

EUROMOD

COUNTRY REPORT

SPAIN (ES)
2018-2021

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EUROMOD version I4.0

EUROMOD is the tax-benefit microsimulation model for the European Union (EU). It enables researchers and policy analysts to calculate, in a comparable manner, the effects of taxes and benefits on household incomes and work incentives for the population of each country and for the EU as a whole.

EUROMOD covers the 27 Member States and is yearly updated to cover the most recent changes in countries' policy systems. It uses input databases which are also updated on a yearly basis, coming mainly from the European Union Statistics on Income and Living Conditions (EU-SILC). The model yearly update is supported by the following Directorate-Generals of the European Commission: DG EMPL, DG ECFIN, DG TAXUD, DG REFORM, DG JRC, DG ESTAT.

Originally maintained, developed and managed by the Institute for Social and Economic Research (ISER), since 2021 these responsibilities are taken over by the Joint Research Centre (JRC) of the European Commission, in collaboration with Eurostat and 27 national teams from the EU countries.

The EUROMOD governance structure consists of a Steering Committee, allowing partner DGs to monitor the process of the EUROMOD update, and a Scientific Advisory Board to monitor and guide the scientific development of the model.

This report documents the work done in the most recent annual update for Spain. This work was carried out by the EUROMOD core development team, based at the JRC in Seville, in collaboration with the national team.

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The results presented in this report are derived using EUROMOD version I4.0. EUROMOD is continually being improved and the results presented here may not match those that would be obtained with earlier or later versions of EUROMOD.

For more information see <https://euromod-web.jrc.ec.europa.eu/>

The information contained in this document does not reflect the position or opinion of the European Commission.

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1 BASIC INFORMATION

1.1 Basic information about the tax-benefit system

The tax-benefit system in Spain is a complex system due to its administrative and political organization. Spain is territorially divided into regions¹: 17 Autonomous Communities (*Comunidades Autónomas*) and 2 Autonomous Cities (*Ciudades Autónomas*). The process of development of these regions entailed a redistribution of the political and administrative competences between the state and the regions. This is reflected in a complex organization and therefore a complex tax-benefit system.

- The main characteristics of the tax system in Spain are the following:
 - It is a decentralized system formed of three subsystems: state, regions and local government tax systems.
 - Additionally, some state taxes are partially or totally transferred to the regions.
 - For taxes totally transferred to regions, 100% of the revenues are collected by the regions. Additionally, regions have certain regulatory competences to establish allowances, tax rates and fiscal credits. The most important of these taxes is the Inheritance and Gift Tax, which is completely different among regions due to these regulatory competences. In fact, some regions have very high tax credits to the final liability (e.g. Comunidad de Madrid provides a 100% tax credit).
 - When taxes are partially transferred to regions, only 50% of the revenues is transferred to the regions and regions only have regulatory competences in certain taxes. For example, Personal Income Tax and VAT are two partially transferred state taxes, but regions can only regulate some aspects of the Personal Income Tax (tax allowances, tax rates, etc.) while the VAT cannot be regulated by regions.
 - There are two regions, Comunidad Foral de Navarra and País Vasco, for which the state tax system does not apply. For historical reasons they have their own tax regimes and they contribute to the state with an amount of their revenues.
 - Canarias has a special tax regime for historical and geographical reasons, which has been regulated taking into account the provisions of the European Union on outermost regions. Additionally, Ciudad de Ceuta and Ciudad de Melilla have a special indirect tax regime.
- The Personal Income Tax is applied at the individual level, however, there is also an option to file a joint tax return for members of the same family unit. The decision is taken by the taxpayer according to what benefits him the most. Additionally, the income tax system is a dual system where income subject to tax is classified into two groups that are taxed at different rates: “General Income” comprising mainly income or labour returns and “Savings Income” including capital gains or savings returns. Savings Income tax schedule is much less progressive than General Income tax schedule. The Personal Income Tax is partially transferred to the regions and therefore it’s not homogeneous throughout the national territory with differences in personal

¹ EUROSTAT NUTS-2 regions in Spain: Galicia, Principado de Asturias, Cantabria, País Vasco, Comunidad Foral de Navarra, La Rioja, Aragón, Comunidad de Madrid, Castilla y León, Castilla-La Mancha, Extremadura, Cataluña, Comunitat Valenciana, Illes Balears, Andalucía, Región de Murcia, Canarias, Ciudad de Ceuta, Ciudad de Melilla.

and familiar allowances, tax schedules and tax credits according to the legislation in the regions. Income tax liability is based on annual income and allowances are referred to in annual terms. To make use of allowances and deductions these have to be claimed in the following year (by 1st May-30th of June) when filing the tax report. The latter determines the final tax liability, taking into account tax already withheld.

- The most important benefits are generally claimed by national authorities. Additionally, there are some family and child-related benefits and the regional minimum income schemes (*Rentas Mínimas de Inserción*) which are handled by regional governments. Benefits can be of two types: contributory, if eligibility and amounts depends on previous contributions to the Social Insurance System and non-contributory benefits if eligibility depends on certain contingencies and, generally, on income test.
- The Social Insurance System is a centralized system. Social Insurance contributions finance contributory pensions and benefits. There are different regimes of contribution which differ in the way and conditions in which employees, employers and self-employed contribute and the insurances which are financed. These social insurance contributions do not finance the Health National System, which is financed by taxes.
- The fiscal year is 1st January - 31st December². Social contributions, benefits and pensions are usually assessed and delivered on a monthly basis. Taxes are not indexed and are usually updated in ad hoc manner. In relation to the benefits, some of them are indexed using the IPREM or the Minimum Wage and others are not indexed and are yearly fixed by the government. Social Insurance contributions are yearly fixed by the government. The main changes in the tax benefits system are reported either in the National Budget Law or the 19 regional Budget Laws at the beginning of the year, but there is also specific national and regional regulation on taxes, benefits and social insurance which can be changed at any moment of the year.
- The index used as a reference to establish some benefits amounts is the IPREM. In Cataluña, there is another indexing indicator: the IRSC³ (*Indicador de Renta de Suficiencia de Catalunya*).

Table 1.1 Indexes used as reference to establish benefit amounts. Monthly amounts (EUR).

	2018	2019	2020	2021
IPREM	537.84	537.84	537.84	564.90
IRSC (Cataluña)	569.12	569.12	569.12	569.12

- The Minimum Wage is the statutory minimum wage established for each year. It is also used to update minimum contribution bases and some non-contributory benefits. The minimum wage experienced a significant increase from €735.90 per month in 2018 to €900 per month in 2019.

² Regarding companies, as a rule, the tax year is usually from 25th of July to next year's 25th of July.

³ The IRSC is a statutory parameter updated on a yearly basis by the Budgetary Law of Cataluña (*Llei de pressupostos de la Generalitat de Catalunya*).

Table 1.2 Minimum wage. Monthly amount (EUR).

Years	2018	2019 ⁴	2020 ⁵	2021	
Month				01-08	09-12 ⁶
Minimum wage	735.90	900	950	950	965

- Statutory age pension changed and, since 2013, it is 67 years or 65 years if a person has contributed to the Social Insurance System for 38 years and 6 months⁷.

The increase of the retirement age from 65 to 67 and the extension of the social contributions period from 35 years to 38 years and 6 months will be made progressively from 2013 to 2027. The schedule from 2018 to 2021 will be the following:

Table 1.3 Evolution of the retirement age according to the contribution period.

Years	Periods of social insurance contributions	Age required
2018	36 years and 3 months or more	65 years
	Less than 36 years and 3 months	65 years and 5 months
2019	36 years and 6 months or over	65 years
	Less than 36 years and 6 months	65 years and 6 months
2020	37 years or over	65 years
	Less than 37 years	65 years and 10 months
2021	37 years and 3 months or more	65 years
	Less than 37 years and 3 months	66 years

Source: <http://www.seg-social.es/wps/portal/wss/internet/Trabajadores/PrestacionesPensionesTrabajadores/10963/28393/28396/28472>

- Children are obliged to attend school from 6 years old until they acquire the secondary education or reach the age of 16.
 - Dependent children, in general, are defined as aged under 18 or disabled regardless of age. Three different levels of disability (33%, 65 and 75%) are usually distinguished in the tax-benefit system. In the case of legally separated spouses or de facto unions, dependent children belong to the family unit of the parent they live with.
 - Dependent children for family and subsistence benefits are defined as aged under 18. Dependent children for unemployment, widow-widower's benefits are defined as aged under 26 whose personal income does not exceed a percentage of the Minimum Wage.
 - For taxation purposes, dependent children are aged under 25. The income tax has a family tax credit depending on the number of dependent children.

⁴ Real Decreto 1462/2018, de 21 de diciembre, por el que se fija el salario mínimo interprofesional para 2019.

⁵ Real Decreto 231/2020, de 4 de febrero, por el que se fija el salario mínimo interprofesional para 2020.

⁶ Council of Ministers (September 28, 2021).

⁷ Ley 27/2011, de 1 agosto, sobre actualización, adecuación y modernización del sistema de Seguridad Social. It entered in force on 1 January 2013.

- “Large Families” (*familias numerosas*) are defined as a one or two-parent cohabiting family with three or more dependent children (or two if a parent or one of the children is disabled). A further distinction is made within them: those with 5 or more dependent children are identified as “special large families” (*familias numerosas de categoría especial*).

1.2 Social Benefits

The benefits system is a decentralized system where most important benefits are generally claimed by national authorities although there are different types of benefits handled by the regional governments with different eligibility conditions, benefit amounts and duration across regions.

Additionally, benefits can be divided into two main groups:

(1) Contributory Benefits (CB) for which eligibility depends on having met certain conditions regarding social insurance contributions and certain contingencies such as old-age, widowhood, disability or unemployment. The amounts received depend on contributions and, in some cases, on a range of personal circumstances.

(2) Non-contributory benefits (NCB) for which eligibility depends on certain contingencies such as old-age, widowhood, disability or unemployment and, generally, on an income test. Eligibility in this case does not require a minimum amount of contributions and most non-contributory benefits are income-tested. The income test is usually related to a range of personal and family circumstances and to total individual or family income.

1.3 Contributory Benefits

Old-age pension

Contributory old-age pension (*Pensión contributiva por jubilación total o por jubilación parcial*): Compulsory social insurance scheme for employees that have, either completely stopped working and are entitled to receive old-age benefits, or workers that have decided to reduce their working hours and to combine partial old-age pensions with earnings. In order to be entitled to receive the pensions the worker must have paid the required contributions. The retirement pension benefit amount is determined by the amount and number of social contributions (with a minimum of 15 years).

Statutory insurance for old age and disability (*Pensión del seguro obligatorio de vejez e Invalidez, SOVI*): This is a particularly old social scheme that covers workers who have paid 1800 days of contributions to the SOVI between 1940 and 1966 or were registered prior to 1940. These pensions are to disappear soon.

Survivor's pension

Contributory survivor's pension (*Pensión de viudedad u orfandad a favor de familiares*): Compulsory social insurance scheme for employees. Pensions are paid in case of death of the contributing worker to widows or widowers (*pensión de viudedad*), orphans (*pensión de orfandad*) or relatives (*pensión en favor de familiares*) depending on the total contributions of the deceased person. The deceased person should be affiliated to social insurance scheme, must be an active contributor or have equivalent status or must have complied with the required period of paid contributions. Widows, widowers, orphans and relatives must fulfil some further requirements in order to receive the pensions. The amount of the pension depends on the contributions paid by the deceased person and on personal circumstances of the beneficiaries.

Disability pension

Contributory disability pension (*Pensión contributiva por incapacidad permanente*): Compulsory social insurance scheme for employees with contribution-related benefits in case of permanent incapacity (*incapacidad permanente*). The degrees of disability are the following: permanent and partial disability for the usual profession (*incapacidad permanente parcial para la profesión habitual*), permanent and complete disability for the usual profession (*incapacidad permanente total para la profesión habitual*), permanent and total disability for any type of working activity (*incapacidad permanente absoluta*) and severe disability (*gran invalidez*). In order to be entitled to receive the benefits the worker must have paid the required contributions. The amount of the pension depends both on the degree of disability and on the contributory base.

Unemployment benefits

Contributory unemployment insurance benefit (*Prestación por desempleo contributiva*): Compulsory social insurance scheme for employees able and available to work who have lost their job. In order to be entitled to the benefits workers must have contributed to social insurance covering unemployment and must have paid the required period of contributions. The benefit amount depends on the average daily contributory base. Duration depends on the total contribution period over the preceding 6 years.

Contributory new self-employed unemployment insurance benefit (*Prestación económica cese de actividad de trabajadores autónomos*): Unemployment insurance scheme available to self-employed people who reach a minimum time of contribution to the Social insurance system and who have stopped the activity and finished their activities due to economic reasons. This “Special protection system for the self-employed” for business interruption entered into force in November 6th 2010⁸.

Family and child benefits

Contributory maternity leave benefit (*Prestación por maternidad*): Compulsory social insurance scheme payable through employers that covers the following situations: maternity, adoption and permanent or simple fosterage (according to the Civil Code or to the regions that regulate it), provided that in this last case, the duration is not below a year. The benefits amount to 100% of the worker’s contributory base for maternity leave. The duration is, in general, 16 weeks.

Contributory paternity leave benefit (*Prestación por paternidad*): Since 2007 the compulsory social insurance scheme payable through employers that covers paternity, adoption and permanent or simple fosterage, increased its duration (available for fathers and compatible with that of mothers) up to 5 weeks. Additional 2 days may be added for each extra child in case of multiple births. The benefit amount is 100% of the worker’s contributory base for maternity leave.

Contributory risk during pregnancy benefit (*Prestación por riesgo durante el embarazo*): paid to expectant working mothers who are unable to continue with their normal work activities during their pregnancy. The benefit is payable through employers. In order to be entitled to receive the benefit the worker must have a minimum period of paid contributions. The benefit amount is 100% of the worker’s contributory base.

⁸ Real Decreto Legislativo 8/2015, de 30 de octubre, por el que se aprueba el texto refundido de la Ley General de la Seguridad Social.

Contributory risk during lactation benefit (*Prestación por riesgo durante la lactancia*): paid to expectant working mothers who are unable to continue with their normal work activities during their lactation.

Sickness benefits

Contributory sickness cash benefit (*Incapacidad temporal*): Compulsory social insurance scheme payable through employers that covers workers who are temporarily unable to work due to common or professional illnesses or accidents. Incapacity for work must be certified by a doctor and the worker must have paid the required contributions.

1.4 Non-contributory Benefits

Old-age pension

Non-contributory old-age pension (*Prestación no contributiva por jubilación*): Social insurance scheme for people over 65 years of age, who find themselves in a state of need and lack the necessary means for subsistence. This is a family unit income-tested benefit. The amount of the benefit depends on the number of beneficiaries within the family unit. The family unit here consists of any cohabiting individuals who can be married to the beneficiary or to be his/her parent, son or daughter or brother or sister. There are some complementary benefits to these pensions for individuals living in rented housing and who do not have a house of their own elsewhere. Further, there are some regional complementary benefits.

Old-age pension complement benefit (*Complemento a mínimos*): Pensions are automatically updated every year, generally at a rate equal to the Consumer Price Index, CPI. However, pension benefits cannot exceed a maximum; neither can they be below a minimum. Subject to an income test, contributory pensions that are below the official minimum pension are increased up to the minimum by this non-contributory benefit.

