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# Types of employment contracts in Catalonia

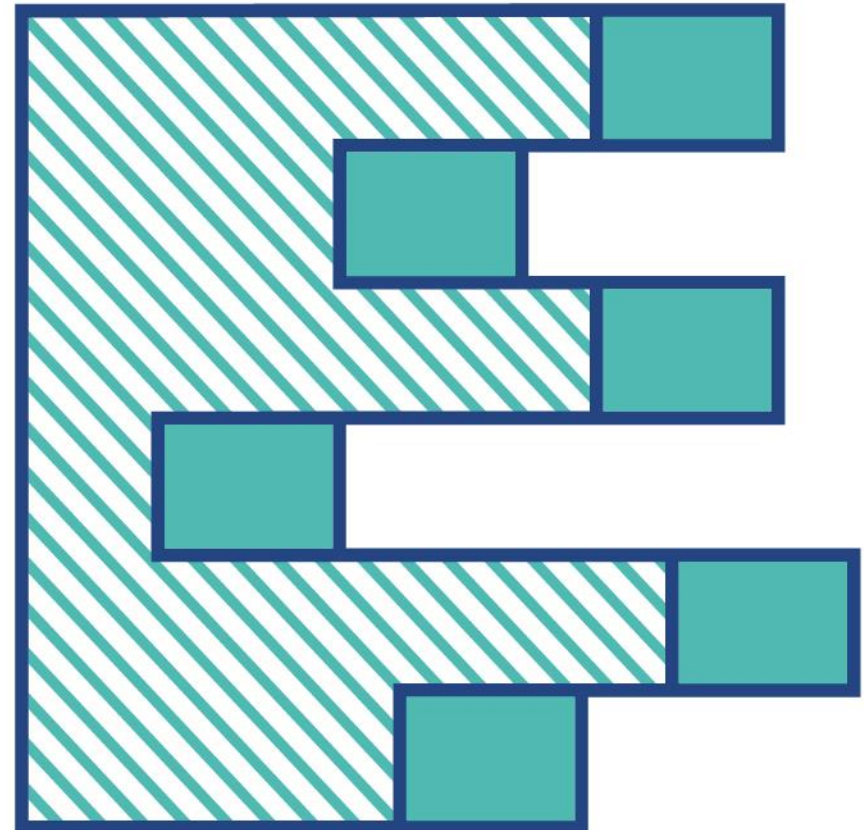
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## KIT 7.1.1

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### Advice & Information Tools

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# Introduction

# Introduction

## KEY CHARACTERISTICS

—In terms of **duration**, employment contracts can be given on a **permanent basis** (indefinite employment contract) or on a **fixed-term basis** (temporary employment contract). In addition, the contract could be for **full-time**, or **part-time basis**.

—**Temporary employment contract** may only be issued in **special circumstances (temporary cause)**, on the grounds established in labour regulations.

—In case of a unfair dismissal, the employees are entitled to receive the severance payment for unfair dismissal, established by law.

### People who qualify for employment:

- Over 18 years old.
- Legally emancipated minors, over 16, with parental consent or with the consent of the legal guardian or the institution in charge of the minor.

—Foreigners, subject to immigration laws.

### Formalities of the contract:

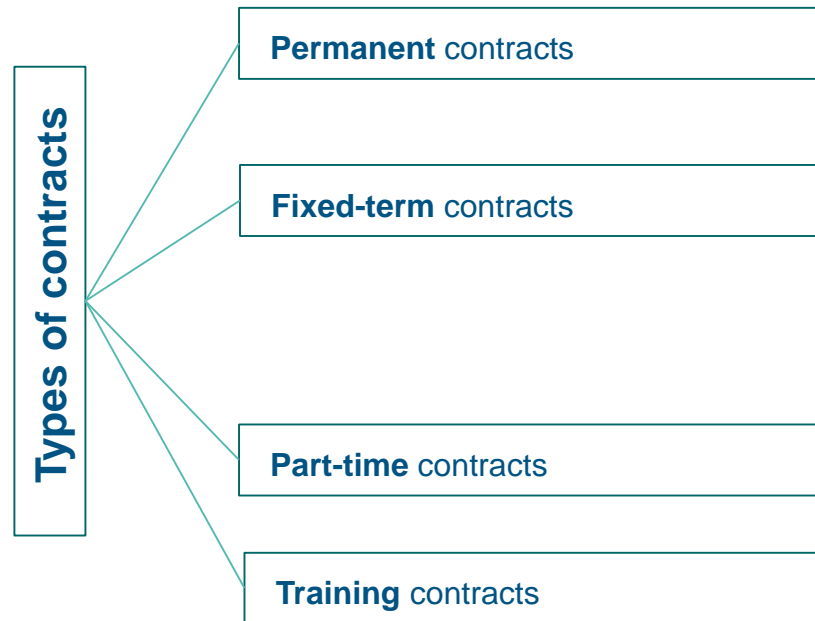
—**Verbally or in writing**, unless the law specifies that a contract must be executed in writing.

