2.5. *Tax treatment*

Not Taxable.

3.2.6. *Interaction with other components of the tax-benefit system*  
It is complementary with other subsidies, such as employment, housing subsidies, and other public benefits, throughout all autonomous communities.

3.2.7. *Combining benefit receipt and employment/starting a new job*

In general, this benefit is compatible with income from work (with certain exceptions), although with limits on the amount of income received. The benefit is withdrawn with respect to income from employment on a one-to-one basis.

3.3. *Minimum Income Guarantee in Catalonia* (*Renta Garantizada de Ciudadania*)

Variable name: [SA]

This is a non-contributory benefit, means-tested and not taxable.

3.3.1. *Eligibility conditions*

**Age:** 25-65

**Other conditions:** Legal residence in Catalonia for at least a year.
3.3.2. **Benefit amount**

The maximum amount of the benefit, depending on the number of members in the household, is the following:

<table>
<thead>
<tr>
<th>Household size</th>
<th>Monthly amount (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>644</td>
</tr>
<tr>
<td>2</td>
<td>956</td>
</tr>
<tr>
<td>3</td>
<td>1029</td>
</tr>
<tr>
<td>4</td>
<td>1102</td>
</tr>
<tr>
<td>5</td>
<td>1181</td>
</tr>
<tr>
<td>6</td>
<td>1181</td>
</tr>
</tbody>
</table>

The maximum benefit is EUR 1,122.

3.3.3. **Benefit duration**

It lasts as long as the conditions are fulfilled.

3.3.4. **Means test**

Qualifying households must pass an income test based on economic resources: income from work, pensions, and some benefits and subsidies of the state or any other title.

3.3.5. **The benefit is the difference between total household income net of social security contributions and family benefits and the maximum monthly amounts depending on household composition. Tax treatment**

Not Taxable.

3.3.6. **Interaction with other components of the tax-benefit system**

It is complementary with other subsidies, such as employment, housing subsidies, and other public benefits, throughout all autonomous communities.

3.3.7. **Combining benefit receipt and employment/starting a new job**

In general, this benefit is compatible with income from work (with certain exceptions), although with limits on the amount of income received. The benefit is withdrawn with respect to income from employment on a one-to-one basis.

3.4. **Minimum Income Guarantee in Galicia** (*Renda de Integración Social de Galicia, RISGA*)

Variable name: [SA]

This is a non-contributory benefit, means-tested and not taxable.

3.4.1. **Eligibility conditions**

**Age:** Between 25 and 65.

**Other conditions:** Legal residence in Galicia for at least a year.
3.4.2. *Benefit amount*

The amount of the benefit, depending on the number of members in the household, is the following:

<table>
<thead>
<tr>
<th>Household size</th>
<th>Monthly amount (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>403.38</td>
</tr>
<tr>
<td>2</td>
<td>478.67</td>
</tr>
<tr>
<td>3</td>
<td>543.22</td>
</tr>
<tr>
<td>4</td>
<td>597.00</td>
</tr>
<tr>
<td>5</td>
<td>650.78</td>
</tr>
<tr>
<td>6</td>
<td>704.57</td>
</tr>
</tbody>
</table>

The maximum benefit without dependent children is EUR 645, and with dependent children 726.

3.4.3. *Benefit duration*

It lasts as long as the conditions are fulfilled.

3.4.4. *Means test*

Qualifying households must pass an income test based on economic resources: income from work, pensions, and some benefits and subsidies of the state or any other title.

The benefit is the difference between total household income net of social security contributions and family benefits and the maximum monthly amounts depending on household composition.

3.4.5. *Tax treatment*

Not Taxable.

3.4.6. *Interaction with other components of the tax-benefit system*

It is complementary with other subsidies, such as employment, housing subsidies, and other public benefits, throughout all autonomous communities.

3.4.7. *Combining benefit receipt and employment/starting a new job*

The benefit is withdrawn with respect to income from employment on a one-to-one basis.

