

# THE OECD TAX-BENEFIT DATABASE

Description of policy rules for  
Spain 2022



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## Description of policy rules for 2022

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## Preface

This report provides a detailed description of the tax and benefit rules in Spain as they apply to working-age individuals and their dependent children. It also includes output from the [OECD Tax-Benefit model \(TaxBEN\)](#), which puts all these complex legal rules into a unified methodological framework that enables international comparisons of how tax liabilities and benefit entitlements affect the net disposable income of families in different labour market circumstances, .e.g. in employment versus unemployment.

The **main body** of the report describes the rules that are relevant for the family and labour market characteristics that are within the scope of the **TaxBEN** model (see below for the methodology and user guide). The **annex** provides information on other cash benefits and taxes on employment income that are relevant for other groups of the working-age population, but are outside the scope of the **TaxBEN** model.

**TaxBEN** is essentially a large cross-country calculator of tax liabilities and benefit entitlements for a broad set of *hypothetical* families (“vignettes”), e.g. a married couple of 40-years-old adults with two children aged 4 and 6 (click [here](#) for a quick overview of the **TaxBEN** model). **TaxBEN** incorporates rules on the main taxes on employment income, social contributions paid by employees and employers, as well as the main cash and near-cash benefit programmes, including unemployment benefits, family and childcare benefits, guaranteed minimum-income benefits, cash housing benefits, and employment-conditional benefits. Disability benefits, maternity and parental leaves benefits are included in the model for a sub-set of countries and years. The main policy instruments that are currently not included in the **TaxBEN** model are taxes on wealth (e.g. taxes on immovable and unmovable properties), indirect taxes (e.g. VAT), early-retirement benefits, short-time work compensation schemes, sickness benefits, and in-kind benefits (e.g. subsidised transport and free health care).

### Useful online resources for the OECD tax-benefit model (TaxBEN)



[TaxBEN web calculator](#)



[Methodology and user guide](#)



[OECD tax-benefit data portal](#)



[Network of national experts](#)

### Guidelines for updating this report (for national experts)



[General guidelines](#)

Detailed [guidelines for updating Section 5](#) “Net costs for Early Childhood Education and Care”

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

- **Reference date** for the policy rules described in this report: **January 1, 2022**.
- **TaxBEN** models all policies in effect on the reference date. This includes temporary policies implemented in response to the **Covid-19 pandemic**. These policies are described in boxes or **blue font**.
- The symbol  in the text provides a link to the 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.
- **TaxBEN** variables are indicated in the text using the format **[variable name]**.

## The OECD Tax-Benefit model for Spain: Policy rules in 2022

### 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](#))<sup>1</sup>. If Secretariat estimates are not available yet, the model uses wage projections obtained by applying forecasted wage growth<sup>2</sup> to the latest available wage estimate.

The minimum wage [**MIN**] in 2022 is EUR 965 per month. The annual minimum wage is computed by multiplying the minimum monthly wage (as of January 1, 2022) by 14 (including 13<sup>th</sup> and 14<sup>th</sup> payments), i.e. EUR 965 \* 14 = EUR 13,510.

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 2022 IPREM is EUR 579.02 per month, that is EUR 8,106.28 yearly (including 13<sup>th</sup> and 14<sup>th</sup> bonus payments).

### 2. Unemployment benefits

#### 2.1. Unemployment insurance benefit (*Prestación por desempleo*)

Variable names: [**UI\_p**; **UI\_s**]<sup>3</sup>

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.

From the 18<sup>th</sup> of March 2020 to the 28<sup>th</sup> of February 2022, 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

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<sup>1</sup> 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](#).

<sup>2</sup> Wage growth projections are based on [OECD Economic Outlook](#) and [EU economic forecasts](#) (for non-OECD countries).

<sup>3</sup> 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.

COVID-19: These workers are not subject to the minimum contribution period. This is the case assumed in TaxBEN.

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 (outside the scope of TaxBEN). There are two additional unemployment benefits for these workers:

1. The same one for workers who have been furloughed or had their working hours temporarily reduced as a result of COVID-19 or
2. If they cannot access to the precedent measure, an unemployment benefit until the 31<sup>st</sup> of March 2022.

From 7 May 2020, performing artists who are unemployed and who have paid contributions for at least 20 days between 14 March 2019 and 14 March 2020, or five days from 11th June 2020 to 31st May 2021, will be eligible for contributory benefits until 30 June 2022 (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.<sup>4</sup>

### 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.

Until the 31<sup>st</sup> of March 2022, in case of workers who have been furloughed or had their working hours temporarily reduced as a result of COVID-19, the benefit is 70% of the reference earnings for the whole period of the benefits (this is the case that is assumed in TaxBEN).

*OECD note:* in the TaxBEN model, it is assumed that unemployment begins on the 1<sup>st</sup> of January of the year in consideration. Consequently, the special rule that sets the benefit amount to 70% of the reference earnings for the whole entitlement period does not affect an unemployed individual in 2022. In fact, this special rule expires on the 31<sup>st</sup> of March 2022, while the passage from 70% to 50% of the previous earnings as benefit amount applies as normal after June 2022 (after 180 days of unemployment).

