

Spain: Additional Solidarity Contribution

From January 1st, 2025, the "Additional Solidarity Contribution" comes into effect.

What is the Additional Solidarity Contribution?

"Solidarity Contributions" ("SC") are made by both the employer and the employee, based on the employee's salary. Currently, there are set minimum and maximum contribution limits. This means that above a certain salary level, contributions are capped.

Due to the significant deficit in the state pension fund, this is now changing. Among other measures, the salary cap for calculating the SC was initially to be removed entirely. However, as an interim measure, a tiered approach has been adopted, based on the full actual salary.

How will it work?

The additional SC will affect employees whose salaries exceed the maximum contribution base, and will be a separate contribution from the current general SC rates that are 6.47% for employees, and 30.48% for employers.

It will be calculated by reference to the difference between the maximum contribution base salary (currently EUR 4,720.50 per month) ("Base Salary") and the employee's actual monthly salary.

The change will be implemented progressively through to 2045, with a gradual increase in the SC rate. The distribution between employer and employee will remain consistent with that currently used.

The additional SC for those on the higher salaries will be calculated as follows:

- Tranche 1: salaries between 5% and 10% above the Base Salary, shall pay an additional 0.92% contribution in the first year, rising to 5.5% by 2045;
- Tranche 2: salaries between 10% and 50% above Base Salary, shall pay an additional 1% contribution in the first year, rising to 6% by 2045;
- Tranche 3: salaries more than 50% above Base Salary shall pay an additional 1.17% contribution in the first year, rising to 7% by 2045.

Payment of the additional SC should be before the last day of the month following the month in which the remuneration is paid.

Employer Obligations

Employers who affected by this new obligation must notify the Social Security General Treasury, by electronic means, with the:

- identification data of the employees for this additional contribution;
- period in which the remuneration is to be paid;
- amount of the remuneration that determines a contribution base that exceeds the maximum applicable contribution base; and
- amount of the contribution bases between the maximum base and that determined by the remuneration computable for these purposes.

This is a high level general update only. Legal advice should be obtained on specific circumstances.