3.5. *Minimum Income Scheme* (*Ingreso Mínimo Vital, not modelled in TaxBEN*)

In the context of the social crisis generated by the Covid-19 pandemic, the Minimum Income Scheme (MIS) has been launched, as a matter of urgency, as a mechanism to guarantee minimum income at the national level, in force since June 1, 2020.

The MIS is a non-contributory social benefit for the most vulnerable families. It is conceived as a social integration policy whose objective is to eradicate extreme poverty and redistribute wealth. It involves the granting of a monthly income per household, compatible with other benefits or income, based on a minimum threshold according to the type of household, the objective of which is to offer a guaranteed minimum income to
people between 23 and 65 years of age with incomes lower than those guaranteed income. The IMV is associated with employment and social inclusion policies, to be developed in coordination with the Autonomous Communities and the City Councils. Its results are to be evaluated annually by the Independent Authority for Fiscal Responsibility (Airef).

3.5.1. Eligibility conditions

**Age:** recipients must be between 23 and 65 years old, or above 18 if they have dependent children.

Legal and effective residence in Spain: at least one year uninterrupted stay immediately prior to application (except for victims of gender violence, trafficking and sexual exploitation).

3.5.2. Benefit amount

The benefit amount is the difference between the guaranteed income and the total household income. The benefit is be paid on a monthly basis and the guaranteed income varies by type of household, with a bonus for single parent households.

<table>
<thead>
<tr>
<th>Household Type</th>
<th>Guaranteed Income baseline (1)</th>
<th>Household weighting factor (2)</th>
<th>Effective Guaranteed income (3=1*2)</th>
</tr>
</thead>
<tbody>
<tr>
<td>One adult</td>
<td>461.53</td>
<td>1</td>
<td>461.53</td>
</tr>
<tr>
<td>One adult, one child</td>
<td>1.3 + 0.22 = 1.52</td>
<td>701.53</td>
<td></td>
</tr>
<tr>
<td>One adult, two children</td>
<td>1.6 + 0.22 = 1.82</td>
<td>839.99</td>
<td></td>
</tr>
<tr>
<td>One adult, three children or more</td>
<td>1.9 + 0.22 = 2.12</td>
<td>978.45</td>
<td></td>
</tr>
<tr>
<td>Two adults</td>
<td>1.3</td>
<td>599.99</td>
<td></td>
</tr>
<tr>
<td>Two adults, one child</td>
<td>1.6</td>
<td>738.45</td>
<td></td>
</tr>
<tr>
<td>Two adults, two children</td>
<td>1.9</td>
<td>876.90</td>
<td></td>
</tr>
<tr>
<td>Two adults, three children or more</td>
<td>2.2</td>
<td>1015.36</td>
<td></td>
</tr>
<tr>
<td>Three adults</td>
<td>1.6</td>
<td>738.45</td>
<td></td>
</tr>
<tr>
<td>Three adults, one child</td>
<td>1.9</td>
<td>876.90</td>
<td></td>
</tr>
<tr>
<td>Three adults, two children or more</td>
<td>2.2</td>
<td>1015.36</td>
<td></td>
</tr>
<tr>
<td>Four adults</td>
<td>1.9</td>
<td>876.90</td>
<td></td>
</tr>
<tr>
<td>Four adults, one child</td>
<td>2.2</td>
<td>1015.36</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>2.2</td>
<td>1015.36</td>
<td></td>
</tr>
</tbody>
</table>

3.5.3. Benefit duration

As long as entitlement conditions hold.

3.5.4. Means test

Households qualify not only on the basis of their income, but also their wealth:

- Total household income must be below guaranteed income by household size.
- Total household wealth (excluding main residence) must be below three times the annual guaranteed income for a single member household, with an incremental threshold per type of household.

In order to calculate the total amount of household income, all household income will be taken into account with the exception of:

- The regional minimum income schemes or similar social assistance aids granted by the autonomous communities
– Other social economic benefits covering specific needs, such as scholarships, some extraordinary public subsidies or redundancy payments, among others
– Some tax exempt income regulated in the Spanish income tax.