### Trial period:

- During the trial period either of the parties may **terminate the contract voluntarily without having to give a reason or notice**.
- The length of the trial period may not last longer **than six (6) months for qualified technicians and two (2) months for all the other workers**, unless otherwise provided in the applicable collective bargaining agreement.

# Types of contracts

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# Types of contracts

## PERMANENT CONTRACTS

### Permanent contracts:

- There are **no limits** on the **length** of time for the services,
- **Verbally** or **in writing**.

### Permanent seasonal contracts:

- For **work that is part of a company's normal business operations** but is not recurring **on certain dates**.
- Necessarily **in writing, by means of an official template**.

### Permanent contracts to support small businesses:

- Full- or part-time contracts designed to **facilitate the employment stability**.
- Only for companies with **less than 50 workers** at the time of recruitment.
- Necessarily **in writing, by means of an official template**.
- It is possible to establish an exceptional maximum **trial period of 1 year**.

# Types of contracts

## FIXED-TERM CONTRACTS

### Contracts for specific work or services:

- For tasks or services with **substantial autonomy** within the company's regular business with an uncertain but limited length.
- The cause of these contracts must be **described widely and with precision**.
- Necessarily **in writing**.
- **Maximum duration of 3 years, extendable for another 12 months**, if the collective bargaining agreement allows it.

### Temporary contracts for meeting production demands:

- Covers excess market demand for products or services, even if it relates to the company's normal activity. The cause of these contracts must be **described widely and with precision**.
- Necessarily **in writing**.
- Maximum duration of 6 months in a period of 12 months, expandable for a maximum of 12 months on a

period of 18 months, if the collective bargaining agreement allows it.

### Interim contracts:

- Designed for the temporary replacement of employees who are entitled to reinstatement or to cover a vacancy during a recruitment or promotion process to fill a position.
- Necessarily **in writing**.
- The duration will be according to the absence time of the replaced employee or a maximum of 3 months in the case of vacancy.



# Types of contracts

## PART-TIME CONTRACTS

### Part-time contracts:

- Celebrated with the purpose of **rendering services in a shorter working day** than applies to full-time workers doing the same job, calculated on a daily, weekly, monthly or annual basis.
- Establish the **number of ordinary hours agreed**, and the distribution of them.
- Workers with part-time contracts **may not do overtime**.

# Types of contracts

## TRAINING CONTRACTS

### Work placement contracts:

- Only the employees who are **holders of degrees or vocational training qualifications** at a post-secondary or university level, or holding a professional certificate that enables to the professional exercise are eligible for these contracts.
- **Minimum duration of 6 months, and maximum of 2 years.**
- It must be entered into within the **following 5 years** once the studies are finished, or **7 years** in case of disabled workers.

### Training and vocational learning contracts:

- Only for workers aged 16 and under 25, who don't have the professional qualification recognized by the employment qualifications system or the education system required to enter into a training contract. Temporarily, workers below the age of 30 are allowed.
- These **contracts enable workers to obtain a professional qualification** through a **sandwich course** combined with paid work at a company, in a vocational training scheme or in the framework of the education system.
- **Minimum duration of 1 years, and for a maximum of 2 years.**
- Necessarily **in writing.**
- During the first year, **work time may not exceed 75%** of the total time, and during the second and third year **85%.**

# Special Social Security allowances and Tax incentives for recruitment

# Special Social Security allowances and Tax incentives for recruitment

## SOCIAL SECURITY ALLOWANCES FOR INDEFINITE INITIAL CONTRACTS

Group	First year	Second year	Third year
Unemployed between 16 and 30 years old registered as job seekers	83.33 euros/month (1,000 euros/year)	91.67 euros/month (1,100 euros/year)	100 euros/month (1,200 euros/year)
	Increased by 100 euros/year for women in sectors in which few women work.	Increased by 100 euros/year for women in sectors in which few women work.	Increased by 100 euros/year for women in sectors in which few women work.
Unemployed over 45 registered as job seekers.	Men and women	108.33 euros/month (1,300 euros/year) throughout the 3 years.	
	Women in sectors in which few women work	125 euros/month (1,500 euros /year) throughout the 3 years.	

These allowances are compatible with other public subsidies with the same purpose, providing the total allowances do not exceed a company's full social security contributions.

