

THE OECD TAX-BENEFIT MODEL FOR Spain

Description of policy rules for 2018



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Table of contents

<i>Preface</i>	4
<i>The OECD tax-benefit model for Spain: Policy rules in 2018</i>	5
1. Reference wages	5
2. Unemployment benefits	5
2.1. Unemployment insurance benefit (Prestación por desempleo)	5
2.2. Unemployment assistance benefit (Prestaciones por desempleo de nivel asistencial)	7
2.3. Active Integration Income (Renta Activa de Inserción)	8
2.4. Professional requalification programme (Programa de recualificación profesional, PREPARA)	9
2.5. Employment activation programme (Programa de activación para el empleo, PAE)	10
3. Social assistance and housing benefits	11
3.1. Minimum income scheme (Ingreso Mínimo/Renta Mínima de Inserción)	11
4. Family benefits	12
4.1. Family allowance (Prestaciones familiares)	12
5. Childcare for pre-school children	13
5.1. Gross childcare fees	13
5.2. Fee discounts and free provision	14
5.3. Child-care benefits for formal centre-based care	14
5.4. Child care allowance for children not using child care centers	14
5.5. Tax concessions for childcare expenditures	15
6. In-work benefits	15
7. Social security contributions and payroll taxes	15
7.1. Contributions by employees (Cotizaciones sociales de los empleados)	15
7.2. Contributions by benefit recipients (Cotizaciones sociales de los beneficiarios de prestaciones sociales)	15
7.3. Contributions by employers (Cotizaciones de los empleadores)	15
8. Taxes	16
8.1. Personal income tax (Impuesto sobre la renta de las personas físicas, IRFP)	16
<i>Annex: Other benefits and direct taxes</i>	19
Benefit for birth or adoption (Ayuda por nacimiento o adopción)	19
Benefit for multiple births or adoption (Ayuda por parto o adopción múltiple)	19

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, 2018**.
- **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 2018

1. Reference wages

The preliminary 2018 average wage **[AW]** is EUR 26 880.¹

The minimum wage **[MIN]** in 2018 is EUR 735.9 per month. The annual minimum wage is computed by multiplying the minimum monthly wage (as of January 1, 2018) by 14 (including 13th and 14th payments), i.e. EUR 735.9 * 14 = EUR10 302.6.

2. Unemployment benefits

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

Variable names: **[UI_p; UI_s]**

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.

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.²

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

¹ AW refers to the Average Wage estimated by the [Centre for Tax Policy and Administration](#). For more information on methodology see the latest [Taxing Wages publication](#).

² Details on behavioural requirements and sanction provisions for unemployment benefits are reported in regularly updated companion reports, see Immervoll and Knotz (2018, forthcoming), [Langenbacher \(2015\)](#) and [Venn \(2011\)](#).

earnings correspond to the average contribution base over the last 180 days. Maximum contribution base is EUR 3 751.20 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 Public Income Rate of Multiple Effects, IPREM (*Indicador Público de Renta de Efectos Múltiples*), the index frequently used for the calculation of social benefits in Spain. In 2018 IPREM is EUR 537.84 per month, that is EUR 7 529.76 yearly (including 13th and 14th bonus payments).

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

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]

This is an unemployment assistance benefit. It is non-contributory, means-tested and taxable. 

2.2.1. *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 individuals are eligible in the following cases:

- Workers who have exhausted their unemployment insurance benefits and have family responsibilities³;
- Workers who did not meet the minimum contribution period to be eligible for contributory unemployment benefits;
- Workers over 55;
- 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 (*not modelled*).

In general, the duration is 6 months, which may be extended for further two periods of the same duration (i.e. up to a maximum of 18 months). In some cases, unemployment

³ Family responsibilities mean having to support a spouse and/or children under 26 years of age or those who are older and disabled.

assistance duration can be extended to 24 or 30 months for claimants who have exhausted contributory unemployment benefit and have family responsibilities.

For persons over 55, this benefit continues as long as is necessary until the claimant either re-enters the workforce or reaches the statutory retirement age, at which point he/she is eligible for the contributory retirement pension.

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, 551.93 per month. 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 can't exceed 75% of the minimum wage.

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

Variable names: [\[UA\]](#)

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*).

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 13th and 14th bonus payments, 551.93 per month. 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 can't exceed 75% of the minimum wage.

2.4. *Professional requalification programme (Programa de recualificación profesional, PREPARA)*

Variable names: **[UA]**

This programme aims to help long-term unemployed or unemployed people with family responsibilities, to get back to work. It is non-contributory, means-tested and taxable.

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:

- Have exhausted or not being eligible for other unemployment benefits.
- To be long-term unemployed with family responsibilities.
- Family unit cannot to receive an income above the 75% of the minimum wage.

2.4.2. *Benefit amount*

It is usually 75% of the IPREM, excluding the bonus payments.

It is 85% of the IPREM, excluding the bonus payments, in case having family responsibilities of three or more people

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, i.e. EUR 551.93 per month. 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 assistance or cash benefits is not possible unless the total amount perceived by beneficiaries may be lower than 75% minimum wage.

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

The unemployment assistance is not compatible either with work as an employee or with starting a new job.