Old-age assistance Pensions (*Pensiones Asistenciales*): It refers to the pensions prior to the current non-contributory pensions that were extinguished in 1992 and may continue to be received by some beneficiaries but incompatible with the current non-contributory benefits. They ceased to exist in 1992 when the System of non-contributory benefits arose.

Survivor's pension

Survivor's pension complement benefit (*Complemento a mínimos*): Like old-age pension complement benefit it is a supplement for those contributory benefits for survivors that do not reach a minimum.

Disability pension

Non-contributory disability pension (*Prestación no contributiva por invalidez*): Social insurance scheme for people who suffer from physical or mental deficiencies, likely to be of a permanent nature, either physical or mental, whether or not they may be congenital, which nullify or modify their capacity and lack sufficient income. This is a family unit income-tested benefit. The amount of the benefit is fixed but increases by 50 per cent, when the degree of disability is equal to or higher than 75 per cent and the assistance of another person is required to carry out the most essential life actions.

Disability pension complement benefit (*Complemento a mínimos*): Like old-age pension complement benefit it is a supplement for those contributory disability benefits that do not reach a minimum.

Disability assistance pensions (*Pensiones Asistenciales*): pensions prior to the current non-contributory pensions system that were extinguished in 1992 and may continue to be received by the beneficiaries, but incompatible with the current non-contributory benefits. They ceased to exist in 1992 when the system of non-contributory benefits arose.

Unemployment benefits

Unemployment assistance (*Subsidio por desempleo*): If the worker is not entitled to receive contributory benefits a non-contributory benefit is available. There are different types of unemployment assistance depending on the personnel situation:

- Unemployment benefit with family responsibilities (*Subsidio por desempleo con cargas familiares*).
- Unemployment benefit for 45 years and over with no family responsibilities (*Subsidio por desempleo mayor de 45 años y sin cargas familiares*)
- Unemployment benefit for 52 years and over (*Subsidio por desempleo mayor de 52 años: Si se tiene 52 años o más*).

Active insertion allowance (*Renta Activa de Inserción*): If the worker is neither entitled to contributory unemployment benefit nor to unemployment assistance the worker may claim this benefit. The benefit is income-tested, family unit income must be below 75% of the minimum wage. Other requirements are: being below 65 and long-term unemployed (over 12 months). The duration of the benefit is 11 months maximum and the amount of benefit is 80% of the IPREM.

Extraordinary unemployment allowance (*Subsidio extraordinario por desempleo*): People in total unemployment who are in one of the following situations may be allowed: any unemployment allowance or long-term unemployed who have finished benefits for unemployment or long-term unemployed persons who have finished benefits for unemployment unemployment, PREPARA, or RAI.

Temporary unemployment protection program (*Programa de Activación para el Empleo, PAE*). This benefit was introduced in January 2015 to substitute the former one, *Programa de recualificación personal de las personas que agoten su protección por desempleo*, PREPARA. PAE is a benefit for long-term unemployed people with family responsibilities. Beneficiaries cannot be eligible to receive *Renta Activa de Inserción*. Its duration is six months and the benefit amount is equal to 80% of the IPREM. This program ended in April 2018.

Family and child benefits

Non-contributory child benefit (*Prestación por hijo a cargo no contributiva*): Tax financed scheme for families with children under 18 years of age or any age if disabled. It is a non-contributory, income-tested benefit (not income-tested in the case of disability). The amount depends on the degree of the disability and the age of the children.

Non-contributory means-tested lump-sum child benefits for large families, lone parents and disabled mothers (*Prestaciones por nacimiento o adopción de hijos en los supuestos de familia numerosa, monoparentales o madres discapacitadas*). Lump-sum benefit granted for the birth or adoption of a child into large families, lone parents and cases in which the mother has a degree of disability greater than or equal to 65%. It's a mean-tested benefit.

Non-contributory multiple birth/adoption benefit (*Prestación no contributiva por parto o adopción múltiples*): this is a lump-sum payment at birth or adoption of third, fourth or higher older child. Not taxable. The benefit amount depends on the number of children and the minimum wage.

Non-contributory maternity leave benefit (*Prestación por maternidad no contributiva*): This benefit is aimed at covering the maternity of those females who do not reach the minimum contributions to Social insurance to receive a contributory maternity leave benefit. The benefit amount is the value of the daily IPREM for that year during 42 days. Benefit duration will be extended by 14 days more if a baby is born in a large family or lone-parent family, in case of multiple births or if a mother or a child are disabled. The benefit is not means-tested.

Regional child benefits: Regional benefits in which each region establishes the eligibility conditions.

Non-contributory care protection benefits (Prestaciones no contributivas para la dependencia)

Long-term care protection system (*Sistema para la Autonomía y Atención a la Dependencia, SAAD*): Since 2007 a new system for the protection of disabilities was created in Spain. The system provides in-kind and monetary benefits for handicapped individuals. Benefits are paid in order to cover the cost of services, for providing care within the family and towards the cost of external personal assistance help. The evaluation of the person in need is undertaken by regional governments using the limits imposed by the central government.

Benefits of the general care protection law (*Prestaciones de la Ley General de la Dependencia*): benefits of the Ministry of Health for the protection of persons with disabilities who do not contribute to the Social insurance Scheme. This benefits include the minimum income guarantee allowance, third-person support allowance, transportation and health care allowance, and pharmaceutical benefits.

Social assistance benefits

Regional minimum income schemes (*Rentas Mínimas de Inserción*): these are non-contributory benefits to fight poverty by means of cash benefits. The benefits are income-tested. All regions in Spain provide them, although eligibility conditions, benefit amounts and duration differ across regions.

National minimum income (*Ingreso Mínimo Vital*): nation-wide minimum income benefit, approved in June 2020, to prevent the risk of poverty and social exclusion of people living alone or integrated in a coexistence unit, when they are in a vulnerable situation due to lack of sufficient economic resources to cover their basic needs.

Education and housing benefits

Education allowances (*Becas y ayudas para estudiar*): There is a system of education allowances. These benefits are distributed within a group of students that comply with the requisites of income and academic performances. This system is nationally managed in general, only País Vasco has its own completely independent system, but there are similar conditions to receive the benefit.

Complementary benefit to non-contributory pensions (*Complemento por alquiler*): for pensioners living in rented housing who do not own other housing elsewhere and are not family related to the house owner.

Regional housing benefits (*Ayudas al alquiler de vivienda habitual*): Some regions have their own housing benefit systems and help households with the cost of the rent of the house.

1.5 Social contributions

Social insurance contributions (*Cotizaciones a la Seguridad Social*) are mandatory contributions paid by employees, employers and self-employed for carrying out a work activity in order to finance

pensions and other contributory benefits to protect from different situations or contingencies such as unemployment, maternity or incapacity to work among others. Previous contributions determine eligibility and amount of contributory benefits.

The Social insurance System has different regimes of contribution. These regimes differ in the way and conditions in which employees, employers and self-employed contribute and the insurances which are financed. Currently there are two main types of Social insurance Schemes⁹: General Regime and Special Regimes.

General Regime (*Régimen General*): includes employed workers. It's the most important, a large percentage of workers in Spain contribute through this regime and also protects a broader scope of situations and contingencies:

Within this regime there are special systems with special rules: Agrarian employees Special System (*Sistema especial para trabajadores por cuenta ajena agrarios*) or Housemaids Special System (*Sistema Especial para los Empleados de Hogar*) among others.

Special Regimes (*Regímenes especiales*): includes the workers who carry out activities with special characteristics that make it necessary to establish particular conditions of contribution and application of the benefits of the Social insurance. The Special Regimes are:

- **Self-employed regime** (*Régimen Especial de los Trabajadores Autónomos*): The social insurance contribution for self-employed workers has some degree of flexibility: the contributory base is flexible and the worker can choose his/her particular amount of contribution within a limited range. There are some special systems within this regime; the following is worth mentioning;
 - Agrarian self-employed special system (*Sistema especial Trabajadores Cuenta Propia Agrarios*) included since 2008.
- **Coal-mining special regime** (*Régimen Especial para la Minería del Carbón*): includes employees of the coal-mining sector
- **Sea workers special regime** (*Régimen Especial de los Trabajadores del Mar*): includes employees of the fishing sector.
- **Student's special regime** (*Régimen Especial de los Estudiantes*).
- **Civil servants' special regime**. This regime is divided into three: a main civil servants' regime (*MUFACE*) and special regimes for military forces (*ISFAS*) and judges (*MUGEJU*). However, we should note that public sector employees holding private contracts and many regional civil servants contribute to the General Regime.

The contributions of employers, employees and self-employed finance the following insurances:

Pension insurance (*contingencias comunes*): is paid by employees and employers. It funds state contributory pensions (old-age pension, survivor's benefits such as widow's pension, orphan's pension, relative's pension) and different benefits that protects the worker in case of temporary incapacity to work due to common illness or non-work accident, maternity, paternity, risk during pregnancy and lactation, benefits for family protection, pharmaceutical or health care benefits.

Work-related injury insurance (*contingencias profesionales*): is paid by employers and funds benefits for the protection of the worker in case of work-related problems: work accidents and occupational diseases. Since 2019 the contribution to this insurance is compulsory for self-employed.

⁹ The current social security system (Sistema de la Seguridad Social) is regulated by Real Decreto Legislativo 8/2015, de 30 de octubre, por el que se aprueba el texto refundido de la Ley General de la Seguridad Social. The previous system (SOVI, Seguro Obligatorio de Vejez e Invalidez) is still in force for those people who contributed before 1967.

Unemployment insurance (*desempleo*): is paid by employees and employers and funds benefits for the protection of the worker in case of employment.

Protection due to termination of activity insurance (*cese de actividad*): is paid by self-employed and funds benefits for the protection of self-employed in case of termination of the activity. It's compulsory since 2019.

Occupational training insurance (*formación profesional*): is paid by employees and employers for training and professional qualification courses. Since 2019 the contribution to this insurance is compulsory for self-employed.

Wage Guarantee Fund (*Fondo de Garantía Salarial FOGASA*): is paid by employers to guarantee the worker the receipt of wages, compensation for redundancies, etc in case of company defaults, failures etc

Overtime insurance (*horas extraordinarias*): is paid by employees and employers. The overtime contributes to the previous insurances and additionally to this insurance in order to increase the resources of the Social Insurance System.

Finally, it is worth mentioning that these social insurance contributions do not finance the Health National System which is financed by taxes.

1.6 Taxes

The main taxes that affect household budgets are the following:

Personal income tax (*Impuesto sobre la Renta de las Personas Físicas, IRPF*): tax levied on income of resident individuals. Gross income subject to tax can be of several types: labour income, capital income (both financial and real-estate) and self-employment income. The income tax system is an individual system although a married couple and lone parents also have an option to file a joint tax return, the decision on which type to choose is taken by the taxpayer. Additionally, the income tax is a dual system where income subject to tax is classified into two groups which are taxed at different rates: “General Income” comprises mainly income and labour returns and “Savings Income” includes capital income. Savings Income tax schedule is much less progressive than General Income tax schedule. It's a tax partially transferred to the regions and therefore it's not homogeneous throughout the national territory with differences in personal and familiar allowances, tax schedules and tax credits according to the legislation in the regions

Value Added Tax (*Impuesto sobre el valor añadido, IVA*): Taxes on goods and services in mainland Spain and the Illes Balear, thus excluding Canarias (there is a different value added tax within its territory, IGIC) and the regions in Northern Africa: Ciudad de Ceuta and Ciudad de Melilla, as well as the import of goods into any of these territories. There are basically, three different rates: 4% for basic necessities; 10% for food, dwellings, transport, tourism, etc.; and the 21% standard rate for other goods and services.

Excise duties (*Impuestos especiales, IE*): These are charged on alcohol, tobacco, fuel, gas, and electrical energy, coal. Excise duties are detailed in Law 38/1992 of 28 December 1992 and comprise: (common) excises on manufacture (*Impuestos Especiales de Fabricación, IEF*) and an excise on certain means of transport (*Impuesto Especial sobre determinados Medios de Transporte, IEMT*).

- **IEFs** are levied at lump-sum rates. In general, on a single stage with respect to the manufacture in, and importation to, Spain of alcoholic drinks and products; hydrocarbons and manufactured tobacco products (combined for cigarettes with ad valorem rates).

- **IEMT** is levied at ad valorem rates (in addition to VAT) on a single stage with respect to the first final registration in Spain of (new or used) means of transport, domestically manufactured or imported.

Net wealth tax (*Impuesto sobre el patrimonio, IP*): this tax is completely transferred to the regions so there are differences in the regulation of this tax between the regions. This tax is levied on the worldwide assets of resident individuals and charged through a progressive tax schedule. The taxable base (net wealth) is calculated by aggregating all his/her assets and deducting the appropriate liabilities. The aggregate burden of income tax and net wealth tax due by a resident taxpayer cannot exceed 60% of his/her total taxable income for income tax purposes. Net wealth below a certain limit is exempt; this limit is larger if asset is main residence. The Wealth Tax is completely transferred to the regions so there are differences in the regulation along the country, in fact, some regions have very high tax credits to the final liability (e.g. Comunidad de Madrid provides a 100% tax credit).

Real Estate Tax (*Impuesto sobre bienes inmuebles, IBI*): this tax is levied on an annual basis by local authorities on the possession of property in the local territory. The taxable base is the cadastral value, which is usually well below properties’ market price even if its value is usually adjusted every 8 years. The general tax rates are 0.4% for urban property and 0.3% for rural property.

Vehicles Tax (*Impuesto sobre vehiculos de tracción mecánica, IVTM*): this tax is levied on an annual basis by local authorities on the possession of vehicles.

Additionally, there are other minor taxes which provide a relatively small share of revenue and do not affect household budget considerably or are not collected on a regular basis, for example:

Urban Real Estate Value Tax (*Impuesto sobre el increment del valor de los terrenos de naturaleza urbana, IVTNU*): this tax is levied by local authorities on the increase in the value of urban properties in the local territory when transaction of the property is made between individuals or firms.

Inheritance tax (*Impuesto sobre sucesiones y donaciones, ISD*): this tax is completely transferred to the regions so there are important differences in the regulation of this tax between the regions. . It’s levied on property passing to individuals by way of gift or on death. It is charged using a progressive tax schedule. There are many exemptions and tax credits related to the type of relationship the individual has/had with the previous owner and the nature of the donation or bequest

Property Transaction Tax (*Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados, ITPAJD*): this tax is levied by regional authorities (*Comunidades Autónomas*) on the transaction of properties between individuals or firms and also on any juridical act. There are differences in the regulation on this tax between the regions

Table 1.4 Revenues from taxes that affect household budget (2017).

	Revenues (%) from:		
	State	Regions	Total
Personal income tax	47.85	40.62	45.10
Value Added Tax	39.53	34.07	37.46
Excise duties	12.61	12.88	12.71
Net wealth tax	0.00	1.28	0.49

Inheritance tax	0.00	2.60	0.99
Property Transaction Tax	0.00	8.55	3.25
Total	100.00	100.00	100.00

1.7 Covid-19 related tax and benefit measures

The World Health Organization made an assessment that COVID-19 can be characterized as a pandemic on March 11, 2020. The rapidity in the evolution of the facts, at national and international level, required the declaration on March 14 of the state of alarm in Spain limiting the freedom of movement and containment measures in the educational, labour, commercial, and recreational sectors, or in places of worship.