As a general principle, previous year incomes are used to qualify in the program. However, in case of crisis, current year incomes can also be taken into account to qualify for the MIS. Within this framework, an exceptional procedure related to the economic and social crisis generated by Covid-19 is established to ensure that the MIS urgently reaches the most vulnerable people and households affected by the crisis.

3.5.5. Tax treatment
Not taxable and not subject to social security contributions.

3.5.6. Interactions with other components of the tax-benefit system
The MIS is compatible with other social economic benefits, as long as total household income does not exceed the guaranteed income thresholds established by type of household. Moreover, the autonomous communities may complement the MIS both in terms of coverage and generosity within the framework of their competences.

3.5.7. Combining benefit receipt and employment / starting a new job
The MIS is compatible with employment. Additionally, making work-pay incentives and individualized “inclusion itineraries” for recipients have been introduced to harness social inclusion and labour market participation:

Jobless households:
- Will have to register as job seekers (articles 7 and 33).
- When they find a job, part of the salary will be temporarily exempt to calculate the amount of the MIS benefit (article 8.4).

Households with labour market participants:
- For each additional € in extra salary, MIS benefit will be reduced by a smaller amount (article 8.4).

4. Family benefits

4.1. Family allowance (Prestaciones familiares)
Variable name: [FB]
This is a non-contributory benefit, means-tested and not taxable.

4.1.1. Eligibility conditions
The following eligibility conditions should hold:
• have dependent children of less than 18 years of age or older disabled children (not modelled);
• annual income below the threshold (no income test for disabled children).
4.1.2. Benefit amount

The amount per dependent child in 2020 is the following: EUR 28.41 per month (EUR 341 per year) for families with a household income below the standard threshold, and EUR 49 (EUR 588 by year) for families in severe poverty (see Section 4.1.4. Benefit amounts for disabled children are higher (not modelled).

4.1.3. Benefit duration

As long as the eligibility conditions hold.

4.1.4. Means test

If annual family income net of social security contributions does not exceed the following income thresholds, the benefit is paid in full:

<table>
<thead>
<tr>
<th>Number of dependent children</th>
<th>Income threshold (standard amount) 2020 (EUR per year)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>12.424.00</td>
</tr>
<tr>
<td>2</td>
<td>14.287.60</td>
</tr>
<tr>
<td>3</td>
<td>18.699.00</td>
</tr>
<tr>
<td>4</td>
<td>21.701.00</td>
</tr>
</tbody>
</table>

The upper earnings threshold for the receipt of the higher amount (EUR 588) for families in severe poverty is calculated according to the following formula:

\[3,633 \times \left[ 1 + 0.5 \times (\text{number of household members aged 14 and over} - 1) + 0.3 \times (\text{number of children aged 13 and under}) \right]\]

For a single parent with one child, this would mean an annual household income of EUR 4,723 per year.

The benefit will be reduced if the income is above the threshold but at the same time below the amount found adding to this figure the amount of the subsidy. In any case, in order to have the right for the benefit, the difference between the two items must be equal or superior to EUR 28,42 per child per year.

4.1.5. Tax treatment

The benefit is not taxable.

4.1.6. Interaction with other components of the tax-benefit system

None

4.1.7. Combining benefit receipt and employment/starting a new job

The child does not lose the status of a dependent child or minor by the mere fact of doing a job on his or her own behalf or on behalf of others, provided that the net income of that work, within the calendar year, does not exceed 100% of minimum wage, also in annual computation (not covered by the model).
5. Net costs of Early Childhood Education and Care

The reference date for the policy rules described in this section is 1 January 2020.

Pre-primary education is for children from 0 to 6 years and it is divided into two three-year stages: from 0 to 2 years old, and from 3 to 5 years old. Both stages are a part of the same programme with an integrated curriculum. The majority of the schools provide only one stage, but some schools provide both stages. There is also care provision for children outside the education system. Compulsory schooling starts at age 6 in the first grade of primary education.