For intermittent permanent employees that were receiving the extraordinary benefit, the benefit will be equal to the last monthly payment of the contributory benefit received (outside the scope of TaxBEN).

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.

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<sup>4</sup> Details on behavioural requirements and sanction provisions for unemployment benefits are reported in regularly updated companion reports, see [Immervoll and Knotz \(2018\)](#), [Langenbacher \(2015\)](#) and [Venn \(2011\)](#).

Family type	% of IPREM*	
	Minimum	Maximum
With no dependent children	80	175
With dependent children	107	-
One child	-	200
Two or more children	-	225

\* (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.

Time worker contributed within the last 6 years(in days)	Duration of unemployment benefit(in days)
360-539	120
540-719	180
720-899	240
900-1079	300
1080-1259	360
1260-1439	420
1440-1619	480
1620-1799	540
1800-1979	600
1980-2159	660
2160+	720

In the context of the COVID-19 Pandemic, unemployment insurance benefits will not be discontinued because the maximum benefit duration has been exhausted until the 31<sup>st</sup> of March 2022. In TaxBEN, this is modelled as follows: all unemployed workers are assumed to have lost their jobs as a consequence of the COVID-19 crisis on the 1<sup>st</sup> of January 2022. Any claimant is eligible to receive unemployment insurance benefits for at least three months (regardless of contribution period, as the 360 day minimum has been suspended until the 31<sup>st</sup> of March 2022), and longer if they are entitled to a longer duration because of their contribution history. In case a worker is entitled to receive an ordinary unemployment benefit after 1st January 2021, the duration of this new ordinary unemployment benefit will be discounted if that person had previously been receiving a COVID-19 unemployment benefit (the discount on the length will be equal to the period receiving the COVID-19 unemployment benefit), with the exception of three cases:

- Completion of temporary contract.
- Individual or collective dismissal for ETOP reasons or unfair dismissal.
- End or interruptions of service/activity.

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 and after having been paid

another extraordinary benefit until 31<sup>st</sup> of March 2022, i.e. their entitlement is not exhausted after 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<sup>5</sup>;
- 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.

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<sup>5</sup>Family responsibilities mean having to support a spouse and/or children under 26 years of age or those who are older and disabled.

### 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
    - 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 13<sup>th</sup> and 14<sup>th</sup> 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. For recipients aged 52 years old or more the State Public Employment Service (SEPE) is in charge of payment for the retirement pension only.

### 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 13<sup>th</sup> and 14<sup>th</sup> bonus payments.

### 2.3. *Active Integration Income (Renta Activa de Inserción)*

Variable names: [UA]<sup>6</sup>

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, e.g. victims of domestic / gender-based violence (*not modelled*).

#### 2.3.2. *Benefit amount*

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

#### 2.3.3. *Benefit duration*

Maximum duration is 11 months.

#### 2.3.4. *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 13<sup>th</sup> and 14<sup>th</sup> bonus payments. The same condition applies to individual earnings of any adult in the family.

#### 2.3.5. *Tax treatment*

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

#### 2.3.6. *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.

#### 2.3.7. *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 13<sup>th</sup> and 14<sup>th</sup> bonus payments.

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<sup>6</sup>TaxBEN implements the *Prestaciones por desempleo de nivel asistencial*, and not the *Renta Activa*. The *Renta Activa* could be received after the *prestaciones por desempleo de nivel asistencial*, but only in special circumstances, and is therefore not modelled in TaxBEN.

**Box 1. COVID-19 emergency measure: unemployment protection for intermittent permanent employees and workers with permanent jobs (*outside of the scope of 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 28th of February 2022.

*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 (*outside of the scope of 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 28th of February 2022.

*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 (outside of the scope of 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, but the benefit received from 1st January 2021 which would be discount on the next ordinary benefit except next three assumptions:

Completion of temporary contract.

Individual or collective dismissal for ETOP reasons.

End or interruptions of service/activity

*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 28th of February 2022.

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 (outside of the scope of 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, or 5 days between 11th June 2020 to 31st May 2021, 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.

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*

This measure will extend until 28<sup>th</sup> of February 2022.

*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: Contributory-level unemployment benefit for discontinuous fixed workers (*outside of the scope of TaxBEN*)**

The Contribution-level unemployment benefit for discontinuous fixed workers and for those who carry out fixed and periodic work repeated on certain dates that have either been affected by a temporary employment regulation dossier as a result of COVID 19 and are disaffected from it because they have completed the period that would be of activity, or have exhausted the extraordinary benefit referred to in Fact 2 or the ordinary right they have received as COVID 19, without being able to rejoin its work.

*Entitlement and eligibility conditions*

Claimants must be discontinued permanent workers or for the performance of fixed and periodic work repeated on certain dates which, due to COVID 19, have been included in a temporary employment regulation dossier and disaffected from it at the end of the period that would be active, or have exhausted the benefit referred to on date 2 or the ordinary right they have received as a result of COVID 19 and continue to not be able to rejoin their work..