In addition, a series of policies were approved in the social and economic sphere aimed at reinforcing the protection of workers, families and vulnerable groups and supporting continuity in productive activity and maintaining employment. Among these measures, we can mention the following¹⁰:

1) Policies aimed at the protection of workers and economic activity:

Flexibility of the conditions for temporary suspension of contracts and temporary reduction of working hours (ERTEs). In order to avoid that the current conjunctural situation has a negative impact of a structural nature on employment, workers affected by an ERTE will have access to the contributory unemployment benefit, even if they don't have the contribution period necessary to have access to it and, additionally, it will not be computed for the purposes of consuming the legally established maximum duration of the benefit. In addition, companies are exempt from paying 75% of the business contribution to Social Insurance, or 100% of the quota in the case of companies with less than 50 workers, provided that they commit to maintaining employment.

Extraordinary benefit for cessation of activity for the self-employed of 70% of the regulatory base, or of the minimum base if the minimum contribution period is not credited for those self-employed whose activities are suspended by the state of alarm, or, in another case, when their billing in the month prior to which the benefit is requested is reduced by at least 75% in relation to the average billing for the previous semester. The duration of this policy ends with the end of the alarm state. Beneficiaries are exempted from paying social insurance contributions.

Temporary extraordinary subsidy for domestic employees. Persons who are registered in the Special System of Household Employees of the General Social Insurance Regime before the declaration of the state of alarm and have ceased to provide services, completely or in part, or have

¹⁰ *Real Decreto-ley 8/2020, de 17 de marzo, de medidas urgentes extraordinarias para hacer frente al impacto económico y social del COVID-19.*

Real Decreto-ley 9/2020, de 27 de marzo, por el que se adoptan medidas complementarias, en el ámbito laboral, para paliar los efectos derivados de la COVID-19

Real Decreto-ley 11/2020, de 31 de marzo, por el que se adoptan medidas urgentes complementarias en el ámbito social y económico para hacer frente al COVID-19

Real Decreto-ley 12/2020, de 31 de marzo, de medidas urgentes en materia de protección y asistencia a las víctimas de violencia de género²²

Real Decreto-ley 13/2020, de 7 de abril, por el que se adoptan determinadas medidas urgentes en materia de empleo agrario²⁴

Real Decreto-ley 15/2020, de 21 de abril, de medidas urgentes complementarias para apoyar la economía y el empleo

Real Decreto-ley 19/2020, de 26 de mayo, por el que se adoptan medidas complementarias en materia agraria, científica, económica, de empleo y Seguridad Social y tributarias para paliar los efectos de la COVID-19

terminated their contract, will be entitled to this subsidy. The subsidy will be 70% to the regulatory base and may not be higher than the minimum wage, excluding the proportional part of the extraordinary payments. If it is a partial loss of the activity, the amount will be proportional to the percentage of reduction in working hours.

Extraordinary subsidy for temporary contracts. Workers whose contract for a fixed duration, of at least 2 months duration, has expired after the declaration of the state of alarm, and who do not have sufficient contributions to access another unemployment benefit or subsidy, will be entitled to this subsidy. The subsidy will be 80% of the current monthly IPREM.

Other unemployment protection policies: extension of the unemployment subsidy. Discontinuous permanent workers and those who perform regular jobs who have had their employment contracts suspended as a result of the impact of COVID-19 can received again the unemployment benefits.

Policy to guarantee the liquidity to sustain economic activity through guarantees for companies and the self-employed, expansion of the borrowing capacity of the Official Credit Institute, streamlining of customs procedures, flexibility of deadlines for payment of tax debts.

Tax-related policies: suspension and extension of deadlines, exemption in the Tax on Patrimonial Transmissions and Documented Legal Acts for mortgage operations, reduction of tax rates in VAT. (0% to deliveries, imports and intra-community acquisitions of goods necessary to combat the effects COVID-19 whose recipients are public law entities, clinics or hospital centers, or private social entities, VAT of 4% on books, newspapers and digital magazines).

2) Social policies aimed at protecting vulnerable families and groups:

Support for the rental cost of vulnerable people through moratorium on rental debt and aid through a Rental Aid program.¹¹

Moratorium on the payment of the mortgage debt for the acquisition of the habitual residence in situations of vulnerability.

Other policies: possibility of availability of accumulated savings in pension plans, guarantee of water and energy supply, preferential nature of remote work, right to adjust hours and reduce hours, urgent measures regarding protection and assistance to victims of gender violence.

2 SIMULATION OF TAXES, SOCIAL INSURANCE CONTRIBUTIONS AND BENEFITS IN EUROMOD

2.1 Scope of simulation

Not all the taxes and benefits mentioned above are included in EUROMOD. The following situations can take place:

- The tax-benefit instrument is excluded from the model as it's neither included in the micro-data nor simulated.
- The tax-benefit instrument is included in the micro-data but not simulated (the tax or benefit amount is known for every sampling unit but it's not possible to simulate any change in the tax-benefit rules).

¹¹ Real Decreto 106/2018, de 9 de marzo: el «Programa de ayudas para contribuir a minimizar el impacto económico y social del COVID-19 en los alquileres de vivienda habitual».

- The tax-benefit instrument is simulated or fully simulated. The most relevant rules of the tax or benefit are simulated so it's possible to modify them in order to analyze the effects.

The table 2.1 shows the treatment of pensions and benefits in EUROMOD. The main problems in the simulation are the lack of information on contribution history, eligibility conditions and other specific information such as disability degree or educational level among others.

In relation to the pension only the non-contributory old-age pension (poanc_es), the complements to old-age (poacm_es) and widow-widowers' pension (psuwdc_m_es) are partially simulated (the simulation is restricted to the current benefit recipients as self-reported in SILC).

Regarding benefits, full simulation is possible in case of non-contributory paternity leave and child benefits (except for children with disability, which is partially simulated) and social assistance benefits, such as national and regional income schemes (although for the latter a calibration procedure is applied to correct by the low coverage of these schemes in practice¹²). Contributory paternity leave benefits and unemployment benefits are also simulated, although for the latter the simulations are restricted to the current benefit recipients (as self-reported in SILC) due to lack of information on the contribution history.

The remaining benefits and pensions are not simulated but are included in the micro-data as reported in SILC.

Table 2.1 Simulation of pensions and benefits in EUROMOD [2018-2021].

Benefit	Variable	2018	2019	2020	2021	Comments
<i>Sickness benefits</i>						
Sickness benefits	bhl00	I	I	I	I	Lack of data on contribution history and sickness
Other sickness benefits	bhlot	I	I	I	I	Minor benefits
<i>Education benefits</i>						
Education allowances	bed	I	I	I	I	Lack of data on grades
<i>Old-age benefits</i>						
Old-age pension	poa00	I	I	I	I	Lack of data on contribution history
NC old-age pension	poanc_s	PS	PS	PS	PS	Eligibility taken from data due to (apparently) non-take-up
NC complement to old-age pensions	poacm_s	PS	PS	PS	PS	Eligibility taken from data
<i>Disability benefits</i>						
Disability pension	pdi00	I	I	I	I	Lack of data on contribution history
NC disability benefit	pdinc	I	I	I	I	Lack of data on disability degree
NC complement to disability benefit	pdicm	I	I	I	I	Lack of data on disability degree
<i>Survivor's benefits</i>						
Widow's pension	psuwd00	I	I	I	I	Lack of data on contribution history
Orphan's pension	psuwd00	I	I	I	I	Lack of data on contribution history
Relative's pension	psuwd00	I	I	I	I	Lack of data on contribution history
NC complement to widow's pension	psuwdc_m_s	PS	PS	PS	PS	Eligibility taken from data due to (apparently) non-take-up
NC orphan's pension	psuot	I	I	I	I	Lack of data on orphanhood
NC widow's pension	psuot	I	I	I	I	Lack of data on widowhood
<i>Unemployment benefits</i>						
Unemployment insurance	bunct_s	PS	PS	PS	PS	Eligibility taken from data due to lack of data on contribution history and unemployment spell

¹² More detailed information on the calibration procedure can be consulted in section 2.5.5.

Benefit	Variable	2018	2019	2020	2021	Comments
Unemployment assistance	bunnc_s	PS	PS	PS	PS	Eligibility taken from data due to lack of data on contribution history and unemployment spell
Active Insertion Allowance	bunnc_s	PS	PS	PS	PS	Lack of data on contribution history and unemployment spell. EU-SILC data doesn't distinguish this benefit from other unemployment benefits. Since the benefit rules are similar, the simulation assumes that recipients receive unemployment assistance instead
Temporary unemployment protection programs (<i>PRODI, PREPARA, PAE & Subsidio Extraordinario por Desempleo</i>)	bunnc_s	PS	PS	PS	PS	Lack of data on contribution history and unemployment spell. EU-SILC data doesn't distinguish these benefits from other unemployment benefits. Since the benefit rules are similar, the simulation assumes that recipients receive unemployment assistance instead
Self-employed unemployment insurance benefit	bunct02_s	(S)	(S)	(S)	(S)	Switched off in the baseline. Can be used for simulating unemployment benefits for new unemployed
Other unemployment benefits	bunot	I	I	I	I	Minor benefits
Monetary compensation schemes						
Wage compensation scheme (<i>ERTE</i>)	bwkmcee_s	E	E	(S)	(S)	This benefit can only produce results if the model is run in combination with the LMA ¹³ add-on.
Self-employment income compensation scheme	bwkmcse_s	-	-	(S)	(S)	This benefit can only produce results if the model is run in combination with the LMA add-on.
Family and child benefits						
Contributory maternity benefit	bma/bmact_s	I/S	I/S	I/S	I/S	Lack of data on contribution history and maternity. Its simulation can be switched on by activating PBE extension. The default for the baseline is off, i.e. the non-simulated component is being used (bma).
Contributory paternity benefit	bma/bpact_s	I/S	I/S	I/S	I/S	Lack of data on contribution history and paternity. Its simulation can be switched on by activating PBE extension. The default for the baseline is off, i.e. the non-simulated component is being used (bma).
NC child benefit – not disabled	bch00_s	S	S	S	S	
NC child benefit – disabled	bchdi_s	PS	PS	PS	PS	There is no information on disability status for individuals below 16 years of age in the data
NC multiple birth/adoption benefit	bchbaucna02_s	S	S	S	S	
Means-tested birth/adoption benefit for large families, lone parents, disabled mothers	bchbamtna_s	S	S	S	S	
Regional child benefits	bch*rg_s	S	S	S	S	
NC maternity maternity leave benefit	bma/bmanc_s	I/S	I/S	I/S	I/S	Its simulation can be switched on by using PBE extension ¹⁴ . The default for the baseline is off, i.e. the non-simulated component is being used (bma).

¹³ For more details see section 2.4

¹⁴ For more details see section 2.4

Benefit	Variable	2018	2019	2020	2021	Comments
Other child benefits (including risk during pregnancy and lactation benefit)	bchot	I	I	I	I	Lack of data on contribution history and maternity
<i>Social assistance</i>						
Regional minimum income schemes	bsarg_s	S	S	S	S	Main rules are simulated, although final results are calibrated to correct by the low coverage of these schemes in practice
Nation-wide minimum income	bsa00_s	-	-	S	S	
<i>Housing benefits</i>						
Housing benefits	bho	I	I	I	I	Data availability not sufficient to simulate all the different regional rules

Notes: “-”: policy did not exist in that year; “E”: *excluded* from the model as it is neither included in the micro-data nor simulated; “I”: *included* in the micro-data but not simulated; “PS” *partially simulated* as some of its relevant rules are not simulated; “S” *simulated* although some minor or very specific rules may not be simulated.

Table 2.2 shows the treatment of taxes and social insurance contributions in EUROMOD.

- Social contributions of the most important Social Insurance Regimes are simulated: the General Regime and the Self-employed Regime. The specific rules for the agrarian system are also simulated but the remaining systems (Housemaid, Coal-mining, sea-workers etc) are not simulated due to lack of data to distinguish these collectives (we assume these groups contribute through the General Regime). Additionally we have to make some assumptions because it is not possible to simulate all the characteristics of the Social Contributions in these regimes and all the insurances covered due to lack of information on type of contract (permanent or temporary contract), periods of activity or group of contribution.
- Regarding taxes that affect household income, only direct taxes are simulated, concretely the Personal Income Tax is simulated. The Wealth Tax which is included in the micro-data as reported in SILC. The remaining taxes are not included in the micro-data or simulated. Personal Income Tax is almost fully simulated although the specificities of the País Vasco and Comunidad Foral de Navarra tax rules are not accounted for. The simulation of the personal income tax rules for both regions follow the ones of the common fiscal territory (i.e. all other Spanish regions).

Table 2.2 Simulation of taxes and social contributions in EUROMOD [2018-2021].

Tax/SIC	Variable	2018	2019	2020	2021	Comments
<i>Employer’s social insurance contributions</i>	tscer_s					The special rules for the agrarian system are simulated. Other special regimes (e.g. civil servants) are ignored (i.e. rules of the general regime are assumed)
Pension insurance contributions (<i>contingencias comunes</i>)	tscerpi_s	S	S	S	S	
Unemployment insurance contributions (<i>desempleo</i>)	tscerui_s	S	S	S	S	
Other insurance contributions (<i>fondo de garantía salarial y formación profesional</i>)	tscerot_s	S	S	S	S	
<i>Employee’s social insurance contributions</i>	tscee_s					The special rules for the agrarian system are simulated. Other special regimes (e.g. civil servants) are ignored (i.e. rules of the general regime are assumed)

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Tax/SIC	Variable	2018	2019	2020	2021	Comments
Pension insurance contributions (<i>contingencias comunes</i>)	tsceepi_s	S	S	S	S	
Unemployment insurance contributions (<i>desempleo</i>)	tsceeu_i_s	S	S	S	S	
Other insurance contributions (<i>formación profesional</i>)	tsceeo_t_s	S	S	S	S	
Self-employed social insurance contributions	tscse_s					The special rules for the agrarian system are simulated. Other special regimes are ignored.
Pension insurance contributions (<i>contingencias comunes</i>)	tscsepi_s	S	S	S	S	
Work-related injuries insurance contributions (<i>contingencias profesionales</i>)	tscsehl_s	S	S	S	S	
Other insurance contributions (<i>formación y cese de actividad</i>)	tscseot_s	-	S	S	S	This contribution became compulsory in 2019. Before, self-employed contributed on a voluntary basis
Credited social insurance contributions (paid by the social insurance institution)	ils_sicct					
Insurance contribution during unemployment	tscuner_s	S	S	S	S	
Pension insurance contributions during wage compensation	tsccterpi_s	-	-	S	S	Simulated only if wage compensation is switched on
Unemployment insurance contributions during wage compensation	tsccterui_s	-	-	S	S	Simulated only if wage compensation is switched on
Other insurance contributions during wage compensation	tsccterot_s	-	-	S	S	Simulated only if wage compensation is switched on
Pension insurance contributions during wage compensation	tscctsepi_s	-	-	S	S	Simulated only if wage compensation is switched on
Work-related injuries insurance contributions during wage compensation	tscctsehl_s	-	-	S	S	Simulated only if wage compensation is switched on
Other insurance contributions during wage compensation	tscctseot_s	-	-	S	S	Simulated only if wage compensation is switched on
Other social insurance contributions (paid by benefit recipients)	ils_sicot					
Insurance contribution during unemployment	tscunee_s	S	S	S	S	
Pension insurance contributions during wage compensation	tscbeeper_i_s	-	-	S	S	Simulated only if wage compensation is switched on
Unemployment insurance contributions during wage compensation	tscbeeperui_s	-	-	S	S	Simulated only if wage compensation is switched on
Other insurance contributions during wage compensation	tscbeeperot_s	-	-	S	S	Simulated only if wage compensation is switched on
Student's special regime		E	E	E	E	No information available. Minor regime
Direct Taxes						
Personal income tax	tin_s	S	S	S	S	Some exemptions, small allowances and special treatment of some capital and self-employment incomes are ignored. Income rules of País Vasco and Comunidad Foral de Navarra are assumed to be the same as in the other regions
Wealth tax	twl	I	I	I	I	Lack of data on wealth

Tax/SIC	Variable	2018	2019	2020	2021	Comments
Property tax	tpr	E	E	E	E	Considered as a housing-related expenditure in the original SILC variable
Inheritance tax		E	E	E	E	
Other direct taxes		E	E	E	E	
Indirect Taxes						
Value added tax		E	E	E	E	
Excise taxes		E	E	E	E	
Other indirect taxes		E	E	E	E	

Notes: “-” policy did not exist in that year; “E” policy is excluded from the model’s scope as it is neither included in the microdata nor simulated by EUROMOD; “PS” policy is partially simulated as some of its relevant rules are not simulated; “S” policy is simulated although some minor or very specific rules may not be simulated.