5.1. Gross childcare fees

Variable name: [SPcc_cost]

The second stage of pre-primary education in public and government dependent private schools for children from 3 to 5 years (including) is free of charge.

As for the centres for children under 3 years old, the situation varies across autonomous and local administrations. Almost all the Autonomous Communities have a specific allocation of subsidized public places. The fees usually depend on various criteria: level of income, number and ages of children in care, lone-parent status, both parents in work, etc.

In the Comunidad de Madrid, for example, the following rules apply.

The monthly fee for a child (0-2 years old) is calculated based on the per capita income (defined as the tax base in the income tax return of natural persons) of the family unit of the economic year immediately preceding the start of each school year, according to the criteria:

- EUR 57.76 if annual per capita income is less than or equal to EUR 5 644
- EUR 93.86 if annual per capita income is greater than EUR 5 644 and less than or equal to EUR 7 656
- EUR 129.96 if annual per capita income is greater than EUR 7 656 and less than or equal to EUR 25 725
- EUR 187.72 if annual per capita income is higher than EUR 25 725.

The cost of dinning service is included in this fee.

The fee corresponds to attendance of the school for seven hours a day. Prolongation of day for half hour (or less) per day adds EUR 10.83 to the monthly fee.

In the case of children from 0 to 1 year old, the amount above is increased by EUR 43.32.

The monthly fee corresponding to the attendance of the school for four hours a day is EUR 43.32. This fee is fixed and is not a function of family income. In private centres, the family usually pay more.

5.1.1. Discounts for part-time usage

No information

5.2. Fee discounts and free provision

In the Comunidad de Madrid, the families, which receive Minimum Insertion Income, are exempt from paying the fees.
5.3. Child-care benefits for formal centre-based care

Variable name: \[cc\textunderscore benefit\]

There are no special childcare benefits to parents of children in public kindergartens.

5.3.1. Eligibility

5.3.2. Benefit amount

5.3.3. Benefit duration

5.3.4. Means test

5.3.5. Tax treatment

5.3.6. Interaction with other benefits

5.3.7. Combining benefit receipt and employment/starting a new job

5.4. Child care allowance for children not using child care centers

None.

5.5. Tax concessions for childcare expenditures

In Comunidad de Madrid, there is a deduction of up to EUR 1000 for each child provided that school fees are met through a private price (amounts paid through a public price or through a price authorized by the Administration are not deductible). There are no tax credits at the national level linked directly to childcare expenditures, but there are other tax credits for children of relevant age (see Section 7).

6. In-work benefits

There are no in-work benefits in Spain.

7. Social security contributions and payroll taxes

7.1. Contributions by employees (Cotizaciones sociales de los empleados)

Variable names: \[SOCSEC\_p; \ SOCSEC\_s\]

Social Security contributions are assessed on the basis of employees’ gross earnings taking into account certain ceilings of gross employment income:

- Lower ceiling: EUR 12 600
- Upper Ceiling: EUR 48 841.2

These ceilings are based on a full-time job. For part-time workers, ceilings are proportional to the real hours worked.

The following rates apply:

- 4.7% for pensions/sickness and invalidity
• 1.55% for unemployment (general rate)
• 0.1% for training.

7.2. **Contributions by benefit recipients** *(Cotizaciones sociales de los beneficiarios de prestaciones sociales)*

Variable names: [SOCSEC_p; SOCSEC_s]

For a person on unemployment insurance, the total social security contributions amount of 4.7% of reference earnings, with the same lower and upper ceilings (as for employees).

The remaining social security contributions for pensions and sickness are paid by the Public Service of Public Employment (*Servicio Público de Empleo Estatal, SEPE*). This public body also pays contributions for individuals on unemployment assistance. Contributions are not payable on family benefits and social assistance. Contributions paid by SEPE on behalf on unemployment benefit recipients are not included in the model.

