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Navigating the Labour Markets in Spain & Portugal

Overview

Spain and Portugal both have diverse labour markets with unique characteristics. In Spain, the labour market has historically faced challenges such as high unemployment rates, particularly among the youth. The country has implemented labour market reforms to address these issues, including changes to employment contracts and collective bargaining. Despite these efforts, the dual nature of the labour market, with a distinction between temporary and permanent contracts, has persisted. The service sector plays a significant role in Spain's economy, and tourism is a major source of employment.

Basic Country Facts

Capital
Madrid

Currency
Euro (EUR, also €)

Population
47.78 million
The World Bank

GDP per Capita
USD $29,674.5
(as of 2022)
The World Bank

Basic Country Facts

Capital
Lisbon

Currency
Euro (EUR, also €)

Population
10.41 million
The World Bank

GDP per Capita
USD $25,515.3
(as of 2022)
The World Bank

Portugal, on the other hand, has undergone structural reforms to enhance labour market flexibility and competitiveness. The country has made strides in reducing unemployment rates and improving economic stability. Portugal has a diverse economy, with industries such as tourism, agriculture, and technology contributing to employment. The government has also focused on fostering a more skilled workforce through education and training initiatives.

Both Spain and Portugal have faced economic challenges, but their labour markets continue to adapt to the evolving economic landscapes, aiming to create more sustainable and inclusive employment opportunities.

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Know More About Spain

- Spain is **divided in Autonomous Communities**, that have a certain level of self-government.
- There is **more than one official language** depending on the Autonomous Community, but the most used and the first official one is the Spanish.
- Spain is **famous for its gastronomy and picturesque culture**, as well as for its extraordinary landscapes and beaches.
- Fortunately, and unfortunately, Spain is also **known as one of the party capitals of the world**.
- Spain has the **highest number of UNESCO World Heritage Sites** in the world.
- Spain receives **more tourists than the number of people** who live there.

Know More About Portugal

- Portugal is even **older than Rome or Athenas**, being the oldest country in Europe.
- It has the oldest bookshop in the world and the smallest one. One was the bookshop that appears in Harry Potter!
- **Fado music was born in Portugal**, and it is the most traditional music of the country.
- Portugal has the **longest bridge in Europe**.
- Portugal is a **world leader in Hydro energy production**.
- 95% of the country is water.
- It is also known for its **picturesque architecture and exquisite cuisine**.

About Spain & Portugal Labour Markets

South Europe Labour Market Snapshot – 2023

01
User Guides

South EU employment rate:

74.9%



02
Economic Rate

Inflation rate:
6.1 %

Energy inflation:
-4.4%

Unemployment rate:
-3.2%



03
Remote & Hybrid Work

The remote working has increased the last 5 years from 27% to **43%**



04
Work-life Balance

Main countries of coverage for EE:

- Parental leave
- Sick leave
- Probation/Notice Period
- Severance payment



Source:
**INE – Instituto Nacional de Estadistica (esp)*
**Eurostat – EU*

About Spain & Portugal Labour Markets

Country	Spain	Portugal
Social Security	• Social Security registration • IRPF (Personal Income Tax) • Contract signed	• Social Security registration • IRS (Personal Income Tax) • Contract signed
Public Health Insurance	• Decentralised health system with S.S € • Dental not included	• Decentralised health system with SNS € • Dental not included
Health & Risk	• PRL “prevención de riesgos laborales” • Private insurance • Paid by employer	• Private insurance • Paid by employer
Sick Leave	• Covered by Social Security • IT in case of sickness • 75% government coverage • First 3 days = 0€	• Covered by Social Security • 75% government coverage • First 3 days = ER
Parental Leave	• Both 16 weeks • Covered 100% base. • Maximum 4.495,5€ • 22 days - lactation	• Mother: 6 weeks + 120 - 150 days • Father: 20 days + 120 - 150 days