2.1.1 Partially simulated tax-benefit components

The unemployment insurance (bunct_s) and unemployment assistance (bunnc_s) benefits are partially simulated because there is no data on the contribution history of unemployed individuals. Thus, the simulation is restricted only to those individuals who have reported the unemployment benefit in the micro-data. The non-contributory old-age pension (poanc_s), the old-age pension complement (poacm_s) and the widow/er pension complement (psuwpcm_s) are also partially simulated in the baseline, because it has been estimated that around 40 percent of the eligible individuals do not claim these non-contributory benefits (Matsaganis et al., 2010). The simulation is then restricted only to the actual benefit recipients.

2.2 Main policy changes

The table below shows the main policy changes in 2018-2021. Following there is a detailed description of these changes.

Table 2.2.1 Main policy changes.

Policies	2018→2019	2019→2020	2020→2021
Benefits	-Maternity and paternity leave benefits no longer taxable -Increase in paternity leave duration from 5 to 8 weeks -Rise in child benefits for children with disabilities and households at risk of poverty	-Increase in paternity leave duration from 8 to 12 weeks -Implementation of nation-wide minimum income -Extraordinary benefits for employees and self-employed during the COVID-19 pandemic	-Increase in paternity leave duration from 12 to 16 weeks -Monetary compensation schemes for employees and self-employed during the COVID-19 pandemic were extended
Social Insurance Contributions	-Change in conditions of self-employed contributions		
Direct taxes			-New brackets in the Personal Income Tax schedule for high income earners -Reduction of tax allowance for private pension expenditures
Other	Rise in minimum wage	Rise in minimum wage	Rise in minimum wage

Main policy changes between 2018-2019

- Self-employed contributions towards work-related insurance (*contingencias profesionales*) and occupational trainings and unemployment insurance (*formación y cese de actividad*) became compulsory in 2019. Before, contributions were made on a voluntary basis. The total minimum contribution rate remained almost unchanged, increasing slightly from 29.8% to 30%, whereas contribution bases increased by 1.25% with respect to 2018.
- Since 2019 maternity and paternity leave benefits are no longer taxable within the personal income tax. Besides, the standard duration of the paternity leave increased from 5 to 8 weeks.
- The minimum wage experienced a significantly increase from €735.90 per month in 2018 to €900 per month in 2019.
- The main child benefit amount for children without disabilities was increased to €341 per year after several years where it remained frozen at €291. Additionally, a higher benefit entitlement for households at risk of poverty was approved (of €588 per year).

Main policy changes between 2019-2020

- In June 2020, the new nation-wide minimum income (*Ingreso Mínimo Vital*) came into force. This benefit sets, for the first time, a unique guaranteed minimum income for the whole territory. The new nation-wide minimum income is incompatible with the main child benefit in Spain, which will be progressively abolished.
- As result of the COVID-19 pandemic, several policy responses were put in place to cushion the impact of the crisis. Among them, two can be highlighted:
 - Wage compensation scheme that allows to temporarily lay off workers or reduce their number of working hours. Employees will be entitled to the unemployment insurance benefit during the furlough, even if they do not meet the contribution period necessary to be eligible.
 - Extraordinary benefit for self-employed during the COVID-19 pandemic due to cessation of activity or due to a loss in revenue of, at least, 75% of the average revenue in the semester prior.
- The minimum wage experienced an increase from €900 per month in 2019 to €950 per month in 2020.

Main policy changes between 2020-2021

- In 2021 some characteristics of the Personal Income Tax changed: In 2021, the national tax schedule on general income changed adding a new limit of €300,000 and a tax rate of 24.5%. Additionally, the national tax schedule on capital income changed adding a new limit of €200,000 and a tax rate of 26%.
- The limit for the private pension expenditure tax allowance decreased from €8,000 to €2,000.
- The duration of the paternity leave benefit increased up to 16 weeks, therefore granting the same duration as the maternity leave benefit.
- The monetary compensation schemes put in place to cushion the effects of the COVID-19 crisis were extended over the whole year through several sequential extensions. Moreover, the schemes underwent several changes, mainly affecting the way employers pay social insurance contributions during compensation.

2.3 Order of simulation and interdependence

The following table shows the order in which the main elements of the Spanish tax-benefit system in 2018-2021 are simulated.

Employee, self-employed and employer social insurance contributions are simulated first as the contribution bases are needed for subsequent simulations, such as parental leave benefits or wage compensation schemes. Besides, social insurance contributions are deducted from the personal income tax base. Wage compensation schemes, parental leave benefits¹⁵, and unemployment benefits are simulated next, as credited social insurance contributions depend on their simulation and some of the above-mentioned benefits are taxable. Afterwards, the model simulates non-contributory old-age pensions, pension complements, and child benefits at the national level, whose income tests include the previous simulated benefits. Finally, we simulate the personal income tax. Individual and joint taxation are simulated, and the more favourable option for the individual is chosen. The last policies to be simulated in the spine are the regional child benefits and social assistance benefits, including among the latter the nation-wide minimum income and the regional minimum income schemes.

Table 2.3 EUROMOD spine: order of simulation.

Policy	2018	2019	2020	2021	Description
setdefault_es	on	on	on	on	DEF: Set default values
uprate_es	on	on	on	on	DEF: UPRATING FACTORS
uprate_bands_es	on	on	on	on	DEF: Uprating in bands
ilsdef_es	on	on	on	on	DEF: INCOME CONCEPTS
ilsUDBDef_es	on	on	on	on	DEF: STANDARD UDB INCOME CONCEPTS
ildef_es	on	on	on	on	DEF: INCOME CONCEPTS
ConstDef_es	on	on	on	on	DEF: CONSTANTS
random_es	on	on	on	on	DEF: Random assignments for bsarg_s & Covid-19
TransLMA_es	n/a	n/a	off	off	DEF: Modelling labour market transitions (DO NOT SWITCH ON; ONLY WORKS WITH THE LMA ADD-ON)
tundef_es	on	on	on	on	DEF: ASSESSMENT UNITS
yem_es	switch	switch	switch	switch	DEF: Minimum wage ("Salario Mínimo Interprofesional")
neg_es	on	on	on	on	DEF: recode negative self-employment income to zero
prelim_es	on	on	on	on	DEF: Preliminary definitions
tscft_es	on	on	on	on	SIC: General regime: full-time workers ("Régimen general trabajadores a tiempo completo")
tscpt_es	on	on	on	on	SIC: General regime: part-time workers ("Régimen general trabajadores a tiempo parcial")
tscag_es	on	on	on	on	SIC: Agrarian regime ("Régimen agrario: trabajadores y empleadores")
tscse_es	on	on	on	on	SIC: Self-employment social insurance contributions ("Régimen Especial de los Trabajadores Autónomos")
tscseag_es	on	on	on	on	SIC: Agrarian self-employment social insurance contributions ("Sistema especial Trabajadores Cuenta Propia Agrarios")
yemcomp_es	n/a	n/a	on	on	BEN: Wage compensation scheme Covid-19 ("ERTEs")
ysecomp_es	n/a	n/a	on	on	BEN: Self-employment income compensation scheme Covid-19 ("Prestación extraordinaria por cesde de actividad durante el estado de alarma")
bmact_es	switch	switch	switch	switch	BEN: Maternity leave benefit ("Prestación contributiva por maternidad")
bmanc_es	switch	switch	switch	switch	BEN: Non-contributory maternity leave benefit ("Prestación no contributiva por maternidad")

¹⁵ The simulations of wage compensation schemes and parental leave benefits are switched off in the baseline. In particular, the wage compensation schemes can only produce results if the model is run in combination with the LMA add-on. For more information about the modelling of labour market transitions, please consult the “Simulating labour market transitions in EUROMOD” document. See section 2.4 and the corresponding policies’ descriptions for more information.

Policy	2018	2019	2020	2021	Description
bpact_es	switch	switch	switch	switch	BEN: Contributory paternity leave benefit ("Prestación contributiva por paternidad")
bunct_es	on	on	on	on	BEN: Unemployment insurance ("Prestación contributiva por desempleo"): PART-SIMULATED
bunct02_es	off	off	off	off	BEN: Unemployment insurance for self-employed ("Prestación económica cese de actividad de trabajadores autónomos"): SIMULATED only for new unemployed (via LMA Add-on)
bunnc_es	on	on	on	on	BEN: Unemployment assistance benefit ("Subsidio por desempleo") & Income Guarantee benefit ("Renta Activa de Inserción") PART-SIMULATED
bunmt_es	on	on	on	on	BEN: Temporary Unemployment Protection Programs ("PRODI, PREPARA, PAE & Subsidio Extraordinario por Desempleo"): only 2007-2008 data
tsct_es	on	on	on	on	SIC: Credited and other social insurance contributions
poanc_es	on	on	on	on	BEN: Non-contributory old-age pension ("Prestaciones no contributivas por jubilación total o por jubilación parcial") PART-SIMULATED
poacm_es	on	on	on	on	BEN: Old-age pension complement ("Complemento de mínimos por jubilación") PART-SIMULATED
psuwpcm_es	on	on	on	on	BEN: Widow-widower's pension complement ("Complemento de mínimos por viudedad") PART-SIMULATED
bch00_es	on	on	on	on	BEN: Child Benefit ("Prestación no contributiva por hijo a cargo")
bchbamtna_es	on	on	on	on	BEN: Means-tested birth/adoption benefit ("Prestación por nacimiento o adopción de hijos")
bchbaucna_es	n/a	n/a	n/a	n/a	BEN: Universal birth/adoption benefit ("Cheque bebé")
bchbaucna02_es	on	on	on	on	BEN: Lump-sum child benefit for multiple birth/adoption ("Prestación por parto o adopción múltiple")
tin_cons_es	on	on	on	on	TAX: Income Tax - constants
tinit_es	on	on	on	on	TAX: Income Tax - individual taxation
tintergit_es	on	on	on	on	TAX: Regional Income Tax Credits, individual taxation
tinjt_es	on	on	on	on	TAX: Income Tax - joint taxation
tintergjt_es	on	on	on	on	TAX: Regional Income Tax Credits, joint taxation
tinopt_es	on	on	on	on	TAX: Income tax - optimisation
tinoptrg_es	on	on	on	on	TAX: Income tax - optimisation
tintrch_es	on	on	on	on	TAX: In-work refundable tax credit for working mothers ("Deducción por maternidad")
tintrchlg_es	on	on	on	on	TAX: Refundable tax credit for large families ("Deducción de familia numerosa")
tintrchlp_es	on	on	on	on	TAX: Refundable tax credit for single-parents with two children ("Deducción por ascendiente con dos hijos")
bchrg_es	on	on	on	on	BEN: Regional Child benefits
bsa00_es	n/a	n/a	on	on	BEN: National Minimum Income ("Ingreso Mínimo Vital")
bsarg_es	on	on	on	on	BEN: Regional Minimum Incomes ("Rentas Mínimas de Inserción")
output_std_es	on	on	on	on	Def: Standard Output Individual Level
output_std_hh_es	off	off	off	off	Def: Standard Output Household Level

Notes: * Policy bunmt_s is not active if run with the input data based on SILC 2010 or any later datasets. In such cases, the simulation of temporary unemployment programmes is taken as part of the unemployment assistant benefit (bunnc_es).
 ** Simulated for 2008-2010 (was abolished from 2011).

2.4 Policy extensions

There are five standard extensions included into the Spanish spine:

- **Minimum Wage Adjustment (MWA)**, allowing the user to switch on/off the minimum wage simulation. The default for the baselines is off. The minimum wage policy substitutes all employment income (*yem*) below the minimum wage by the statutory minimum wage

(taking into account the number of months and hours in work). In the baseline, this policy is not used because there are reasons to believe that wages below the minimum are valid observations. Such low wages may be undeclared wages earned in the informal sector or they may result from misreporting number of hours/months in work. The policy may be used for estimating the effect of minimum wages on income distribution.

- **Parental Benefits Extension (PBE)**, allowing the user to choose between the observed (non-simulated) parental leave benefits (extension off) or the simulated ones (extension on). The default for the baselines is off.
- **Uprating Average Adjustment (UAA)**, allowing the user to choose between uprating (non-simulated) public pensions based on the growth in average amounts (if extension is on) or by using statutory indexation rules (if extension is off). The default for the baselines is off. Uprating by average also takes into account changes in the characteristics of pensioners (e.g. an inflow of new retirees with higher average pensions). This type of uprating may be used in EUROMOD applications where it is important to take into account not only policy but also compositional changes (e.g. nowcasting).
- **Benefit Take-up Adjustments (BTA)**, allowing the user to apply non-take-up corrections (if extension is on). The extension is used for the simulation of the national and regional minimum income schemes. The default for the baselines is on. Otherwise, full take-up is assumed.
- **Full Year Adjustments (FYA)**, allowing the user to choose between policies as of 30th June (extension off) or modelling annual policies (extension on), taking into account within-year policy changes. The default for the baselines is off.

Apart from the above-mentioned policy extensions, the Spanish model also includes two policies that are switched OFF in the baseline, but can be used for specific purposes:

TransLMA_es. This policy defines the individuals that are selected to undergo transitions to monetary compensation schemes and/or unemployment. The transitions are only enabled if used together with the Labour Market Adjustments (LMA) add-on (i.e. the LMA add-on switches on this policy automatically). The transitions are based on a random allocation of individuals and they might be triggered by feeding the parameters of this policy with official or hypothetical information¹⁶. This policy, in combination with the LMA add-on, enables the simulation of the wage compensation scheme (*yemcomp_es*) and the lump-sum grant for self-employed (*ysecomp_es*).

Bunct02_es. This policy simulates the main policy rules of the unemployment benefit for the self-employed. The policy is switched off in the baseline because there is no information on the contribution history of self-employed, nor on the causes for cessation of the main activity. Moreover, the coverage of this benefit among the self-employed is, in practice, extremely low. Nevertheless, the policy can be used for simulating unemployment benefits for the new unemployed (e.g. in nowcasting or hypothetical exercises) or for estimating replacement rates for self-employed using the Net Replacement Rate (NRR) add-on.

¹⁶ For more information about the modelling of labour market transitions, please consult the “Simulating labour market transitions in EUROMOD” document.