It's possible to interrupt temporarily the payment of unemployment benefit by starting a new job with the possibility of later continuing benefit receipt if the beneficiary loses their new job within 6 months (*not covered by the model*).

2.5. Employment activation programme (*Programa de activación para el empleo, PAE*)

Variable names: [\[UA\]](#)

This programme aims to help long-term unemployed to get back to work. It is non-contributory, means-tested and taxable.

2.5.1. 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 for at least 9 months.

2.5.2. Benefit amount

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

2.5.3. Benefit duration

Maximum duration is 6 months.

2.5.4. 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, i.e. EUR 551.93 per month. The same condition applies to individual earnings of any adult in the family.

2.5.5. Tax treatment

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

2.5.6. 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.

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

The unemployment assistance is compatible with work as an employee with a maximum of 5 months.

3. Social assistance and housing benefits

3.1. Minimum income scheme (*Ingreso Mínimo/Renta Mínima de Inserción*)

Variable name: **[SA]**

This is a non-contributory benefit, means-tested and taxable.

Each of the 17 Autonomous Communities (regions) of Spain 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**.

3.1.1. Eligibility conditions

Age: Older than 25 and younger than 65. If minors of a person with disabilities, the age the beneficiary can be younger than 25 and older than 65.

Other conditions: The claimant must be available and actively seeking 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 amount of the benefit, depending on the number of dependent members in the family, is the following (since 2016):

Number of people	Monthly amount (EUR)	Supplement (EUR)
1 st person	400	
2 nd person	512.67	112.67
3 rd person and following	587.78	75.22

In any case, the amount per month cannot be over EUR 735.90 for families with various dependent members.

3.1.3. Benefit duration

The duration of the benefit is usually between 6 and 12 months, extendable in most cases. It lasts as long as the conditions are fulfilled in: Asturias, Islas Baleares, Castilla y Leon and Madrid.

3.1.4. Means test

Qualifying households must pass an income test based on gross family income (excluding family benefits). The income cannot be over the following amounts:

Number of family members	Income threshold (EUR per month)
1 person	400.00
2 people	512.67
3 people	587.78
4 people	663.00
5 people	735.22
6 people	735.90
7 people	735.90
8 people	735.90
9 people	735.90
10 people	735.90

If the thresholds are exceeded, the benefit is withdrawn on a one-to-one basis.

3.1.5. Tax treatment

The benefit is not taxable, but the tax system is structured in such a way that a year-long recipient will pay no tax.

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

It is complementary with other subsidies.

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

In general, this benefit is compatible with income from work except in Andalucía and Extremadura (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.

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 is the following: EUR 24.25 per month (EUR 291 per year). 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 does not exceed the following income thresholds, the benefit is paid in full:

Number of dependent children	Income threshold 2018 (EUR per year)
1	11 605.77
2	13 346.64
3	17 467.40
4	20 296.64

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 24.25 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. Childcare for pre-school children

The **reference date** for the policy rules described in this section is **January 1, 2018**.

Pre-primary education is for children from 0 to 6 years and it is divided into two three-year 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.

Total expenditure per pupil in public institutions (ISCED 0) is EUR 5 089 per year in 2015. It is EUR 6 833 per year for ISCED 01 (early childhood educational development) and EUR 4 666 per year for ISCED 02 (pre-primary). In the model the amount is updated from 2015 to 2018 using CPI (1.02977).

It is difficult to generalize, but it could be considered that on average the parents paying for places in public centres pay 1/3 of the value for the place, and the remaining 2/3 is covered by civil services (local corporations, autonomous and/or central government).

In private centres the family must paid the total cost.

5.1.1. Discounts for part-time usage (not modelled)

No information

5.2. Fee discounts and free provision

5.2.1. Eligibility

5.2.2. Amount of discount or free provision

5.2.3. Variation by income

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.

5.3.1. 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*

There are no tax credits linked directly to childcare expenditures, but there are other tax credits for children of relevant age (see Section 0).

5.5.1. *Eligibility*

5.5.2. *Maximum amount*

5.5.3. *Variation by income*

5.5.4. *Impact on overall income tax calculation*

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 10 303.20
- Upper Ceiling: EUR 45 014.40

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 general 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 EUR13 115 and 16 825: EUR 5 565 less the result of multiplying by 1.5 by the difference between the net employment income and EUR13 115.

In 2018, however, the employment related allowance is computed as the sum of the amount in force in 2017 plus half the positive difference between the amount estimated with the new parameters set out above and the amount in force for 2017.

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, taxable unemployment benefits and social assistance.

8.1.3. Income tax schedule

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
Over 60 000	8 950.75	22.50

The Autonomous Communities (Regional Governments) are liable to set up their own personal income tax schedule to tax the general income tax base. In 2018, those tax rate schedules vary from five to ten brackets and their marginal rates from 9.5 to 25.5%.

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, we have to change the assumptions of the model. In the past we used the Central Government tax schedule in place of regional tax schedule. Since 2016 we use the regional tax schedule of Madrid (Madrid Region), which is thought to be the most representative.

Madrid Schedule for general tax base in 2018

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
12 450–17 707.20	1 182.75	11.20
17 707.20–33 007.20	1 771.56	13.30
33 007.20–53 407.20	3 806.46	17.90
Over 53 407.20	7 458.06	21.00

8.1.4. 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.

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.