7.3. **Contributions by employers** *(Cotizaciones de los empleadores)*

Variable names: [SSCR_p; SSCR_s]

Employers are liable to pay the following contributions (with the same lower and upper ceilings (as for employees):

• Old age pension/sickness and disability: 23.6%
• Unemployment (general rate): 5.50%
• Wages fund: 0.2%
• Professional Training: 0.6%.

8. **Taxes**

As a rule, the tax unit is the individual. Nevertheless, families have the options of being taxed:

• As married couples filing jointly on the combined income of both spouses and dependants;
• As heads of households (only unmarried or separated individuals with dependents).

8.1. **Personal income tax** *(Impuesto sobre la renta de las personas físicas, IRFP)*

Variable name: [IT]

8.1.1. **Tax allowances**

**Basic tax allowance:** Married couples filing jointly may claim an allowance of EUR 3 400. This figure amounts to EUR 2 150 for heads of single-parent households.

**Tax allowance for social security contributions:** All social security payments are fully deductible.

**Other expenses allowance:** is up to EUR 2 000. It may be increased by the same amount in case of accepting a job in a different location implying a change of residence (*not modelled*).

**Employment related allowance:** Net employment income (i.e. gross income less employee social security contributions) may be reduced according to the following rules:
• Taxpayers with net employment income less than or equal to EUR 13,115 per year: EUR 5,565.
• Taxpayers with a net employment income between EUR 13,115 and 16,825: EUR 5,565 less the result of multiplying by 1.5 by the difference between the net employment income and EUR 13,115.

**Disabled workers allowance:** an allowance of EUR 3,500 for disabled salary earners. Those with reduced mobility may claim an augmented allowance of EUR 7,750. (*not modelled*)

### 8.1.2. Tax base

The tax base is defined as taxable income minus social insurance contributions and tax allowances. Taxable income includes income from employment and taxable unemployment benefits.

### 8.1.3. Income tax schedule

#### Central government

The central government income tax is calculated according to the following tax schedule:

<table>
<thead>
<tr>
<th>Taxable income (EUR)</th>
<th>Tax at the lower limit (EUR)</th>
<th>Tax rate on taxable income in excess of the lower limit (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0–12,450</td>
<td>0</td>
<td>9.50</td>
</tr>
<tr>
<td>12,450–20,200</td>
<td>1,182.75</td>
<td>12.00</td>
</tr>
<tr>
<td>20,200–35,200</td>
<td>2,112.75</td>
<td>15.00</td>
</tr>
<tr>
<td>35,200–60,000</td>
<td>4,362.75</td>
<td>18.50</td>
</tr>
<tr>
<td>Over 60,000</td>
<td>8,950.75</td>
<td>22.50</td>
</tr>
</tbody>
</table>

The Autonomous Communities (Regional Governments) are liable to set up their own personal income tax schedule to tax the general income tax base. In 2020, those tax rates schedules vary from five to ten brackets and their marginal rates from 9.5 to 25.5%.

#### Regional taxes

Up to 2009, the regional share of the tax on the general tax base was determined by applying a progressive tax schedule with default values. However, the Autonomous Communities were allowed to modify these values under certain limitations. The default tax scale was removed in 2010. From that moment on, the regional tax schedule became increasingly different. These differences have grown since 2015, coinciding with the entry into force of the income tax reform. Since 2016, each Autonomous Community applies a different tax scale, with currently only one matching the Central Government tax scale.

Because of these dramatic changes, the TaxBEN model switched from the Central Government tax schedule to the tax schedule of Madrid (Madrid Region) in 2016. This is the default tax schedule in TaxBEN. Since 2020, regional taxes for the regions Andalucía, Catalonia and Galicia are also implemented in TaxBEN.