2.5 Benefits

2.5.1 Unemployment benefits

2.5.1.1 Contributory unemployment insurance benefit – *bunct_es* (*Prestación por desempleo contributiva*)

Brief description

The contributory unemployment insurance benefit is a benefit to all employees who have lost their job and reached a minimum time of contribution to the Social Insurance System.

Definitions and eligibility conditions

The unit of analysis is the individual. In order to be entitled to receive the benefits the individuals must be over 16 years of age and below 65 and be registered at the employment office as actively seeking employment. The minimum period of contributions to be eligible for the benefit is 360 days during the 6 years immediately before unemployment.

Within this benefit **dependent children** are cohabiting children below 26 years of age (or older if disabled) whose incomes are below the minimum wage considering 12 monthly payments, €11,400 in 2021 euro per year.

Income assessment

There is no income assessment.

Benefit amount and duration

The **benefit amount** depends on the average daily contributory base (*base reguladora, contingencias comunes*), strongly related to the individual wage level. The average is calculated on contributions made during the 180 days that precede the legal situation of unemployment. All payments for overtime work are excluded. The amount to be received will be:

During the first 180 days, 70% of the average daily contributory base. From 2013 onwards, the percentage from 181st day is 50%.

The benefit cannot be below a minimum:

- If the worker has no dependent children, the minimum benefit is 80% of the monthly IPREM, increased by 1/6.
- If the worker has at least one dependent child, the minimum benefit is 107% of monthly IPREM, increased by 1/6.

The benefit cannot be over a maximum:

- If the worker has no dependent children, the maximum benefit is 175% of the monthly IPREM, increased by 1/6.
- If the worker has dependent children:
 - One child, the maximum benefit is 200% of monthly IPREM, increased by 1/6.
 - Two or more children, the maximum benefit is 225% of the monthly IPREM, increased by 1/6.

In the case of becoming unemployed while at a part-time job, the maximum and minimum limits of the benefit will be calculated as a proportion of the full-time working day.

Benefit duration depends on the total contribution period over the preceding 6 years: four months for the first year, and four additional months for each additional year of contract. The maximum is 24 months.

Compatibilities

Benefits are not compatible with any full-time employment except some particular cases. However, they are compatible with carrying out a part-time activity as an employee.

Accumulation with social insurance pensions or cash benefits is not possible unless these had been compatible with the professional activity from which the unemployment benefit is derived. Accumulation is possible with pensions, which are compatible with work.

Taxation and income testing

Taxable. Subject to social insurance contributions. Benefits are included into the income test of other social benefits.

EUROMOD modelling

Due to lack of data on contribution history, the benefit is partly simulated using information about actual receipt in the EU-SILC data. The contributory base is calculated reversing the rules of the benefit. The benefit can be also simulated for those currently employed to simulate their entitlement in case of becoming unemployed. The modelling of this labour market transition can be performed by using specific add-on tools (e.g. the LMA add-on).

Evolution and characteristics of the unemployment benefit

Table 2.4 Main characteristics of the unemployment insurance benefit.

	2018	2019	2020	2021
Eligibility	Contribution period	≥12 months in 6 years		
	Eligibility of self-employed	Specific scheme (<i>see next section</i>)		
Payment	Contribution base	Last 180 days of wage+ some extras		
Basic amount:				
	First 180 days	70% of daily contributory base		
	From 181 st day	50% of daily contributory base		
Floor:				
	If the worker has no dependent child	(1+1/6) x 0.8 x monthly IPREM		
		497.01	501.98	501.98
				527.24
	If the worker has at least one dependent child	(1+1/6) x 1.07 x monthly IPREM		
		664.75	671.40	671.40
				705.18
Ceiling:				
	If the worker has no dependent child	(1+1/6) x 1.75 x monthly IPREM		
	If the worker has at least one dependent child:	1,087.21	1,087.21	1,098.09
	1 child	(1+1/6) x 2 x monthly IPREM		
		1,242.52	1,254.96	1,254.96
				1,318.10
	≥2 children	(1+1/6) x 2.25 x monthly IPREM		
		1,397.84	1,411.83	1,411.83
				1,482.86
Duration	Standard (in months)	4+4 for each year of contr., Max 24		
		Contribution period		Benefit duration
		Between 360 days and 539 days		120 days
		Between 540 days and 719 days		180 days
		Between 720 days and 899 days		240 days
		Between 900 days and 1,079 days		300 days
		Between 1,080 days and 1,259 days		360 days
		Between 1,260 days and 1,439 days		420 days
		Between 1,440 days and 1,619 days		480 days
		Between 1,620 days and 1,799 days		540 days
		Between 1,800 days and 1,979 days		600 days
		Between 1,980 days and 2,159 days		660 days
		2,160 days or more		720 days
Subject to	Taxes	Yes		
	SIC	Yes		

2.5.1.2 Self-employed unemployment insurance benefit – *bunct02_es* (Prestación económica cese de actividad de trabajadores autónomos)

Brief description

Unemployment insurance scheme available to self-employed people who reached a minimum time of contribution to the Social Insurance System and terminated their self-employment activity due to economic reasons.

Definitions and eligibility conditions

The unit of analysis is the individual. In order to be entitled to receive the benefits the individuals must be over 16 years of age and below 65 and registered at the employment office as actively seeking employment. The minimum period of contributions to be eligible for the benefit is of, at least, 12 consecutive months during the 2 years immediately before unemployment. Eligible individuals should have voluntarily contributed towards the protection due to termination of activity (*contribución por cese de actividad*), although from 2019 the obligation to contribute became compulsory for all self-employed. The cessation of the activity must suit any of the causes established in the law (e.g. economic, technical or organizational causes, force majeure, etc.) and must be proved by providing the corresponding documentation (e.g. invoices, VAT returns, etc.).

Within this benefit **dependent children** are: cohabiting children below 26 years of age (or older if disabled) whose incomes are below the minimum wage considering 12 monthly payments. In 2021: 11,400 euro per year.

Income assessment

There is no income assessment.

Benefit amount and duration

The **benefit amount** depends on the average contributory base of the self-employed regime chosen by the self-employed (*base reguladora, Régimen Especial de los Trabajadores Autónomos*). The average is calculated on contributions made during the 12 months that precede the legal situation of unemployment. The amount to be received will be 70% of the average contributory base.

The minimum amount will be 107% of IPREM (increased by 1/6) if the self-employed had at least one dependent child or 80% (increased by 1/6) if the self-employed had no dependent children.

The maximum amount will be 200% of IPREM (increased by 1/6) if the self-employed had at least one dependent child, 225% of IPREM (increased by 1/6) if more than one dependent child or 175% (increased by 1/6) if the self-employed had no dependent children.

Benefit duration depends on the total contribution period over the preceding 2 years. The duration of the benefit in 2021 is the following:

Table 2.5 Duration of the self-employed unemployment insurance benefit.

Contribution period	Benefit duration
Between 12 and 17 months	4 months
Between 18 and 23 months	6 months
Between 24 and 29 months	8 months
Between 30 and 35 months	10 months
Between 36 and 42 months	12 months
Between 43 and 47 months	16 months
48 months	24 months

EUROMOD modelling

This special protection system for the self-employed came into force on November 6th, 2010. In the model it is implemented from 2011 onwards. Its simulation is switched OFF in the baseline as some eligibility rules cannot be simulated due to lack of data, i.e. there is no information on the contribution history of the self-employed, nor on the reasons for cessation of the main activity. Moreover, the coverage of this benefit is, in practice, very low.

The simulation, however, can be activated to simulate the entitlement of those currently self-employed in case of becoming unemployed. The modelling of this labour market transition can be achieved by using specific add-on tools (e.g. the LMA add-on).

2.5.1.3 Unemployment assistance benefit – *bunnc_es* (*Subsidio por desempleo*)

Brief description

Means-tested benefit generally available to workers whose unemployment insurance benefit has expired or are not eligible to receive the unemployment insurance benefit.

Definitions and eligibility conditions

The unit of analysis is the individual. Unemployed individuals are eligible if having exhausted their contributory unemployment benefit, their family unit income is below the income test and they are over 45 years old or have dependents. Workers with dependents who were not entitled to contributory unemployment benefit due to shortage of contributions but have, at least, 3 months of contributions to the Social Insurance System are also eligible. Furthermore, workers without dependents who were not entitled to contributory unemployment benefit due to shortage of contributions but have, at least, 6 months of contributions are also eligible.

Within this benefit **dependent individual** are the spouse of any age or child under 26 years old (older if disabled) whose personal income does not exceed 75 per cent of the minimum wage considering 12 monthly payments.

Income assessment

All entitled units must meet the income test: household income per capita from all sources¹⁷ must be below 75% of the minimum wage considering 12 monthly payments.

Benefit amount and duration

The **benefit amount** is 80% of the IPREM.

The standard **duration of the benefit** is normally 6 months with the possibility of extension up to a maximum of 18 months. The duration might be increased up to 30 months for individuals older than 45 years old with dependent spouse or children, who received the insurance unemployment benefit for at least 6 months. The benefit might be also extended until the retirement age for individuals over 52 years old meeting certain conditions.

Compatibilities

The benefit is not compatible with any full-time employment except some particular cases.

Taxation and income testing

Taxable. The benefit is included into the income test of other social benefits.

¹⁷ There are a few exemptions, including the child benefit and the refundable working mother tax credit (*deducción por maternidad*).

EUROMOD modelling

As for the unemployment insurance benefit, the unemployment assistance benefit is also partly simulated due to lack of data on contribution history. The duration of the simulated entitlement is modelled as follows:

- For those individuals entitled to the simulated unemployment insurance benefit, the duration of the unemployment assistance benefit is calculated subtracting the number of months receiving the former from the total unemployment spell. The maximum duration cannot be longer than the year.
- For those individuals not entitled to the simulated unemployment insurance benefit, the duration is set to the number of months declaring to have received the unemployment assistance in the data. The maximum duration cannot be longer than the year.

In both above-described situations, all the remaining criteria are simulated (e.g. the age criterion, the income test, etc.) and the final entitlement is allocated to those fulfilling the eligibility criteria.

Evolution and characteristics of the unemployment assistance benefit

Table 2.6 Main characteristics of the unemployment assistance benefit.

	2018	2019	2020	2021
Eligibility	{(exhausted bunct_s & (>= 45 years old OR have dependents)) OR (not entitled to bunct_s & >=3 months of contributions & have dependents) OR (not entitled to bunct_s & >=6 months of contributions & no dependents)}			
	AND Annual household income per capita < 0.75 x Minimum wage			
	6,623.10	8,100.00	8,550.00	8,550.00
Payment	0.8 x IPREM			
Basic amount	430.27	430.27	430.27	451.92
Duration	Standard (in months) 6 (can be extended up to 18 months)			
	Special cases (in month) Up to 30 months for individuals older than 45 years old with dependent spouse or children			
	Until retirement age for older than 52 years old meeting certain conditions			
Subject to	Taxes Yes			
	SIC No			

2.5.1.4 Unemployment income guarantee benefit – *bunnc_es* (*Renta Activa de Inserción*)

Brief description

Means-tested benefit generally available to workers whose contributory unemployment benefit and unemployment assistance benefit have expired. The aim of this benefit isto cover unemployed individuals with dependents facing particular difficulties to find a job (i.e. long-term unemployed). The worker must follow a “back to work” scheme aimed at improving his/her possibilities of finding a job.

Definitions and eligibility conditions

The unit of analysis are unemployed individuals over 45 years of age with dependents who are not eligible or have exhausted contributory and non-contributory unemployment benefits while family unit income is below the income test.

The definition of **dependent individual is the same** as in previous benefits (see unemployment assistance benefit).

Income assessment

All entitled units must meet the income test: household income per capita from all sources must be below 75% of the minimum wage considering 12 monthly payments.

Benefit amount and duration

Benefits amount is 80% of the IPREM. The **duration of the benefit** is 11 months.

Compatibilities

The benefit is compatible with full-time employment if individuals qualify for the program. In this case the benefit will only be 1/4 of that which would be obtained if not in full-time work. Duration in this case will drop to 6 months.

Taxation and income testing

Taxable. The benefit is included into the income test of other social benefits.

EUROMOD modelling

EU-SILC data does not distinguish this benefit from other unemployment benefits, i.e. all means-tested non-contributory unemployment benefits are grouped into the same variable. Part-simulations of all types of unemployment assistance benefits are then not feasible. Moreover, there is not enough information in the underlying data to fully simulate all the eligibility criteria. For example, we cannot identify among those having long-term unemployment spells, who already exhausted the entitlement to these long-term unemployment support schemes. Since, in practice, the income test and the benefit amount are the same as for the unemployment assistance benefit, the simulation assumes that recipients receive unemployment assistance instead.

Table 2.7 Main characteristics of the unemployment income guarantee benefit.

	2018	2019	2020	2021
Eligibility	(45 years old OR have dependents) AND { (not entitled to bunct_s) OR (exhausted bunct_s) } AND Annual household income per capita < 0.75 x Minimum wage			
	6,623.10	8,100.00	8,550.00	8,550.00
Payment	-	-	-	-
Basic amount	0.8 x IPREM			
	430.27	430.27	430.27	451.92
Duration	Standard (in months) 11 months			
Subject to	Taxes Yes			
	SIC No			

2.5.1.5 Other extraordinary income support schemes for long-term unemployed - *bunnc_s* (PREPARA, PAE, Subsidio Extraordinario de Desempleo)

Brief description

Temporary one-off unemployment benefits for long-term unemployed. As response to the substantial increase in the unemployment rate following the 2008 economic crisis, the Spanish government adopted different temporary schemes to support those unemployed no longer entitled to the insurance and assistance unemployment benefits. Having a limited duration, the schemes were extended under different naming but with the same aim: protecting those individuals that are no longer entitled to any unemployment benefits and, eventually, easing the finding of a new job.

Ordered temporarily, the main schemes are the following:

- PREPARA programme (*Programa de recualificación personal de las personas que agoten su protección por desempleo*).
- PAE programme (*Programa de Activación para el Empleo*).
- Extraordinary unemployment assistance benefit (*Subsidio Extraordinario de Desempleo*).

EUROMOD modelling

EU-SILC data does not distinguish all these schemes from other unemployment benefits, i.e. all means-tested non-contributory unemployment benefits are grouped into the same variable. Part-simulations of all kind of unemployment assistance benefits are then not feasible. Moreover, there is not enough information in the underlying data to fully simulate all the eligibility criteria. For example, we cannot identify among those having long-term unemployment spells who already exhausted the entitlement to these long-term unemployment support schemes. Since, in practice, the income test and the benefit amount are the same as for the unemployment assistance benefit, the simulation assumes that recipients receive unemployment assistance instead.

2.5.2 Pension benefits

2.5.2.1 Non-contributory old-age pension – *poanc_es* (*Prestación no contributiva por jubilación*)

Brief description

This means-tested old-age benefit is aimed at all Spanish citizens and nationals from other countries, with legal residence in Spain, over 65 years of age, who find themselves in a state of need and lack the necessary means for subsistence, even when they have never contributed to the Social Insurance scheme.

Definitions and eligibility conditions

The unit of analysis is the individual. To be considered eligible, a person must be over 65 years of age and meet the income test.

The **family unit** consists of the spouse and relatives up to the second degree (i.e., grandparents, siblings, grandchildren).