*Benefit amounts*

The monthly amount of the new benefit shall be equal to that of the last monthly payment of the contribution benefit received or the minimum amount of the contribution benefit

*Benefit duration*

From the day following the completion of the previous measure (the date on which it is disaffected from the temporary employment regulation file or when it exhausts the benefit contained in Fact Sheet 2 or its ordinary benefit entitled to replenishment) until 31 May 2021. This measure will extend until 28<sup>th</sup> of February 2022.

*Means test*

The benefit is not subject to livelihood verification.

*Tax treatment*

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

The managing entity shall assume the business quota to Social Security and deduct and enter 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 employee jobs, that it was maintained on the date of access to the service or that it is subsequently acquired, after deduction of its amount of the hours worked.

It is incompatible with self-employment.

**Box 6. COVID-19 emergency measure: Unemployment Contributory Benefit of bullfighting professionals(outside of the scope of TaxBEN)**

Extraordinary access to the unemployment benefit of contributory level of bullfighting professionals as a result of COVID 19.

*Entitlement and eligibility conditions*

Claimants must be bullfighting professionals who dated 31 December 2019 were included in the census of active bullfighting professionals of the General Treasury of Social Security, who have not accessed the unemployment benefit on an ordinary way and who request extraordinary access to it.

In addition, the worker is required to have not reached the ordinary age in order to be entitled to the contributory retirement pension, unless he was not sufficiently quoted to do so; be registered as a jobseeker in the competent public employment service and subscribe to the commitment to activity

It is not required to be in a situation of discharge or assimilated to the discharge in Social Security.

*Benefit amounts*

The monthly amount of unemployment benefit is EUR 775.83 EUR/gross

*Benefit duration*

From November 6, 2020 - if requested within fifteen business days of November 5, 2020 - or from the day following the application – if requested outside that period – until 28<sup>th</sup> February 2022.

*Means test*

The benefit is incompatible with any perception arising from self-employment or self-employment activities.

*Tax treatment*

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

During the perception of this benefit, the managing entity assumes and enters the business contribution, and deducts and enters the worker's share to Social Security for common contingencies.

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

It is incompatible with any other benefit, minimum income, income of inclusion, social salary or similar aid granted by any public administration.

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

It is incompatible with self-employment and self-employment, even if it is part-time, since it is also incompatible with any perception arising from self-employment or other activities.

**Box 7. COVID-19 emergency measure: Exceptional Unemployment Benefit in the Culture Sector(outside of the scope of TaxBEN)**

Exceptional unemployment benefit for technical and auxiliary staff in the culture sector as a result of COVID-19.

*Entitlement and eligibility conditions*

Claimants must be to have worked as an employee with a temporary contract as technical or auxiliary personnel in the culture sector, having ceased in the last work with a legal situation of unemployment, and to prove, from 1 August 2019 to 5 November 2020, (or from 1<sup>st</sup> August 2019 to 31<sup>st</sup> may 2021) a period of occupation listed in the General Social Security Regime of at least , thirty-five days, which has not been counted for the recognition of an earlier right, and during which an employee has been worked as technical or auxiliary personnel for companies in the culture sector included in any of the activities provided for in codes CNAE 5912, 5915, 5916, 5920, or between 9001 and 9004.

In addition, it is required that you do not qualify for any other unemployment or cessation of activity benefit, that you have not been a beneficiary of any extraordinary benefit derived from COVID 19, and that you do not self-employment or full-time employment at the date of the application.

It must also be registered as jobseekers in public employment services and subscribe to the commitment to activity.

Apply for the grant from May 5, 2020 to July 21, 2020.

*Benefit amounts*

The 80% of the monthly public multi-effects income indicator in force at any given time.

*Benefit duration*

From 6 November 2020 – if requested within fifteen working days of November 5, 2020 – until 28<sup>th</sup> February 2022.

*Means test*

The worker cannot work on his own or as a full-time employee.

*Tax treatment*

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

During his perception he is not quoted to Social Security.

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

It is incompatible with the minimum income, income of inclusion, social salary or similar aid granted by any public administration.

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

It is incompatible with self-employment, and self-employment, except where it is done part-time, in which case the share proportional to the time worked will be deducted from its amount.

## 2.4. *Extraordinary unemployment allowance (Subsidio extraordinario por desempleo)*

Variable names: [UA]<sup>7</sup>

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 profesional, PREPARA*) and Employment activation programme (*Programa de activación para el empleo, PAE*),

### 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 13<sup>th</sup> and 14<sup>th</sup> bonus payments.

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<sup>7</sup>TaxBEN implements the *Prestaciones por desempleo de nivel asistencial*. The *Subsidio extraordinario por desempleo* could be received after the *prestaciones por desempleo de nivel asistencial*, but only in special circumstances, and is therefore not modelled in TaxBEN.