# Special allowances applied to Social Security contributions for recruitment

## TAX INCENTIVE FOR CONTRACTS TO SUPPORT SMALL BUSINESSES

Beneficiaries	Type of contract	Allowances
Companies with up to 50 employees; the number of employees at the time of recruitment will be taken into account to calculate the tax relief.	First work contract given to anyone under the age of 30.  Notwithstanding the foregoing, and complying with specific requirements, this incentive also applies when hiring people receiving unemployed benefits.	Tax relief of 3,000 euros  <b>Tax relief equivalent to 50%</b> of the unemployment benefits to which the employee would be entitled at the time of recruitment, up to a maximum of 12 monthly payments.
<b>Requirements of the beneficiaries</b>	<ul style="list-style-type: none"> <li>- They must be up to date in their tax and social security payments, at the time employees are recruited and throughout the time the allowances apply. Failure to make these payments within the regulatory deadlines will result in the automatic loss of these allowances until all outstanding payments have been made; any such disqualifications from allowances will be counted as forming part of the maximum period over which they are granted.</li> <li>- They must not have been disqualified from allowances granted through employment programmes due to a serious offence or misdemeanour.</li> <li>- Incentives are subject to the maintenance of the employment contract for at least three years. Failure to fulfil this requirements implies the payment back in full of the benefits. The volume of employment reached with the permanent contract to support small businesses has to be maintained during, at least, 1 year since the commencement date. This requirement will not apply if an employment contract is terminated on the grounds of lawful dismissal for misconduct or objective dismissal, also in cases of resignation, death, retirement, or the full permanent or severe disability of an employee, or because of the end date or completion of the work or service hired.</li> </ul>	

# Special allowances applied to Social Security contributions for recruitment

## ALLOWANCES FOR PERMANENT CONTRACTS (I)

Group	Description	Euros annual/monthly	Term
Victims of gender violence or human trafficking and terrorism		1,500 euros / 125 euros	4 years
Workers in a position of social exclusion		600 euros / 50 euros	4 years
Victims of domestic violence		850 euros / 70.83 euros	4 years
Disabled workers	Men	4,500 euros / 375 euros	Throughout the term of the contract
	Women	5,350 euros/445.83 euros	
	Disabled workers over 45 years or older	5,700 euros/475 euros	
Severely disabled workers	Men	5,100 euros/425 euros	Throughout the term of the contract
	Women	5,950 euros/495.83 euros	
	Disabled workers over 45 years	6,300 euros/525 euros	
Hiring of unemployed workers who are under 30 years old, by microenterprises or self-employed entrepreneurs	<ul style="list-style-type: none"> <li>- Permanent contract for employees under 30 years old.</li> <li>- Workforce less than 9 employees.</li> <li>- No previous employment relationship with the employee to be hired.</li> <li>- Not have incurred in wrongful dismissals affecting the same position in the 6 months prior the hiring.</li> <li>- Not have extended a previous contract of these characteristics.</li> </ul>	100% reduction of the company quota for common contingencies corresponding to the worker hired.	1 year

# Special allowances applied to Social Security contributions for recruitment

## ALLOWANCES FOR PERMANENT CONTRACTS (II)

Group	Description	Euros annual/monthly	Term
<b>New young entrepreneurship projects:</b> Self-employers under 30 years old with no employees	Requirements: <ul style="list-style-type: none"> <li>- Be the first permanent employment contract.</li> <li>- The employee must be unemployed and over 45 years old, registered as job seeker during at least 12 months in the 18 months prior to the recruitment, or beneficiaries of the requalification training program for the people who have exhausted their unemployment benefits.</li> </ul>	100% reduction of the company quota for common contingencies corresponding to the worker hired.	12 months following the hiring

# Special allowances applied to Social Security contributions for recruitment

## ALLOWANCES ON SOCIAL SECURITY CONTRIBUTIONS FOR THE CONVERSION OF WORK PLACEMENT, HAND-OVER AND SUBSTITUTION CONTRACTS INTO PERMANENT CONTRACTS

Concept	Beneficiaries	Allowance	Term
<p><b>Transformation of work placement contracts into permanent</b> ones, either at the end of their initial or extended duration, or transformation of hand-over or substitution contracts signed because of the anticipated retirement. These allowances also apply to trainees in user undertakings when they hire these employees through permanent contracts.</p>	<ul style="list-style-type: none"> <li>- <b>Companies with less than 50 workers</b> at the time of the contract's signature, including freelance workers, labor societies or cooperatives which hire workers as new worker-members with permanent contracts, as long as those workers are included in a Social Security scheme for employed people.</li> </ul>	<p>Allowances on Social Security contributions for employers: 41.67 euros per month (<b>500 euros per year</b>).</p> <p>Hiring female workers grants higher allowances: 58,33 euros per month (<b>700 euros per year</b>).</p>	3 years