Income assessment

All entitled units must meet the income test: family unit total yearly income, except child benefits, must be below:

- The annual amount of the benefit for single family units.
- The annual amount plus 70 percent more for each additional member for larger family units where there aren't children or parents of the recipient.
- The limit for single-family units multiplied by 2.5 for larger family units where there are children or parents of the recipient.

Benefit amount and duration

The **annual amount** is yearly fixed by the government. The total amount will be divided into 14 payments corresponding to each month of the year and two extra payment in the months of June and November, with the exception of Cataluña where there are 12 payments.

In case more than one person in the family unit are entitled to the benefit, the amount increases by 70 percent for each additional beneficiary and the resulting amount is equally shared across claimants.

If the pensioner receives other incomes that are over 35 percent of the total annual pension, the non-contributory pension will be reduced in the amount over which other incomes exceed this limit.

There is a national complementary benefit in case of living in a rented house. All pensioners living in a rented accommodation who do not own other house elsewhere and are not family related to the house owner will receive a complementary benefit if they pay housing rent. The annual amount of this benefit is 525 euro/year.

There are also regional complementary benefits. Some regions increase the non-contributory old-age pension with a further complementary pension.

The minimum amount is 25% of basic annual amount. The maximum amount is yearly fixed by the government.

The **benefit duration** is 14 months.

Taxation and income testing

Taxable. Pension included into the income test of other social benefits.

EUROMOD modelling

The benefit is partly simulated in the baseline, i.e. the eligibility is conditioned to being a recipient in EU-SILC ($poanc > 0$), due to the high non-take up, which has been estimated of around 40% (Matsaganis et al., 2010).

Evolution and characteristics of the non-contributory old-age pension

Table 2.8 Main characteristics of the non-contributory old-age pension. EUR per year.

		2018	2019	2020	2021
Eligibility	Age			>65	
	Income test				
	- Single family units	Family income (except child benefits) < Basic amount (annual)			
		5,178.60	5,488.00	5,538.40	5,639.20
	- Larger family units				
	None children or parents of recipient 2 members	Family income (except child benefits) < (1+ 0.7) x (number of members-1) x Basic amount			
	8,803.62	9,329.6	9,415.28	9,586.64	
Some children or parents of recipient 2 members	Family income (except child benefits) < 2.5 x (1+ 0.7) x (number of members-1) x Basic amount				
	22,009.05	23,324.0	23,538.20	23,966.60	
		0			
Payment	Basic amount	5,178.60	5,488.00	5,538.40	5,639.20
	Additional amount if more than one person in the family unit are entitled to the benefit	0.7 x - Basic amount (resulting amount is equally shared across claimants)			
	Reduction if pensioner earns other incomes	Income - 0.35*Basic amount			
	Additional amount for housing rent	525 euro			
	Regional additional amount				
	Andalucía	125,50	130,50	135,50	140.92
	Extremadura	230	235	240	245
	Galicia	206	206	206	206
	Aragón		404	353.60	491-
	Cataluña	Since 2017 this additional complement in Cataluña follows the same rules as the Regional Minimum Income Benefit			
	Floor	0.25 x Basic amount			
		1,294.65	1,372.00	1,384.60	1,409.80
	Ceiling	5,178.60	5,488.00	5,538.40	5,639.20
Duration	Standard				
	Number of payments			14 payments	
	Cataluña			12 payments	
Subject to	Taxes			Yes	
	SIC			No	
	Income test of other benefits			Yes	

Legal sources

Update of amounts.

- 2021: Ley 11/2020, de 30 de diciembre, de Presupuestos Generales del Estado para el año 2021 (artículo 43) and Real Decreto 46/2021, de 26 de enero, sobre revalorización de las pensiones del sistema de la Seguridad Social, de las pensiones de Clases Pasivas y de otras prestaciones sociales públicas para el ejercicio 2021)
- 2020: Real Decreto-ley 1/2020, de 14 de enero, por el que se establece la revalorización y mantenimiento de las pensiones y prestaciones públicas del sistema de Seguridad Social (2020)

Framework Law

- Real Decreto Legislativo 8/2015, de 30 de octubre, por el que se aprueba el texto refundido de la Ley General de la Seguridad Social

Andalucía:

- 2021: Acuerdo de 21 de diciembre de 2020, del Consejo de Gobierno, por el que se establecen ayudas sociales de carácter extraordinario a favor de pensionistas por jubilación e invalidez en sus modalidades no contributivas, para el año 2021
- 2020: Acuerdo de 10 de diciembre de 2019, del Consejo de Gobierno, por el que se establecen ayudas sociales de carácter extraordinario a favor de pensionistas por jubilación e invalidez en sus modalidades no contributivas para el año 2020.

Extremadura:

- 2021: Disposición Adicional Octava de los Presupuestos Generales de Extremadura
- 2020: Disposición Adicional Octava de la Ley 1/2020, de 31 de enero, de Presupuestos Generales de la Comunidad Autónoma de Extremadura para 2020, establece un Complemento adicional a la cantidad previamente reconocida en concepto de pensión de jubilación e invalidez en su modalidad no contributiva.

Cataluña

- LEY 14/2017, de 20 de julio, de la renta garantizada de ciudadanía (disposición adicional tercera)

Galicia

- 2021: Disposición adicional decimocuarta de los Presupuestos Generales de Galicia
- 2020: Disposición adicional decimocuarta de los Presupuestos Generales de Galicia

Aragón:

- 2021. Disposición trigésimo octava de los Presupuestos Generales de Aragón
- 2020: ORDEN CDS/1194/2020, de 19 de noviembre, por la que se establece el complemento económico para perceptores de la pensión no contributiva, en su modalidad de jubilación e invalidez y pensiones de ancianidad y enfermedad, correspondiente al año 2020
- 2019: ORDEN CDS/1607/2019, de 27 de noviembre, por la que se establece el complemento económico para perceptores de la pensión no contributiva, en su modalidad de jubilación e invalidez y pensiones de ancianidad y enfermedad, correspondiente al año 2019

2.5.2.2 Old-age pension complement – *poacm_es* (Complemento de mínimos por jubilación):

Brief description

This means-tested benefit is a complementary benefit paid to all contributory pensions that are below the official minimum pension yearly fixed by the government.

Definitions and eligibility conditions

The unit of analysis is the individual. To be considered eligible, a person must receive an old-age contributory pension below the minimum pension yearly fixed by the government and meet the income test. This minimum pension depends on the age of the pensioner and if there is a dependent spouse.

The **dependent spouse** (*cónyuge a cargo*) is the spouse cohabiting with the pensioner and economically dependent on him.

Income assessment

All entitled units must meet the income test: pensioner net incomes, excluding the contributory old-age pension, must be below the limit yearly fixed by the government.

Benefit amount and duration

The **benefit amount** is the difference between the minimum pension and the contributory old-age pension. If the sum of pensioner's net incomes and the contributory old-age pension are above the limit yearly fixed by the government, but below the sum of the income limit and the minimum pension to which the pensioner is entitled to, the benefit amount is the difference between both sums.

In any case, the benefit of any type of complement (old-age, disability and widow) cannot be higher than the basic amount of the non-contributory old age-disability pension. Duration is unlimited as long as the eligibility conditions are met.

Taxation and income testing

Taxable. Benefit included in the income test of other social benefits.

EUROMOD modelling

The benefit is partly simulated in the baseline, i.e. the eligibility is conditioned to be a recipient in EU-SILC ($poacm > 0$ & $poa00 > 0$).

Evolution and characteristics of the old-age pension complement

Table 2.9 Main characteristics of the old-age pension complement. EUR per year.

		2018	2019	2020	2021
Eligibility	Contributory pension	Old-age contributory pension below the minimum pension			
	Minimum pension				
	Without a spouse				
	65 years of age or over	8,950.20	9,483.60	9,569.00	9,655.80
	Below 65 years of age	8,372.00	8,871.80	8,953.00	9,034.20
	With a non-dependent spouse				
	65 years of age or over	8,493.80	9,000.60	9,081.80	9,164.40
	Below 65 years of age	7,914.20	8,386.00	8,461.00	8,538.60
	With a dependent spouse				
	65 years of age or over	11,044.60	11,701.20	11,807.60	11,914.00
	Below 65 years of age	10,353.00	10,970.40	11,069.80	11,170.60
	Income test	(Net incomes (excluding contributory old-age pension) < Limit)			
	Limit. No spouse	7,133.97	7,569.00	7,638.00	7,707.00
	Limit. No dependent spouse	7,133.97	7,569.00	7,638.00	7,707.00
	Limit. Dependent spouse	8,321.85	8,829.00	8,909.00	8,990.00
Payment	Amount	Difference between the minimum pension and the contributory pension. If the sum of pensioner's net incomes and the contributory old-age pension are above the limit yearly fixed by the government, but below the sum of the income limit and the minimum pension to which the pensioner is entitled to, the benefit amount is the difference between both sums.			
	Ceiling	The benefit cannot be higher than the basic amount of the non-contributory old age pension.			
Duration		While the eligibility conditions are met			
Subject to	Taxes			Yes	
	SIC			No	
	Income test of other benefits			Yes	

Legal sources

Annual update of amounts.

- 2021: Ley 11/2020, de 30 de diciembre, de Presupuestos Generales del Estado para el año 2021 (artículo 43) and Real Decreto 46/2021, de 26 de enero, sobre revalorización de las pensiones del sistema de la Seguridad Social, de las pensiones de Clases Pasivas y de otras prestaciones sociales públicas para el ejercicio 2021
- 2020: Real Decreto-ley 1/2020, de 14 de enero, por el que se establece la revalorización y mantenimiento de las pensiones y prestaciones públicas del sistema de Seguridad Social (2020).

Framework Law

- Real Decreto Legislativo 8/2015, de 30 de octubre, por el que se aprueba el texto refundido de la Ley General de la Seguridad Social

2.5.2.3 Widow-widower's pension complement – *psuwpcm_es* (Complemento de mínimos por viudedad):

Brief description

This means-tested benefit is paid to widows or widowers receiving a contributory pension that is below the official minimum pension (*pension de viudedad mínima*) yearly fixed by the government.

Definitions and eligibility conditions

The unit of analysis is the individual. To be considered eligible, a person must be a widow receiving a contributory pension below the minimum pension yearly fixed by the government and meet the income test. The minimum pension depends on the age of the widow and of cohabitation with dependent relatives.

Individuals under 26 years of age (or older if disabled) are considered to be **dependent relatives** (*cargas familiares*) if their disposable income does not exceed 75 per cent of the minimum wage considering 12 monthly payments.

Income assessment

All entitled units must meet the income test: individual net incomes must be below a limit yearly fixed by the government.

Benefit amount and duration

The **benefit amount** is the difference between the minimum pension and the contributory widow/widower pension. If the sum of pensioner's net incomes and the contributory widow/widower pension are above the limit yearly fixed by the government, but below the sum of the income limit and the minimum pension to which the pensioner is entitled to, the benefit amount is the difference between both sums.

In any case, the benefit of any type of complement (old-age, disability and widow) cannot be higher than the basic amount of the non-contributory old age-disability pension.

Duration is unlimited as long as the eligibility conditions are met.

Taxation and income testing

Taxable. Benefit included in the income test of other social benefits.

EUROMOD modelling

The benefit is partially simulated in the baseline, i.e. the eligibility is conditioned to be a recipient in EU-SILC ($psuwpcm > 0$ & $psuwd00 > 0$).

Evolution and characteristics of the widow-widower's pension complement

Table 2.10 Main characteristics of the widow-widower's pension complement. EUR per year.

		2018	2019	2020	2021
Eligibility	Contributory pension	Widow's contributory pension below the minimum pension yearly fixed by the government			
		Minimum pension			
	With dependent relatives	10,353.00	10,970.40	11,069.80	11,170.60
	With disability (65% or more)	8,950.20	9,483.60	9,569.00	9,655.80
	65 or over	8,950.20	9,483.60	9,569.00	9,655.80
	Between 60-64	8,372.00	8,871.80	8,953.00	9,034.20
	Below 60	6,778.80	7,183.40	7,249.20	7,315.00
	Income test	(Net incomes (excluding contributory widow/widower pension) < Limit)			
	Limit	7,133.97	7,569.00	7,638.00	7,707.00
Payment					
	Amount	Difference between the minimum pension and the contributory pension.			
		If the sum of pensioner's net incomes and the contributory widow/widower pension are above the limit yearly fixed by the government, but below the sum of the income limit and the minimum pension to which the pensioner is entitled to, the benefit amount is the difference between both sums.			
	Ceiling	The benefit cannot be higher than the basic amount of the non-contributory old age-disability pension			
Duration		While the eligibility conditions are met			
Subject to	Taxes			Yes	
	SIC			No	
	Income test of other benefits			Yes	

Legal sources

Update of amounts.

- 2021: Ley 11/2020, de 30 de diciembre, de Presupuestos Generales del Estado para el año 2021 (artículo 43) and Real Decreto 46/2021, de 26 de enero, sobre revalorización de las pensiones del sistema de la Seguridad Social, de las pensiones de Clases Pasivas y de otras prestaciones sociales públicas para el ejercicio 2021
- 2020: Real Decreto-ley 1/2020, de 14 de enero, por el que se establece la revalorización y mantenimiento de las pensiones y prestaciones públicas del sistema de Seguridad Social (2020)

Framework Law:

- Real Decreto Legislativo 8/2015, de 30 de octubre, por el que se aprueba el texto refundido de la Ley General de la Seguridad Social

2.5.3 Family and child-related benefits: National level

These benefits aim either for the general maintenance of families' welfare and for the alleviation of the poverty situation of households with children.

2.5.3.1 Child benefit – *bch00_es* (*Prestación no contributiva por hijo a cargo*):

Brief definition

Non-contributory means-tested benefit paid to families for each dependent child under 18 (or older if affected by a disability of a degree equal to or higher than 65 percent). This benefit is paid every 6 months when the child is under 18 years old or every month in case of child with disability.

Definitions and eligibility conditions

The unit of analysis is the individual. To be considered eligible, a person must be an adult cohabiting with their dependent children and meeting the income test. In case of nullity, legal separation or divorce of the parents the beneficiary should be the parent that oversees the child.

The definition of **dependent child in this benefit is an** individual under 18 years of age (or older if affected by a disability of a degree equal to or higher than 65 percent) economically dependent on his parents. In Spain, individuals may decide to work between 16 and 18 years of age and still be considered as dependent children if their annual earnings are below the minimum wage.

Income assessment

All entitled units must meet the income test: family unit yearly income must be below a limit yearly fixed by the government. This limit is increased by 15% for each extra dependent child. In case of belonging to a large family¹⁸ the limit and the extra amount for each dependent child from the fourth onwards are different. Since **April 2019**, poor households, as defined by specific income thresholds fixed by the government, are entitled to a higher benefit amount per year.

The benefit includes a phase out in cases where the family unit's assessed income is above the corresponding income limit, but below the sum of the income limit and the benefit amount to which the family unit is entitled to.

Benefit amount and duration

The benefit amount is a fixed quantity that depends on the age and the degree of disability. Since **April 2019**, poor households are entitled to a higher benefit amount.

The benefit includes a phase out in cases where the family unit's assessed income is above the corresponding income limit, but below the sum of the income limit and the benefit amount to which the family unit is entitled to. In such cases, the final entitlement is computed subtracting the assessed income of the family unit from the above-mentioned income limit.

The final entitlement cannot be below 28.41 EUR per year (i.e. smaller amounts are disregarded).