### 3. Social assistance and housing benefits

Each of the 17 Autonomous Communities (regions) of Spain and the cities of Ceuta and Melilla have their own specific laws regulating the minimum income scheme. The general principle is to alleviate poverty by means of cash benefits for basic living needs. As a default, the model simulates the minimum income scheme in **Madrid**. Eleven autonomous communities (Andalucía, Aragon, Asturias, Canarias, Castilla La Mancha, Extremadura, Galicia, Madrid, Murcia, Basque Country, and Valencian Community) have also a supplement to the minimum income by providing supports for housing costs, illness, COVID costs, mobility costs, etc., these additional supports are not modelled in TaxBEN. TaxBEN currently models minimum income benefits in four regions: Madrid (*default region*), Andalusia, Catalonia, and Galicia.<sup>8</sup>

#### 3.1. *Minimum Insertion Income in Madrid (Renta Mínima de Inserción en Madrid)*

Variable name: **[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 (*in TaxBEN, parents under the age of 25 are assumed to be eligible*).
- 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 a 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, in 2022 is the following:

Household size	Monthly amount (EUR)	Supplement (EUR)
1 <sup>st</sup> person	469.93	-
2 <sup>nd</sup> person	587.41	117.48
3 <sup>rd</sup> person	662.52	75.11

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 965.00 in 2022.

##### 3.1.3. *Benefit duration*

It lasts as long as the conditions are fulfilled.

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<sup>8</sup> 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<sup>th</sup> of July 2020].

### 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, in particular the new national minimum income scheme (MIS, see section 3.5. as well as complementary pensions and food, net of social security contributions, are counted towards the means-test. There is also an asset test.<sup>9</sup> 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:** people aged between 25 and 64 years old or in any of the following circumstances:

- a) Between 18 and 24 years old, both inclusive, provided any of the following circumstances:
  3. Having minors or people with disabilities in charge, including situations of guardianship or foster care (*in TaxBEN, parents under the age of 25 are assumed to be eligible*).
  4. To be an orphan of both parents (*not modelled*).
  5. Having been a victim of accredited gender violence (*not modelled*).
  6. Have been at least in the year prior to reaching the age of majority under the guardianship of a system for the protection of minors (*not modelled*).
  7. Have a degree of disability equal to or greater than 33% (*not modelled*).
  8. Establish a multi-person family unit without dependent minors. In this case the applicant must have lived independently for at least the two years immediately prior to the date of the application at an address other than that of their parents and documentary proof that he/she has been independent (*not modelled*).
  9. Being in one of the situations established as urgency or emergency (*not modelled*).

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<sup>9</sup>TaxBEN assumes that the household does not hold any wealth.

b) Be 16 or 17 years old, emancipated, and any of the circumstances following (*not modelled*):

1. Have minors or people with disabilities in charge
2. Having been a victim of accredited gender violence.
3. Being in one of the situations established as urgency or emergency.

c) People aged 65 or over years that duly prove that they are in charge of minors and there is no another member of the family unit who meets the requirements to be an applicant(*not modelled*).

**Other conditions:** The applicant has to be registered in a municipality of Andalucía during the previous year of the application. He or she must be registered as an unemployed jobseeker.

### 3.2.2. *Benefit amount*

The maximum amount of the benefit, depending on the number of members in the household, in 2022 is the following:

Household size	Monthly amount (EUR)
1	451.64
2	509.54
3	567.44
4	625.34
5	683.24
6*	723.78

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

The maximum benefit in 2022 is EUR 839.58.

### 3.2.3. *Benefit duration*

The initial benefit duration is 12 months, but the extension may be agreed for successive periods of 12 months while the circumstances that motivated it persist.

### 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, in particular the new national minimum income scheme (MIS, see section 3.5. are taken 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:** over 23 or over 18 in any of the following circumstances:

1. have members of the household younger than 18 years old or with disabilities (*in TaxBEN, parents under the age of 23 are assumed to be eligible*).
2. be an orphan (not modelled).
3. victims of gender violence (not modelled).
4. Other situation or circumstance established by regulation (not modelled).

**Other conditions:** Effective residence and being registered in a municipality of Cataluña during the previous 24 months of the application.

#### 3.3.2. Benefit amount

The maximum amount of the benefit, depending on the number of members in the household, in 2022 is the following:

Household size	Monthly amount (EUR)
1	644
2	996
3	1096
4	1196
5	1208
6	1208

The maximum benefit is EUR 1,208 and the minimum benefit is 66. 40.

#### 3.3.3. Benefit duration

It lasts as long as the conditions are fulfilled. It has to be renewed every two years.

#### 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, in particular the new national minimum income scheme (MIS, see section 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.

### 3.3.5. 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 (*Renta de Inclusión Social de Galicia, RISGA*)

Variable name: **[SA]**

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

### 3.4.1. Eligibility conditions

**Age:** Over 25 or over 18 in any of the following circumstances (*not modelled*)<sup>10</sup>:

1. have been under guardianship by the regional administration.
2. person with disabilities (over 33%) with no other public benefits.
3. be an orphan with no other public benefits.
4. victims of gender violence or victims of human trafficking.
5. Other circumstance established by regulation.