Spain & Portugal General Labour Law

Country	Spain	Portugal
Minimum Wage	• 14 payments pro-rata • 1297,33€ x 12	• 14 payments pro-rata • 820€ x 12
Working Hours	• Maximum 40hrs per week	• Maximum 40hrs per week
Annual Leave	• 22 days + CBA • 14 National Days	• 22 days + CBA • 1st year just 20 days • 9 National Days
RWA	• Specific Contract • RWA* Allowance	• Compensation just with proofs • No need specific contracts
Contracts	• Permanent or Fix-term • Private contract + Official one	• Permanent or Fix-term • Private contract + Official one
Probation Period	• From 1 to 3 months on indefinite contracts • From 15 to 1 month on fix-term contracts	• 90 days general contracts • 180 high positions • 240 senior managers • 15 days x fix-term

Spain & Portugal Termination Information

Country	Spain	Portugal
Notice Period	• 14 payments pro-rata • 1297,33€ x 12	• 14 payments pro-rata • 820€ x 12
Reason for Termination	• 14 payments pro-rata • 1297,33€ x 12	• 14 payments pro-rata • 820€ x 12
Inform Period	• 22 days + CBA • 14 National Days	• 22 days + CBA • 1st year just 20 days • 9 National Days
Offboarding	• Offboarding Process	• Offboarding Process
Conciliation	• Conciliation Process	• Conciliation Process

Spain & Portugal Payroll & Taxes

Country	Spain	Portugal
EE Payroll Taxes	Employees are taxes progressively: • €0 - €12,450 = 19% • €12,451 - €20,200 = 24% • €20,201 - €35,200 = 30% • €35,201 - €60,000 = 37% • €60,000 and above = 45% • Over €300,000 = 47% • + 4.7% Social Security	Employees are taxes progressively: • €0 - €11,284 = 21% • €11,285 - €15,992= 26.5% • €15,993 - €20,700 = 28.5% • €20,701 - €26,355 = 35% • €26,356 - €38,632 = 37% • €38,633 - €50,483 = 43.5% • €50,484 - €78,834 = 45% • Over €78,834 = 48% • + 11% Social Security
The Payroll	• From 1 to 30 with maximum payment 6 weeks later • 14 payments in 12 instalments overtime - Bonus • Allowances	
ER Payroll Taxes	Company Contributions: • Common contingences - 24.1% • Professional Contingences - 2.05% • Unemployment - 5.5% • Training - 0.6% • Guarantee fund - 0%	Company Contributions: • Common contingences - 23.75% • Professional Contingences - 1.75% • Guarantee fund - 1%

Work Permits & Beckham Law

Visas + Work Permits

- Golden Visa
- High Skill Visa
- Regular Long-term Visa
- Student Visa
- Family Reunification Visa
- Tourist Visa



Beckham Law

- Tax Benefits for No Residents or Foreigners
- PT: From 50% to 20% in taxes for companies as well as no declaration for foreign yields for max 10 years
- ESP: 24% flat income tax rate for 5 years for max 499,999,00€

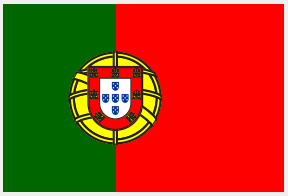
New Measures Approved in 2024

Spain



- Increase in the Minimum Interprofessional Salary
- Reduction of working hours to 38.5 hours per week
- Regulation of scholarship holders ← scholarship holder statute
- Possible extension of parental leave to 20 weeks.

Portugal



- Increase in the Minimum Interprofessional Salary to 821,23
- Occupational accident pensions increase by 6% in 2024
- The 3-day waiting period for medical leave will be waived if medically justified under oath.

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Singapore



6 Feb
Finance & HR Transformation:
Oracle Executive Forum
with Ken Saki



23 Feb
Unveiling HR's AI Future:
Learn, Automate, and Thrive!
with Henry Liew

Philippines



21 Feb
NetSuite Customer Meetup
Event in the Philippines
with Mary Ann Anda

Indonesia

19 Feb
Kagum Group of
Properties Group
Gathering

24 Feb
Techno Break IT Summit
Professional IT Bali
Annual Gathering

Malaysia

28 - 29 Feb
HRTech Global Pulse
Conference 2024 Kuala Lumpur

Kenya



29 Feb
Ask Our Experts:
Payroll Compliance in Kenya
with Jefferson Erick Pele

About BIPO

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