# Special allowances applied to Social Security contributions for recruitment

## ALLOWANCES FOR THE CONVERSION OF THE YOUTH FIRST EMPLOYMENT CONTRACT INTO PERMANENT CONTRACT

Concept	Allowance	Term
<p><b>Transformation into permanent contracts of temporary contracts</b> concluded between unemployed people under 30 with no labor experience or less than 3 months. The agreed working day must be at least equivalent to 50% of the one corresponding to a comparable full-time worker.</p>	<p>Allowances on Social Security contributions for employers: 41.67 euros per month (<b>500 euros per year</b>).</p> <p>Hiring female workers grants higher allowances: 58,33 euros per month (<b>700 euros per year</b>).</p>	3 years

# Special allowances applied to Social Security contributions for recruitment

## EXCEPTIONAL ALLOWANCES FOR FIXED-TERM CONTRACTS

Group	Description	Euros annual/monthly	Term
Disabled workers recruited through a fixed-term contract for the promotion of employment	Men under 45	3,500 euros / 291.67 euros	Throughout the term of the contract
	Women under 45 and men over 45	4,100 euros / 341.67 euros	
	Women over 45	4,700 euros / 391.67 euros	
Severely disabled workers recruited through a fixed-term contract for the promotion of employment	Men under 45	4,100 euros / 341.67 euros	Throughout the term of the contract
	Women under 45 and men over 45	4,700 euros / 391.67 euros	
	Women over 45	5,300 euros/441.67 euros	
	Victims of gender or domestic violence	600 euros / 50 euros	Throughout the term of the contract
	Workers in a position of social exclusion	500 euros / 41,67 euros	Throughout the term of the contract

# Special allowances applied to Social Security contributions for recruitment

## ALLOWANCES FOR THE WORK PLACEMENT CONTRACTS

Concept	Allowances	Term
Work placement contract for people with less than 30 years old, even if more than 5 years have elapsed since the completion of the studies.	75% reduction of the company's contributions for common contingencies for each employee recruited.	Throughout the term of the contract

# Special allowances applied to Social Security contributions for recruitment

## ALLOWANCES FOR THE PART-TIME RECRUITMENT FOR TRAINING PURPOSES

Concept	Allowance	Term
Part-time contracts for training purposes concluded between unemployed people under 30.	100% reduction of the company's <b>contributions</b> for common contingencies corresponding to each employee recruited if the workforce is less than 250 employees or 75% if the workforce is of 250 employees or more.	12 months

# Special allowances applied to Social Security contributions for recruitment

## ALLOWANCES FOR THE RECRUITMENT OF RESEARCH PERSONNEL

Concept	Allowance	Term
Contracts with research personnel included in article 2 of the Royal Decree 475/2014.	40% of the company's contributions for common contingencies	Throughout the contract

# More information

# More information

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## USEFUL LINKS

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—For **more information:**

Catalonia Trade and Investment

<http://www.catalonia.com>

Ministry of Employment and Social Security.

Public Employment Service of State.

[https://www.sepe.es/contenidos/empresas/ayudas\\_bonificaciones/bonificaciones\\_contratos.html](https://www.sepe.es/contenidos/empresas/ayudas_bonificaciones/bonificaciones_contratos.html)

# More information

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## SOURCES

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—Act 25/2015, of 28 July, for the second chance opportunity, reduction of financial payments and other social orders.

—Royal Legislative Decree 2/2015, of 23 October, approving the Consolidated Text of Workers' Statute Act.

—Act 43/2006, of 29 December, for improving growth and employment.

—Act 3/2012, of 6 July, on urgent measures for the reform of the Labour Market.

—Act 48/2015, of 28 October, on General State Budgets for 2016, extended until the approval of the 2017 General State Budgets.

—Royal Decree-Law 3/2016, of 2 December, implementing tax measures aimed to consolidate public finances and other urgent social measures.

—Order ESS / 106/2017, of 9 February, developing the legal regulations of Social Security contributions, unemployment, protection by cessation of activity, Wage Guarantee Fund and professional training for the 2017 financial year.

—Royal Decree-Law 4/2013, of 22 February, on measures in favor of the entrepreneurship and encouragement of economic growth.

—Royal Decree-Law 3/2014, of 28 February, on urgent measures for employment and indefinite hiring promotion.

—Royal Decree 475/2014, of 13 June, on Social Security reductions for research personnel.

—Royal Decree-Law 8/2014, of 4 July, passing urgent measures for economic growth, competitiveness and efficiency.



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The above information is provided solely for information purposes and does not serve as a substitute for any legal advice. Therefore, we suggest that you seek professional advice prior to taking any decisions related to said information.