**Other conditions:** Legal residence and being registered in a municipality of Galicia during the previous six months of the application.

### 3.4.2. Benefit amount

The amount of the benefit, depending on the number of members in the household, in 2022 is the following:

Household size	Monthly amount (EUR)
1	434.27
2	515.33
3	584.81
4	642.71
5	700.61
6	758.51

The maximum benefit without dependent children is EUR 694.82, and with dependent children 781.68.

<sup>10</sup> Note that in contrast to the other modelled regions, there is no exception for young parents in Galicia.

### 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 in particular the new national minimum income scheme (MIS, see section 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.

### 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 (MIS) (Ingreso Mínimo Vital)*

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

The objective of the MIS is to offer a guaranteed minimum income to people above the age of 23<sup>11</sup> with incomes lower than those guaranteed income. The MIS is associated with employment and social inclusion policies, to be developed in coordination with the Autonomous Communities and the City Councils. Its results are evaluable annually by the Independent Authority for Fiscal Responsibility (Airef).

### 3.5.1. *Eligibility conditions*

**Age:** recipients must be over 23 years old, or above 18 if they have dependent children or have been in a public residential home the three years prior to becoming 18 (not modelled in TaxBEN).

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 (as long as it is over 10 Euros per month). The benefit is paid on a monthly basis and the guaranteed income varies by type of household, with a bonus for single parent households.

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<sup>11</sup> Individuals receiving a retirement pension may not receive the MIS, but the minimum pension is equivalent to the MIS.

	No children	One child	Two children	Three children	Four or more children
Single adult household	491.63	747.28	894.77	1042.26	1189.75
Couple household	639.12	786.61	934.10	1081.59 (3 or more children)	

### 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 (net of social security contributions and income tax) 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, the income of the previous year is used to qualify in the program. However, current year incomes can also be taken into account to qualify for the MIS (upon request by the applicant). To qualify for this, previous year income must be below 1.5 the guaranteed income by household size, and wealth must be below 0.5 the regular wealth threshold.<sup>12</sup>

### 3.5.5. *Tax treatment*

Not taxable and not subject to social security contributions.

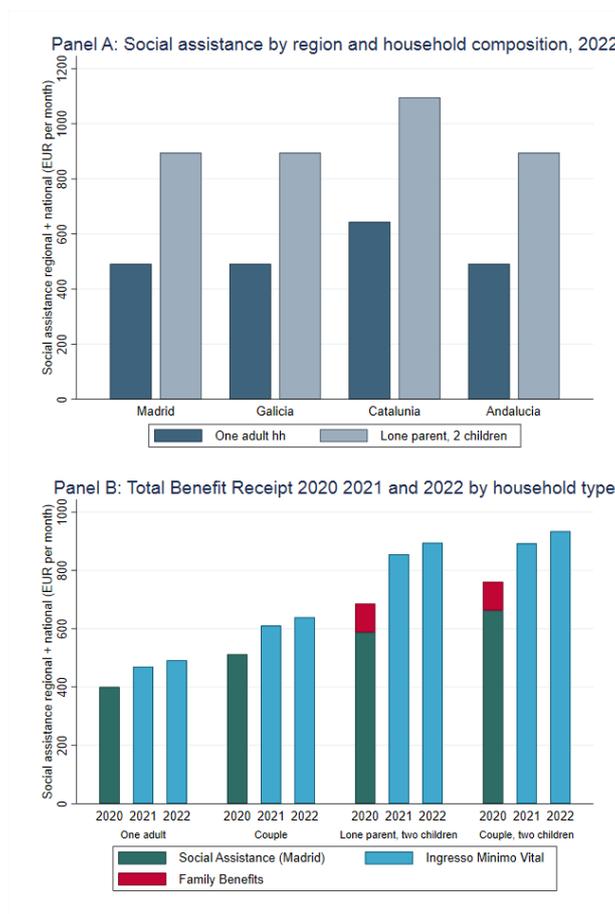
### 3.5.6. *Interactions with other components of the tax-benefit system*

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. In particular, the regional social assistance benefits are not counted for the means-test of the IMV, which can lead to differing total benefit entitlements across regions, see Figure 1.

<sup>12</sup>TaxBEN computes the eligibility on the basis of current income.

As of the 1<sup>st</sup> of June 2020, the old means-tested family allowance *prestaciones familiares* has been subsumed into the new Minimum Income Scheme, and closed for new applications (except for children with disabilities). Figure 1 shows total benefit entitlements for different household types in the old (regional social assistance in Madrid and family benefits) and new (new national MIS) regime.