#### Madrid

Madrid Schedule for general tax base in 2020
<table>
<thead>
<tr>
<th>Taxable income (EUR)</th>
<th>Tax at the lower limit (EUR)</th>
<th>Tax rate on taxable income in excess of the lower limit (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0–12 450</td>
<td>0</td>
<td>9.00</td>
</tr>
<tr>
<td>12 450–17 707.20</td>
<td>1 120.50</td>
<td>11.20</td>
</tr>
<tr>
<td>17 707.20–33 007.20</td>
<td>1 709.31</td>
<td>13.30</td>
</tr>
<tr>
<td>33 007.20–53 407.20</td>
<td>3 744.21</td>
<td>17.90</td>
</tr>
<tr>
<td>Over 53 407.20</td>
<td>7 395.81</td>
<td>21.00</td>
</tr>
</tbody>
</table>

**Andalucía**

<table>
<thead>
<tr>
<th>Taxable income (EUR)</th>
<th>Tax rate on taxable income in excess of the lower limit (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 12 450</td>
<td>0</td>
</tr>
<tr>
<td>12 450 – 20 200</td>
<td>9.75</td>
</tr>
<tr>
<td>20 200 – 28 000</td>
<td>12.00</td>
</tr>
<tr>
<td>28 000 – 35 200</td>
<td>15.00</td>
</tr>
<tr>
<td>28 000 – 35 200</td>
<td>16.20</td>
</tr>
<tr>
<td>35 200 – 50 000</td>
<td>18.90</td>
</tr>
<tr>
<td>50 000 – 60 000</td>
<td>19.30</td>
</tr>
<tr>
<td>60 000 – 120 000</td>
<td>23.30</td>
</tr>
<tr>
<td>120 000 and over</td>
<td>24.90</td>
</tr>
</tbody>
</table>

**Catalonia**

<table>
<thead>
<tr>
<th>Taxable income (EUR)</th>
<th>Tax rate on taxable income in excess of the lower limit (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 12 450</td>
<td>0</td>
</tr>
<tr>
<td>12 450 – 17 707</td>
<td>12.00</td>
</tr>
<tr>
<td>17 707 – 33 007</td>
<td>14.00</td>
</tr>
<tr>
<td>33 007 – 53 407</td>
<td>18.50</td>
</tr>
<tr>
<td>53 407 – 120 000</td>
<td>21.50</td>
</tr>
<tr>
<td>120 000 – 175 000</td>
<td>23.50</td>
</tr>
<tr>
<td>175 000 and over</td>
<td>25.50</td>
</tr>
</tbody>
</table>

**Galicia**

<table>
<thead>
<tr>
<th>Taxable income (EUR)</th>
<th>Tax rate on taxable income in excess of the lower limit (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 – 12 450</td>
<td>0</td>
</tr>
<tr>
<td>12 450 – 20 200</td>
<td>9.50</td>
</tr>
<tr>
<td>20 200 – 27 700</td>
<td>11.75</td>
</tr>
<tr>
<td>27 700 – 35 200</td>
<td>15.50</td>
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<tr>
<td>35 200 – 47 600</td>
<td>17.00</td>
</tr>
<tr>
<td>47 600 – 60 000</td>
<td>18.50</td>
</tr>
<tr>
<td>60 000 and over</td>
<td>20.50</td>
</tr>
</tbody>
</table>
8.1.4. **Central government tax credits**

**Maternity tax credit:** This is a non-refundable tax credit for working women with children under 3 years of age up to EUR 1 200. Since 2018 it may be increased by EUR 1 000 where the taxpayer has incurred qualifying expenses related to nursery schools/kindergartens.

**Tax credit for large families:** This tax credit is for large families (3 or more children) or families with dependent family members with disabilities. It is non-refundable. The amount is up to EUR 1 200, in general, or EUR 2 400 for special large families, with 5 or more children. It also may be claimed by single-parent households with two children. Since 2018 it has been raised by EUR 600 for each child exceeding the minimum number of children required for all large families types listed above.

**Other tax credits:**

- The base amount is EUR 5 550 per taxpayer. The same amount is granted for family units filing jointly.
- Dependent children (under 25 years or of any age if disable): EUR 2 400 for the first dependent child; EUR 2 700 for the second; EUR 4 000 for the third, and EUR 4 500 for any additional child.
- Childcare allowance: an additional allowance of EUR 2 800 for each of the above dependent children under 3 years of age.
- There are additional tax credits for elderly and workers with disabilities *(not modelled).*

Child allowances have to be shared equally between spouses when they file separately. These allowances are tax credits calculated in the following way: all the applicable amounts are summed up, then the tax rate is applied to the sum according to the tax schedule. The obtained result is deducted from the tax.