¹⁸ In Spain, large families are:

- families with three or more children
- families with two children and, at least, one of them with a disability
- families with two children and the two ascendants have a disability or, at least, one ascendant with a 65% or more degree of disability;

For eligibility, conditions there are two categories of large families.

- Special large family in which there are five or more children or four children when, at least, three of them come from multiple childbirth or adoptions
- General large families that are the rest of the cases.

In relation to the duration, this child benefit is received as long as the eligibility conditions are met.

Compatibilities

This benefit is compatible with national or regional lump-sum child benefits.

The introduction of the nation-wide minimum income in 2020 (see section 2.5.5.1) involves a progressive abolishment of the main child benefit for those children without disabilities (see Royal Decree Law 30/2020). In practice, both benefits are incompatible and since June 2020, no new applications will be allowed for the main child benefit. However, those family units that were entitled to the child benefit before June 2020 will still receive it until the eligibility requirements no longer apply.

Taxation and income testing

Not taxable and not included in the income test of other benefits.

EUROMOD modelling

In EUROMOD, the nation-wide minimum income and the main child benefit for children aged below 18 without disabilities are assumed to be incompatible.

- On the one hand, family units entitled to both benefits only receive the nation-wide minimum income, even if the benefit amount of the latter is lower than the one of the main child benefit.
- On the other hand, family units entitled to the main child benefit and not to the nation-wide minimum income, keep the main child benefit.

Evolution and characteristics of the child benefit

Table 2.11 Main characteristics of the child benefit. EUR per year.

	2018	2019	2020	2021
Eligibility	Dependent child under 18 or older if affected by a by a disability of a degree equal to or higher than 65 percent			
Age and degree of disability				
Income test	Family unit yearly income must be below a limit yearly fixed by the government			
	No income test in case of children with disabilities			
	The benefit includes a phase out			
Limit	11,605.77	12,313.00	12,424.00	12,536.00
Additional increase per children	Increased by 15% for each extra dependent child			
Limit for large families	17,467.40	18,532.00	18,699.00	18,867.00
Additional increase per children	2,829.24	3,002.00	3,029.00	3,056.00
Limit for poor household		3.599,99 + [(3.599,99 x 0,5 x (M-1)) + (3.599,99 x 0,3 x N)]	3.633,00 + [(3.633,00 x 0,5 x (M-1)) + (3.633,00 x 0,3 x N)]	3.666,00 + [(3.666,00 x 0,5 x (M-1)) + (3.666,00 x 0,3 x N)]
	<i>M</i> is the number of individuals over 13 years old and <i>N</i> those of 13 years old or below			
Payment				
Amounts				
Children below 18 years without disabilities	291	291	341	341
Children below 18 years without disabilities in poor households		588	588	588
Children with degree of disability of				
33% or more	1,000	1,000	1,000	1,000
65% or more	4,438.80	4,704.00	4,747.20	4,790.40
75% or more	6,658.80	7,056.00	7,120.80	7,185.60
Phase out	When the family unit's assessed income is above the corresponding income limit, but below the sum of the income limit and the benefit amount to which the family unit is entitled to → the final entitlement is computed subtracting the assessed income of the family unit from the above-mentioned income limit			

	2018	2019	2020	2021
Floor	28.41	28.41	28.41	28.41
Ceiling	-	-	-	-
Duration	While the eligibility conditions are met			
Subject to	Taxes		No	
	SIC		No	
	Income test of other benefits		No	

Legal sources

Update of amounts.

- 2021: Real Decreto 46/2021, de 26 de enero, sobre revalorización de las pensiones del sistema de la Seguridad Social, de las pensiones de Clases Pasivas y de otras prestaciones sociales públicas para el ejercicio 2021.
- 2020: Real Decreto-ley 20/2020, de 29 de mayo, por el que se establece el ingreso mínimo vital y Real Decreto-ley 1/2020, de 14 de enero, por el que se establece la revalorización y mantenimiento de las pensiones y prestaciones públicas del sistema de Seguridad Social (2020)

Framework Law.

- Real Decreto Legislativo 8/2015, de 30 de octubre, por el que se aprueba el texto refundido de la Ley General de la Seguridad Social

2.5.3.2 National lump-sum childbirth benefits

2.5.3.2.1 Lump-sum child benefit for multiple birth or adoption - *bchbaucna02_es* (Prestación por parto o adopción múltiple)

Brief description

These benefits are payable once at multiple birth or adoption to compensate for the increase in expenses in the family.

Definitions and eligibility conditions

The unit of analysis is the individual. To be considered eligible, a person must give multiple birth or adopt two or more children.

Income assessment

There is no income test.

Benefit amount and duration

The benefit amount is different according to the number of children: for 2 children the benefit amount is 4 times the minimum wage, increasing to 8 and 12 times the minimum wage for 3 and 4 (or more) children respectively.

Regarding the duration, this benefit is payable once.

Compatibilities

This benefit is compatible with any other child benefits but it is incompatible with regional lump-sum benefits for multiple birth or adoption.

Taxation and income testing

No taxable.

EUROMOD modelling

The policy can be fully/perfectly simulated in EUROMOD, without any particular data or modelling limitations.

Evolution and characteristics of the lump-sum child benefits for multiple birth or adoption

Table 2.12 Main characteristics of the lump-sum child benefits for multiple birth or adoption. EUR per year.

		2018	2019	2020	2021
Eligibility		Multiple birth or adoption			
Payment	Amount				
	2 children	2,943.60	3,600.60	3,800.60	3,800.60
	3 children	5,887.20	7,200.00	7,600.00	7,600.00
	4 Children or more	8,830.80	10,800.00	11,400.00	11,400.00
Duration		Payable once			
Subject to	Taxes			No	
	SIC			No	
	Income test of other benefits			No	

Legal sources

Framework Law.

- *Real Decreto Legislativo 8/2015, de 30 de octubre, por el que se aprueba el texto refundido de la Ley General de la Seguridad Social*

2.5.3.2.2 Means-tested lump-sum childbirth benefit for large families, lone-parents and mothers with disabilities - *bchbamtna_es* (Prestación por nacimiento o adopción de hijos en los casos de familia numerosa, monoparentales o madres discapacitadas igual o más del 65%)

Brief description

Non-contributory means-tested benefit payable once to some household types (large families, lone-parents and mothers with disabilities) at childbirth if net household income is below the income test.

Definitions and eligibility conditions

The unit of analysis is the individual. To be considered eligible, a person must be a cohabiting parent of the above-mentioned household types at childbirth and meet the income test.

Income assessment

All entitled units must meet the income test: family unit yearly income must be below a limit yearly fixed by the government. This limit is increased by 15% for each additional dependent child. In case

of belonging to a large family with three dependent children, the limit and the extra amount for each dependent child from the fourth onwards are different.

The benefit includes a phase out in cases where the family unit's assessed income is above the corresponding income limit, but below the sum of the income limit and the benefit amount to which the family unit is entitled to.

Benefit amount and duration

The **benefit amount** is a fixed amount of 1,000 euros.

As the main child benefit, this lump sum benefit includes also a phase out in cases where the family unit's assessed income is above the corresponding income limit, but below the sum of the income limit and the benefit amount to which the family unit is entitled to. In such cases, the final entitlement is computed subtracting the assessed income of the family unit from the above-mentioned income limit.

The final entitlement cannot be below 28.41 EUR per year (i.e. smaller amounts are disregarded).

Regarding the **duration**, this benefit is payable once.

Compatibilities

This benefit is not compatible with any other regional or local benefits of the same type.

Taxation and income testing

Not taxable and not included in the income test of other benefits.

EUROMOD modelling

The policy can be fully simulated in EUROMOD, without any particular data or modelling limitations.

Evolution and characteristics of the means-tested lump-sum child benefit for large families, lone parents and disabled mothers

Table 2.13 Main characteristics of the means-tested lump-sum child benefit for large families, lone parents and disabled mothers. EUR per year.

	2018	2019	2020	2021
Eligibility	Childbirth for large families, lone parents and disabled mothers			
Income test	Family unit yearly income must be below a limit yearly fixed by the government			
	The benefit includes a phase out			
Limit for lone parents and disabled mothers	11,605.77	12,313.00	12,424.00	12,536.00
Additional increase per children	Increased by 15% for each extra dependent child			
Limit for large families	17,467.40	18,532.00	18,699.00	18,867.00
Additional increase per children	2,829.24	3,002.00	3,029.00	3,056.00
Payment				

	2018	2019	2020	2021
Amount	1,000	1,000	1,000	1,000
Phase out	When the family unit's assessed income is above the corresponding income limit, but below the sum of the income limit and the benefit amount to which the family unit is entitled to → the final entitlement is computed subtracting the assessed income of the family unit from the above-mentioned income limit			
Floor	28.41	28.41	28.41	10
Ceiling	-	-	-	-
Duration	Payable once			
Subject to	Taxes		No	
	SIC		No	
	Income test of other benefits		No	

Legal sources

Update of amounts.

- 2021: Real Decreto 46/2021, de 26 de enero, sobre revalorización de las pensiones del sistema de la Seguridad Social, de las pensiones de Clases Pasivas y de otras prestaciones sociales públicas para el ejercicio 2021 (Disposición adicional sexta)

Framework Law.

- Real Decreto Legislativo 8/2015, de 30 de octubre, por el que se aprueba el texto refundido de la Ley General de la Seguridad Social

2.5.3.3 Maternity leave contributory benefit – *bmact_es* (prestación contributiva por maternidad)

Brief description

Benefit for the substitution of the remunerations that are not received during the maternity period. The possible situations are:

1. Biological maternity.
2. Adoption.
3. Guard for adoption purposes.
4. Foster care lasting no less than one year.
5. Guardianship by family member who cannot adopt due to their degree of kinship.
6. Pregnancy by substitution (surrogate motherhood).

In cases 2, 3, 4, 5 the children must be less than 6 years old. In case of children with disabilities the age requirement is extended up to 18 years old.

Since 2021, the duration of the maternity and paternity benefits converged to the same length (16 weeks), after a transition period initiated in 2019. Noticeably, since that year both benefits are unified into a single benefit (*prestación por nacimiento y cuidado de menor*). In the current version of this document, both maternity and paternity benefits are described separately, although their rules, including the duration, are the same, since 2021.

Definitions and eligibility conditions:

The unit of analysis is the individual. To be considered eligible, affiliation and registration in the Social Insurance system, as well as a minimum contribution period are required:

- ✓ If younger than 21 years old: no contribution period is required
- ✓ If age between >21 and <26 years old: a minimum contribution period of 90 days in the 7 years prior to the beginning of the permission (alternatively, 180 days throughout his/her working life).
- ✓ If age >26 years old: a minimum contribution period of 180 days in the 7 years prior to the beginning of the permission (alternatively, 360 days throughout his/her working life).

If the minimum contribution period is not fulfilled the individual might be entitled to the “Maternity leave non-contributory benefit”.

Income assessment

There is no income assessment.

Benefit amount and duration

The **benefit amount** is obtained through the following operation: $BR * 100\%$.

- BR (regulatory base) = BC (contribution base) for CC (common contingencies) of the month before the start of the break / Number of days to which this contribution corresponds

In case of multiple birth, the amount is an extra lump sum to the one that you receive each month for each child from the second (this included), equal to what should be received during the first 6 weeks after birth. For instance, if you have a multiple birth of two children you will receive: BR each month and an extra lump sum of $BR*(42 \text{ days})$.

The **duration** is of 16 weeks as a general rule to be optionally shared between both parents:

- **In case of natural birth:** The mother has 6 mandatory weeks after the delivery and the other 10 weeks can be shared as they want between the parents successively or simultaneously but always uninterrupted.
- **In case of adoption, guardianship, fostering, etc.:** The 16 weeks are shared between the parents at their choice, successively or simultaneously, but always uninterrupted.

In addition, there are some extensions (accumulative) of the leave due to the following situations:

- **Multiple delivery:** 2 more weeks, after the 16 weeks, for each child starting from the second.
- **Disability of the child above 33%:** 2 more weeks, after the 16 weeks, for each disabled child.
- **Hospitalization of the newborn:** as many days as the child stays in hospital, with a maximum of 13 weeks.

EUROMOD modelling:

In EUROMOD Public Releases, this benefit is only simulated from 2015 to 2021. The simulation is, however, switched off as part of the baselines, i.e., non-simulated components (*bma*) are being used.

As the benefit amount depends on the previous earnings, we assume those to be equal to the imputed wage (*yivwg*) or the current wage, whichever is higher. The imputed wage is recorded in hourly terms; hence we assume a country-specific standard number of hours worked per week (40 hours) and we recalculate *yivwg* in monthly terms ($yivwg * 40 * (52/12)$).

Evolution and characteristics of the maternity leave contributory benefit

Table 2.14 Main characteristics of the maternity leave contributory benefit. EUR per year.

	2018	2019	2020	2021
Eligibility	Biological maternity, adoption, guard for adoption purposes, foster care lasting no less than one year, guardianship by family member who cannot adopt due to their degree of kinship, pregnancy by substitution (surrogate motherhood)			
Contribution period				
< 21 years old	Not required			
>=21 y <26 years old:	At least 90 days in the 7 years prior to the permission (or 180 days in working life).			
>=26 years old.	At least 180 days in the 7 years prior to the permission (or 360 days in working life)			
Payment				
Amount	BR * 100% where BR (regulatory base) = BC (contribution base) for CC (common contingencies) of the month before the start of the break / Number of days to which this contribution corresponds			
Extra amount for multiple birth	BR*(42 days) for each child from the second.			
Duration	16 weeks (it can be extended or modified)			
Subject to	Taxes	No (<i>since October 2018</i>)		
	SIC	Yes		
	Income test of other benefits	Yes		

Legal sources

Framework Law.

- *Real Decreto-ley 6/2019, de 1 de marzo, de medidas urgentes para garantía de la igualdad de trato y de oportunidades entre mujeres y hombres en el empleo y la ocupación*
- *Real Decreto Legislativo 8/2015, de 30 de octubre, por el que se aprueba el texto refundido de la Ley General de la Seguridad Social Framework Law.*

2.5.3.4 Maternity leave non-contributory benefit – *bmanc_es* (prestación no contributiva por maternidad)

Brief description

Maternity leave benefit for women registered as a member of the Social Insurance System, but not meeting the minimum contribution period required for the contributory maternity benefit.

Definitions and eligibility conditions

The unit of analysis is the individual. To be considered eligible, women must be employed and affiliated to the Social Insurance System, while not meeting the minimum contribution period required for the contributory maternity benefit.

Income assessment

There is no income assessment.

Benefit amount and duration

The benefit amount is 100% of the daily IPREM

The duration of the permission leave is 42 days and there is a possibility of 14 extra days in case of multiple birth, single parent family, large family, mother or child with disabilities equal to or greater than 65% (for one conditions or all together a maximum of 14 days).

EUROMOD modelling:

In EUROMOD Public Releases, this benefit is only simulated from 2015 to 2021. The simulation is, however, switched off as part of the baselines, i.e., non-simulated components (*bma*) are being used.

Evolution and characteristics of the maternity leave non-contributory benefit

Table 2.15 Main characteristics of the maternity leave non-contributory benefit. EUR per year.

		2018	2019	2020	2021
Eligibility		Natural childbirth			
		Employee affiliated to the Social Insurance System and the minimum contribution period of the maternity leave contributory benefit being not fulfilled			
Payment	Amount	100% of the daily IPREM			
Duration		42 days (14 extra days in multiple birth, single parent family, large family, mother or child with disabilities >65%)			
Subject to	Taxes	No (<i>since October 20189</i>)			
	SIC	Yes			
	Income test of other benefits	Yes			

Legal sources

Framework Law.