**Figure 1. Interaction of the new MIS with regional social assistance and family benefits**

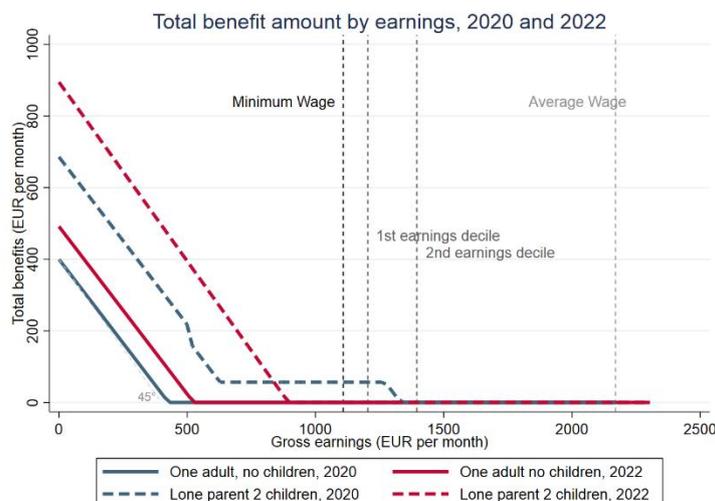


*Note:* All households are assumed to not be entitled to unemployment benefits. Panel B shows 2020 social assistance entitlements for Madrid (the TaxBEN default region).

*Source:* OECD TaxBEN model, 2022.

### 3.5.7. Combining benefit receipt and employment / starting a new job

The MIS is compatible with employment. As of the 1<sup>st</sup> of January, income net of social security contributions and income taxes is fully counted towards the means-test, a taper on earned income is currently being developed, however. Jobless recipients have to register as jobseekers, and individualized “inclusion itineraries” have been introduced to harness social inclusion and labour market participation.

**Figure 2. Combining benefit receipt and earnings, 2020 and 2021**

Note: Regional Social Assistance Benefit in Madrid; total benefit payments are the regional and national Minimum Income Schemes and family allowances for 2020.

Source: OECD TaxBEN model, 2022.

## 4. Family benefits

Variable name: **[FB]**

As of the 1<sup>st</sup> of June 2020, the means-tested family allowance *prestaciones familiares* has been subsumed in the new national Minimum Income Benefit Scheme *Ingreso Mínimo Vital* (see Section 3.5. ). Transitional provisions, as well as special provisions for families with disabled children remain. These provisions are not modelled in TaxBEN, as the model assumes new applicants and does not model provisions for disabled children.

### 4.1. Childhood Support Aid(CSA) (*Ayuda para la Infancia*) – implemented in TaxBEN from 2023

In 2021, a new Childhood Support Aid (CSA) has been launched, as a supplement to the Minimum Income Benefit Scheme (MIS) for families with children under age. It can also be perceived by families that don't qualify for MIS, as long as they are below the income and wealth limits. It is in force since February 1, 2022. Because TaxBEN looks at the policies in place on the 1<sup>st</sup> of January of every year, this policy will be implemented in TaxBEN in 2023.

#### 4.1.1 Eligibility conditions

Households with children under 18 years of age.

#### 4.1.2 Benefit amounts

The benefit is paid on a monthly basis and varies by the age of the children. It is 100 euros for each child under 3 years; 70 euros for each child between 3 and 6 years; and 50 euros for each child over 6 years.

#### 4.1.3 Benefit duration

As long as entitlement conditions hold.

#### 4.1.4. Means test

Households qualify in basis of their income the previous year and wealth.

- Total household income (net of social security contributions and income tax) the previous year must be below three times the guaranteed income of MIS by household size.
- Total household wealth (excluding main residence) must be below 150% the limit established for MIS (three times the annual guaranteed income for 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.

#### 4.1.5. Tax treatment

Not taxable and not subject to social security contributions.

#### 4.1.6. Interactions with other components of the tax-benefit system

CSA is incompatible with the economic aid for caring children without disabilities or disability level below 33% (*prestaciones familiares*).

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

CSA is compatible with employment.

## 5. Net costs of Early Childhood Education and Care

The **reference date** for the policy rules described in this section is **1 January 2022**.

Early childhood 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 early childhood 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.

TaxBEN implements the rules applicable in the *Comunidad de Madrid*: since April 2019, parents of children enrolled in Nursery Schools of the public network in the

Comunidad de Madrid do not pay any fee for schooling. Education from 0 to 2 years is free. Only dining service fee and prolongation of schedule are charged.<sup>13</sup>

The general dining fee in the centres of the public network of Early Childhood Education in the *Comunidad de Madrid* is EUR 96 per month. The general schedule in Nursery Schools is between 9 am and 4 pm. The prolongation of day for half hour (or less) per day adds EUR 10.83 to the monthly fee. The schedule extension in the Schools is considered to be from 7:30 am to 9 am hours and from 4 pm and 5:30 pm hours. This fee is fixed and is not a function of family income, only recipients of the regional Minimum Insertion Income and the national Minimum Income Scheme are exempt from this fee.

Parents of children enrolled in private schools supported by public funds that teach the first cycle of Early Childhood Education will not pay any fee for schooling. In these schools, contributions from families may be received for extended hours and school meals, and their amounts will be the same as those provided for schools in the public network of the *Comunidad de Madrid*.

#### *5.1.1. Discounts for part-time usage*

Not applicable.