8.1.5. **Regional tax credits**

Several regional tax credits are outside the scope of TaxBEN. This section lists the regional tax credits that are implemented in the model.

**Madrid**

**Tax credit for low-income families with two or more children** *(Deducción para familias con dos o más descendientes e ingresos reducido).* For parents of two or more children qualifying for child allowance. The sum of the ordinary and savings tax base must not exceed EUR 24 000 (sum of two parents tax bases if in individual scheme). The value of this tax credit is 10% of the Autonomous Community tax bill after deduction of all other tax credits.

**Andalucia**

**Lone parent tax credit** *(deducción para el padre o madre de familia monoparental y en su caso, con ascendientes mayores de 75 años).* EUR 100 for lone parents of children under the age of 18 with a taxable income below EUR 80 000 (individual filers) or 100 000 (joint filers). In case of two or more tax payers, the credit is shared equally between them. Non-refundable.

9. **Selected output from the OECD tax-benefit model (TaxBEN)**

This section shows selected output of the TaxBEN model for Spain 2020 (Figure 1). TaxBEN by default produces the following output: net household incomes *(black line)* and
its subcomponents (coloured stacked areas) for selected family and individual circumstances.

The model and the related web calculator is accessible from the project website. Figure 1 shows outputs for four scenarios:

- By percentage of the average wage (Panel A);
- By unemployment duration (in months) for a jobseeker claiming unemployment benefits (Panel B);
- By previous gross earnings levels for a jobseeker claiming unemployment benefits (Panel C);
- By previous employment record, for a jobseeker claiming unemployment benefits (Panel D).

The stacked areas shows the following household income components: GROSS = gross earnings; SSC = social security contributions; IT = income tax; FB = family benefits; HB = housing benefits; SA = social assistance; IW = in-work benefits. Note that each component may contain more than one benefit or tax.

Results in Figure 1 refer to a two-adult family with two children. Adults are both 40 years old whereas children are 4 and 6 years old respectively. Social assistance and housing benefit supplements are assumed to be available in all the four scenarios provided that the necessary income and eligibility requirements are met. Where receipt of social assistance or other benefits is subject to activity tests (such as active job-search or being available for work), these requirements are assumed to be met.
Figure 1. Selected output from the OECD tax-benefit model, 2020

Couple with two children.

Notes: In Panel A, the first adult is employed full-time and full-year. The second adult is out of work and not eligible for unemployment benefits, e.g. because they have expired (the same is assumed for the first adult when earnings are zero). In Panels B to D, the first adult is out of work and claiming unemployment benefits, whereas the second adult is out of work and not eligible to unemployment benefits. Previous earnings of the first adult equal to the Average Wage. In Panels B and C, the first adult is assumed to have a ‘long’ employment record of 264 consecutive months before the job loss. Panels C and D refer to the 2nd month of unemployment benefit receipt.

Source: Calculations based on the OECD tax-benefit model.
Annex: Other benefits and direct taxes

This section provides a brief description of other cash benefits and taxes on employment incomes in Spain that are relevant for some members of the population below the statutory retirement age, but which are not included in the OECD tax-benefit model.

**Benefit for birth or adoption** (*Ayuda por nacimiento o adopción*)

This is a one-off lump-sum economic benefit (EUR 1 000) for birth or adoption in the following cases: large families, lone-parent families or disabled mothers. The same income test as for the family allowance is applied (see Section 4.1.4.).

**Benefit for multiple births or adoption** (*Ayuda por parto o adopción múltiple*)

This is a one-off lump sum economic benefit for multiple births or adoption:

- 2 children: 4 times the monthly amount of the minimum wage
- 3 children: 8 times the minimum wage
- 4 children and more: 12 times the minimum wage.