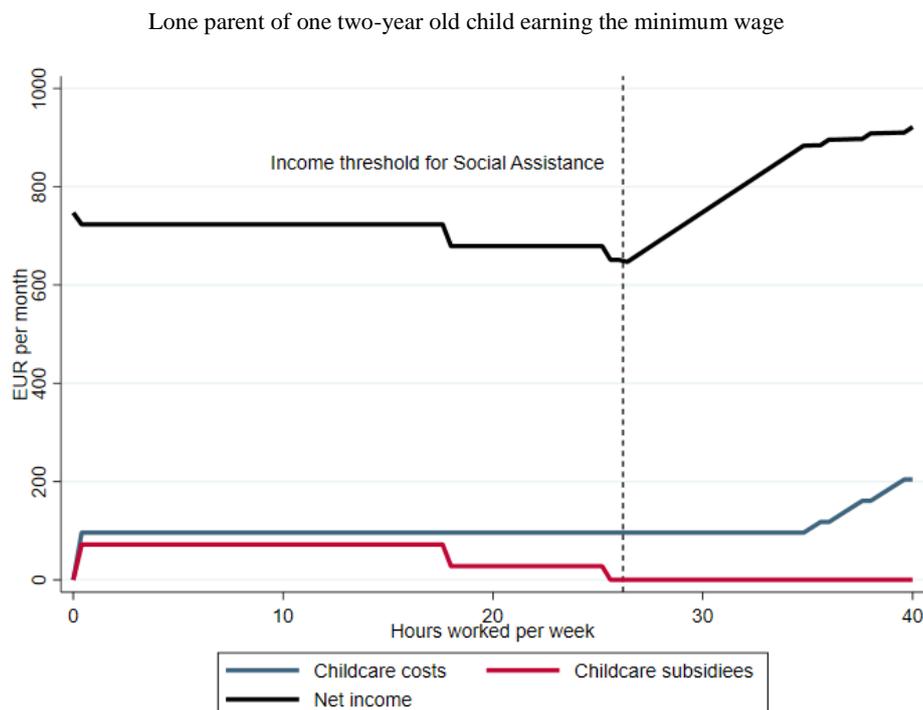
#### *5.2. Fee discounts and free provision*

In the *Comunidad de Madrid*, families receiving Minimum Insertion Income and Minimum Living Income (with an annual per capita family income of less than 3,000 euros) pay a reduced price for dining: EUR 24 per month. In case of children of families with an annual per capita income of less than EUR 4,260, of families victims of terrorism or gender violence, with at least one parent being a member of the State Security Forces is working in the region, or children in foster care, the monthly price of the school menu sets at EUR 68 (*not modelled*). Children in residential care situation and beneficiaries of international protection are exempt from paying for dining. Families receiving Minimum Insertion Income are exempt from paying the schedule extension fee.

Figure 3 shows monthly childcare costs (dining fee and prolongation fees for childcare over seven hours per day), childcare subsidies (reduction in dining fees) as a function of hours worked per week. TaxBEN assumes that parents only use the amount of childcare they need to work (that is, a lone parent requires childcare for total hours worked, a couple uses childcare to cover the working hours of the parent who works fewer hours).

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<sup>13</sup> DECREE 28/2019, 9th April, of the Governing Council, which regulates the financing of the first cycle of Early Childhood Education in the *Comunidad de Madrid*.

**Figure 3. Childcare costs, childcare subsidies and net income by working time**

*Note:* TaxBEN models childcare costs and subsidies in the *Comunidad de Madrid*. The lone parent is assumed to receive the new national MIS as long as their earnings are below the threshold. Childcare subsidies include the reduction in dining fees. Recipients of social assistance are not liable for the fees for childcare above 7 hours a day; however, if the lone parent earns at the minimum wage, they are above the income threshold for the national MIS if they work more than 35 hours a week (and therefore require childcare above 7 hours a day).

*Source:* OECD TaxBEN model, 2022.

### 5.3. Child-care benefits for formal centre-based care

Variable name: `[cc_benefit]`

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

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

None.

### 5.5. Tax concessions for childcare expenditures

In the Comunidad de Madrid, there is a deduction of up to EUR 1,100 for each child in private school provided that school fees are met by private funds (amounts paid by public funds or by funds authorized by the Administration are not deductible; not modelled in TaxBEN). The deduction of school fees, in general, will be 1,100 euros, at a rate of 100 euros for each of the months included in the period from September 2021 to July 2022, both inclusive. To be a beneficiary of these deductions, the family income per capita may not exceed the limit of EUR 25,000. Applications will be scored based on the following criteria: family income, composition of the family unit, employment status of the parents, and socio-family situation. In the event of a maximum score in the section relating to family income (Annual per capita income up to EUR 1,811.00), the amount of the scholarship will be EUR 1,760 at a rate of EUR 160 for each of the months from September 2021 to July 2022, both inclusive.

## 6. In-work benefits

*OECD note:* This section provides information on employment-conditional (“in-work”) benefits for employees, i.e. benefits whose eligibility is conditional on the following key requirements: 1) being regularly employed (in either the private or public sector); 2) working a certain number of hours and/or earning more than a certain minimum. This definition notably excludes ‘workfare’ programmes and related ‘work-first’ policies that make out-of-work benefits conditional on participation in work activities.

Based on this definition, Spain does not have an “in-work” benefit programme.

## 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 14 000.40
- Upper Ceiling: EUR 49 672.8

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]

#### a. Contributions during unemployment benefit

For a person on unemployment insurance, the total social security contributions amount of 4.7% of reference earnings,<sup>14</sup> 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.

#### b. Contributions during temporary incapacity, risk during pregnancy, risk during breastfeeding, maternity and paternity benefits (not modelled in TaxBEN).

1. The obligation to contribute remains during situations of temporary incapacity, risk during pregnancy, risk during breastfeeding and while receiving maternity or

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<sup>14</sup> This implies that social security contributions rise with previous income even for previous incomes beyond the maximum unemployment benefit.

paternity benefit, even if these represent a cause for suspension of the employment relationship.

2. In the situations indicated in the previous section, the contribution base of the month prior to the start of the benefit will be applicable during these situations.

c. Contributions during compatibility of retirement benefit and work (not modelled in TaxBEN).

During the period of compatibility of retirement benefit and work, employers and workers will contribute to the General Scheme only for temporary disability and professional contingencies. They also have to pay a special solidarity contribution of 9 percent on the basis of contribution for common contingencies, not computable for benefit purposes, which will be distributed among them (7% by the employer and 2% by the worker).

### 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:

Taxable income (EUR)	Tax at the lower limit (EUR)	Tax rate on taxable income in excess of the lower limit (%)
0–12 450	0	9.50
12 450–20 200	1 182.75	12.00
20 200–35 200	2 112.75	15.00
35 200–60 000	4 362.75	18.50
60 000–300 000	8 950.75	22.50
Over 300 000	62 950.75	24.50

The Autonomous Communities (Regional Governments) are liable to set up their own personal income tax schedule to tax the general income tax base. In 2022, those tax rate schedules vary from five to ten brackets and their marginal rates from 9. to 29.5%.

#### 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 2022

Taxable income (EUR)	Tax at the lower limit (EUR)	Tax rate on taxable income in excess of the lower limit (%)
0–12 450	0	8.50
12 450–17 707.20	1 058.25	10.70
17 707.20–33 007.20	1 620.77	12.80
33 007.20–53 407.20	3 579.17	17.40
Over 53 407.20	7 128.77	20.50

### Andalucía

Taxable income (EUR)	Tax rate on taxable income in excess of the lower limit (%)
0–12 450	9.50
12 450– 20 200	12.00
20 200 – 28 000	15.00
28 000 - 35 200	15.90
35 200 – 50 000	18.80
50 000 – 60 000	19.10
60 000 – 120 000	23.10
120 000 and over	24.30

### Catalonia

Taxable income (EUR)	Tax rate on taxable income in excess of the lower limit (%)
0 – 17 707	12.00
17 707 – 33 007	14.00
33 007 – 53 407	18.50
53 407 – 90 000	21.50
90 000 – 120 000	23.50
120 000 – 175 000	24.50
175 000 and over	25.50

### Galicia

Taxable income (EUR)	Tax rate on taxable income in excess of the lower limit (%)
0–12 450	9.50
12 450–20 200	11.75
20 200 – 27 700	15.55
27 700 – 35 200	17.00
35 200 – 47 600	18.50
47 600 – 60 000	20.50
60 000 and over	22.50

Source:

[https://www.agenciatributaria.es/AEAT.internet/Inicio/Ayuda/Manuales\\_Folletos\\_y\\_Videos/Manuales\\_practicos/IRPF/ Ayuda IRPF 2020/Capitulo 15 Calculo del impuesto determinacion de las cuotas integras/Gravamen de la base liquidable general/Gravamen\\_autonomico/Gravamen\\_autonomico.html](https://www.agenciatributaria.es/AEAT.internet/Inicio/Ayuda/Manuales_Folletos_y_Videos/Manuales_practicos/IRPF/ Ayuda IRPF 2020/Capitulo 15 Calculo del impuesto determinacion de las cuotas integras/Gravamen de la base liquidable general/Gravamen_autonomico/Gravamen_autonomico.html) [accessed 11th of October 2021].

#### 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 refundable up to the total amount of social security contributions. The amount is up to EUR 1 200, in general, or EUR 2 400 for special large families, with 5 or more children. It can also 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.

### Selected output from the OECD tax-benefit model (TaxBEN)

This section shows selected output of the TaxBEN model for Spain 2022 (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**).<sup>15</sup>

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.

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<sup>15</sup> Note that the minimum contribution period has been suspended temporarily in the context of the COVID-19 pandemic.

**Figure 1. Selected output from the OECD tax-benefit model, 2022**

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.

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## 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 **Error! Reference source not found.**).

### *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.