- *Real Decreto Legislativo 8/2015, de 30 de octubre, por el que se aprueba el texto refundido de la Ley General de la Seguridad Social Framework Law.*

2.5.3.5 Paternity leave contributory benefit – *bpact_es* (*prestación contributiva por paternidad*)

Brief description

Benefit for the substitution of the remunerations that are not received during the paternity period. The possible situations are:

1. Biological maternity
2. Adoption
3. Guard for adoption purposes
4. Foster care lasting no less than one year

In cases 2, 3, & 4 the children must be less than 6 years old. In case of children with disabilities the age requirement is extended up to 18 years old.

Definitions and eligibility conditions

The unit of analysis is the individual. To be considered eligible, affiliation and registration in the Social Insurance system, as well as a minimum contribution period of 180 days in the 7 years prior to the beginning of the permission are required (alternatively, 360 days throughout his / her working life).

Only one of the parents can be a beneficiary (there is no possibility of being transferred or shared like in the Maternity leave contributory benefit).

Income assessment

There is no income assessment

Benefit amount and duration

As in the maternity leave contributory benefit, **the benefit amount** is obtained through the following operation: $BR * 100\%$

- BR (regulatory base) = BC (contribution base) for CC (common contingencies) of the month before the start of the break / Number of days to which this contribution corresponds

The duration of the paternity leave with no possibility of being transferred is 8 weeks in 2019, 12 weeks in 2020 and 16 weeks in 2021.

In case of multiple birth, the paternity leave only gives an extra duration of 2 weeks for each child from the second.

EUROMOD modelling:

In EUROMOD Public Releases, this benefit is only simulated from 2015 to 2021. The simulation is, however, switched off as part of the baselines, i.e., non-simulated components (*bma*) are being used.

As the benefit amount depends on the previous earnings, we assume those to be equal to the imputed wage (*yivwg*) or the current wage, whichever is higher. The imputed wage is recorded in hourly terms; hence we assume a country-specific standard number of hours worked per week (40 hours) and we recalculate *yivwg* in monthly terms ($yivwg * 40 * (52/12)$).

Evolution and characteristics of the paternity leave contributory benefit

Table 2.16 Main characteristics of the paternity leave contributory benefit. EUR per year.

	2018	2019	2020	2021
Eligibility	Biological maternity, adoption, guard for adoption purposes, and foster care lasting no less than one year			
Contribution period	At least 180 days in the 7 years prior to the permission (or 360 days in working life)			
Payment Amount	BR * 100% where BR (regulatory base) = BC (contribution base) for CC (common contingencies) of the month before the start of the break / Number of days to which this contribution corresponds			
Duration	5 weeks	8 weeks (since april)	12 weeks	16 weeks
	2 extra weeks in case of multiple birth from the second child			
Subject to	Taxes	No (<i>since October 2018</i>)		
	SIC	Yes		
	Income test of other benefits	Yes		

Legal sources

Update of amounts.

- *Real Decreto-ley 6/2019, de 1 de marzo, de medidas urgentes para garantía de la igualdad de trato y de oportunidades entre mujeres y hombres en el empleo y la ocupación.*

Framework Law.

- *Real Decreto Legislativo 8/2015, de 30 de octubre, por el que se aprueba el texto refundido de la Ley General de la Seguridad Social Framework Law.*

2.5.4 Family and child-related benefits: Regional level

These benefits aim either for the general maintenance of families' welfare and for the alleviation of the poverty situation of households with children. In general, regions aim to complement national level policies.

2.5.4.1 Andalucía

Andalucía delivers two child-related benefits: for children under 3 years when a third child is born and for multiple birth.

Means-tested child benefit for children under 3 years of age when a third child is born (*Ayuda económica por hijos/as menores de tres años en el momento de un nuevo nacimiento*).

Brief description

This benefit is payable for children under 3 years in the family unit when a third child is born.

Definitions and eligibility conditions

The unit of analysis is the individual. To be considered eligible, a person must be resident in Andalucía, have children under 3 years of age when a third child is born and meet an income test.

Income assessment

All entitled units must meet the income test: family unit yearly income (broadly similar to PIT tax base) must be below 6 times the IPREM.

Benefit amount and duration

The benefit amount is different according to the family unit yearly income: 120% *basic amount (if income is equal or below the IPREM), 110% *basic amount (if income between 1 and 2 times the IPREM), 100%*basic amount (if income between 2 and 4 times the IPREM) and 50% *basic amount (if income between 4 and 6 time the IPREM).

Regarding the duration, this benefit is payable once.

EUROMOD modelling

The policy can be fully simulated in EUROMOD, without any particular data or modelling limitations

Evolution and characteristics of the means-tested child benefit for children under 3 years of age when a third child is born

Table 2.17 Main characteristics of the means-tested child benefit for families when a third child is born, and they have two children under 3 years of age in Andalucía. EUR per year.

		2018	2019	2020	2021
Eligibility		Children under 3 years when a third child is born			
	Income test	Family unit yearly income < 6*IPREM			
Payment	Basic amount	600			
	Benefit amount				
	If income <= IPREM	€720 (120%* basic amount)			
	If IPREM <income<=2 IPREM	€660 (110%* basic amount)			
	If 2*IPREM <income<=4 IPREM	€600 (100%* basic amount)			
	If 4*IPREM <income<=6 IPREM	€300 (50%* basic amount)			
Duration		Payable once			
Subject to	Taxes	No			
	SIC	No			
	Income test of other benefits	No			

Means-tested child benefit for multiple birth (*Ayuda económica por parto múltiple*).

Brief description

This benefit is payable in case of multiple birth (two or more children) until the third birthday of the children.

Definitions and eligibility conditions

The unit of analysis is the individual. To be considered eligible, a person must be resident in Andalucía, give multiple birth (of two or more children) and meet an income test.

Income assessment

All entitled units must meet the income test: family unit yearly income (broadly similar to PIT tax base) must be below 6 times the IPREM.

Benefit amount and duration

The benefit amount is different according to the family unit yearly income: 120% *basic amount (if income is equal or below the IPREM), 110% *basic amount (if income between 1 and 2 times the IPREM), 100%*basic amount (if income between 2 and 4 times the IPREM) and 50%*basic amount (if income between 4 and 6 time the IPREM). The basic amount depends on the number of children of the multiple birth.

Regarding the duration, this benefit is payable yearly until the third birthday of the children.

EUROMOD modelling

The policy can be fully simulated in EUROMOD, without any particular data or modelling limitations

Evolution and characteristics of the means-tested child benefit for multiple birth

Table 2.18 Main characteristics of the means-tested child benefit for multiple birth in Andalucía. EUR per year.

	2018	2019	2020	2021
Eligibility	Multiple birth until the third birthday of the children			
Income test	Family unit yearly income < 6*IPREM			
Payment	1,200 (2 children), 2,400 (3 children),3,600 (4 children), 4,800 (5 children)			
Benefit amount				
	If income <= IPREM		120%* basic amount	
	If IPREM <income<=2 IPREM		110%* basic amount	
	If 2*IPREM <income<=4 IPREM		100%* basic amount	
	If 4*IPREM <income<=6 IPREM		50%* basic amount	
Duration	Payable once (until de third birthday of the children)			
Subject to	Taxes		No	
	SIC		No	
	Income test of other benefits		No	

Legal sources

Framework Law.

- *Decreto-Ley 7/2013, de 30 de abril, de medidas extraordinarias y urgentes para la lucha contra la exclusión social en Andalucía, que modifica los tramos de renta a aplicar para tener derecho a las Ayudas económicas por hijos/as menores de tres años y por partos múltiples, reguladas por la Orden de 6 de mayo de 2002, por la que se regulan ayudas económicas por menores y partos múltiples.*
- *BOJA 11 de mayo de 2002, ORDEN de 6 de mayo de 2002, por la que se regulan ayudas económicas por menores y partos múltiples.*

2.5.4.2 Aragón

Means-tested child benefit for multiple birth (*Ayuda económica por parto múltiple*). Aragón delivers one child-related benefit for multiple birth of three or more children.

Brief description

This benefit is payable in case of multiple birth of three or more children until the twelfth birthday of the children.

Definitions and eligibility conditions

The unit of analysis is the individual. To be considered eligible, a person must be resident in Aragón, give multiple birth of three or more children and meet an income test.

Income assessment

All entitled units must meet the income test: family unit yearly income (broadly similar to PIT tax base minus personal and family allowances) must be below a limit yearly fixed by the regional government (11,401.01 EUR for the period 2018-2021).

Benefit amount and duration

The benefit amount for each child is the result of applying a number of decreasing percentages depending on the family income to a basic benefit amount yearly fixed by the government. In the period 2018-2021, the basic amount is 1,200 euros. The percentages applied to each income band are shown in the table below.

Moreover, there is an additional amount when there are 4 or more children in the family unit.

Regarding the duration, this benefit is payable yearly until the twelfth birthday of the children.

EUROMOD modelling

The policy can be fully simulated in EUROMOD, without any particular data or modelling limitations.

Evolution and characteristics of the means-tested child benefit for multiple birth

Table 2.19 Main characteristics of the Means-tested child benefit for multiple birth in Aragón. EUR per year.

	2018	2019	2020	2021
Eligibility	Multiple birth of 3 or more children until the twelfth birthday			
Income test	Family yearly income < 11,400 euro			
Payment	1,200 euro for each child			
Basic amount				
Benefit amount				
income <= 4,507.	1,200 euro for each child (100% *BA)			
4,507.01<income<=6,280	1,020 euro for each child (85% *BA)			
6,280<income<=7,425	840 euro for each child (70% * BA)			
7,425<income<=9,140	660 euro for each child (55% * BA)			
9,140 <income<=10,280	480 euro for each child (40% * BA)			
10,280<income<=11,400	300 euro for each child (25% * BA)			
Additional amount				
4 children	15% *benefit amount			
5 children	35% *benefit amount			
6 children	65% *benefit amount			
Duration	Payable once (until de twelfth birthday of the children)			
Subject to	Taxes	No		
	SIC	No		
	Income test of other benefits	No		

Legal sources

Update of amounts.

- 2021. ORDEN CDS/100/2021, de 12 de febrero, por la que se convocan ayudas para familias con hijos e hijas que han nacido de partos múltiples o procedentes de adopción múltiple, para el año 2021
- 2020. ORDEN CDS/608/2020, de 24 de junio, por la que se convocan ayudas para familias con hijos e hijas que han nacido de partos múltiples o procedentes de adopción múltiple, para el año 2020.
- 2019. ORDEN CDS/765/2019, de 12 de junio, por la que se convocan ayudas para familias con hijos e hijas que han nacido de partos múltiples o procedentes de adopción múltiple, para el año 2019.
- 2018. ORDEN CDS/625/2018, de 4 de abril, por la que se convocan ayudas para familias con hijos e hijas que han nacido de partos múltiples o procedentes de adopción múltiple, para el año 2018

2.5.4.3 Principado de Asturias:

No benefit.

2.5.4.4 Illes Balears

No benefit.

2.5.4.5 Canarias

No benefit.

2.5.4.6 Cantabria

Cantabria delivers two child-related benefits: for birth or adoption of a second or successive child and for multiple birth or adoption.

Means-tested child benefit for birth or adoption second or successive child (*Ayuda económica por nacimiento o adopción de segundo hijo o sucesivo*)

Brief description

This benefit is payable in case of adoption or birth of a second or successive child.

Definitions and eligibility conditions

The unit of analysis is the individual. To be considered eligible, a person must be resident in Cantabria, give birth or adopt a second or successive child and meet an income test.

Income assessment

All entitled units must meet the income test: family unit yearly income (broadly similar to tax base minus personal and family allowances) must be below a fixed limit of €42,000.

Benefit amount and duration

The benefit amount for the second child is different according to the family unit yearly income but in case of disability of any child the amount will be €1,500. Since 2020, the benefit amount for the second child in case of lone-parents families is €1,500. The benefit amount for the third and successive child is a basic amount of €1,500.

Regarding the duration, this benefit is payable once.

EUROMOD modelling

The policy can be fully simulated in EUROMOD, without any particular data or modelling limitations with the exception of benefits to children with disabilities.

Evolution and characteristics of the means-tested child benefit for birth or adoption second or successive child

Table 2.20 Main characteristics of the means-tested benefit for birth or adoption second child in Cantabria. EUR per year.

	2018	2019	2020	2021
Eligibility	Birth of two or more children			
Income test	Family yearly income < 42,000 euro			
Payment	Second child			
			€900	
			€600	
			€400	
			€1,500	
	0	0	€1,500	€1,500
			€1,500	
Duration	Payable once			
Subject to	Taxes			
	SIC			
	Income test of other benefits			

Means-tested child benefit for multiple birth or adoption (*Ayuda económica por nacimiento o adopción múltiple*).

Brief description

This benefit is payable in case of multiple birth or adoption.

Definitions and eligibility conditions

The unit of analysis are natural mothers or adoptive resident in Cantabria and meet an income test.

Income assessment

All entitled units must meet the income test: family unit yearly income (tax base minus personal and family allowance) must be below a fixed limit of €42,000.

Benefit amount and duration

The benefit amount es €2,000 per double birh or adoption and €3,000 in case of triple or successive birth or adoption.

Regarding the duration, this benefit is payable once.

EUROMOD modelling

The policy can be fully simulated in EUROMOD, without any particular data or modelling limitations.

Evolution and characteristics of the means-tested child benefit for multiple birth or adoption

Table 2.21 Main characteristics of the means-tested benefit for multiple birth or adoption in Cantabria. EUR per year.

	2018	2019	2020	2021
Eligibility	Birth of multiple birth or adoption			
Income test	Family yearly income < 42,000 euro			
Payment	Double birth	€2,000		
	Triple birth or more	€3,000		
Duration	Payable once			
Subject to	Taxes	No		
	SIC	No		
	Income test of other benefits	No		

Legal sources

Decreto 66/2020, de 1 de octubre, por el que se modifica el Decreto 23/2015, de 23 de abril, por el que se establece y regula la concesión de subvenciones para el fomento de la natalidad mediante el apoyo a la maternidad por hijos nacidos o adoptados en Cantabria desde el 1 de enero de 2015.

Decreto 26/2016, de 5 de mayo, por el que se modifica el Decreto 23/2015, de 23 de abril, por el que se establece y regula la concesión de subvenciones para el fomento de la natalidad mediante el apoyo a la maternidad por hijos nacidos o adoptados en Cantabria desde el 1 de enero de 2015.

Decreto 23/2015, de 23 de abril, por el que se establece y regula la concesión de subvenciones para el fomento de la natalidad mediante el apoyo a la maternidad por hijos nacidos o adoptados en Cantabria desde el 1 de enero de 2015.

2.5.4.7 Castilla-La Mancha

Castilla-La Mancha delivers one child-related benefit for children under 18 in large families.

Means-tested child benefit for children under 18 in large families (*Ayudas a familias numerosas por menores de 18 años*).

Brief description

This benefit is payable for each child under 18 years of age in case of large families.

Definitions and eligibility conditions

The unit of analysis is the individual. To be considered eligible, a person must be resident in Castilla-La Mancha, belong to a large family with children under 18 years of age and meet an income test.

Income assessment

All entitled units must meet the income test: family unit yearly income (broadly similar to tax base minus personal and family allowances) must be below the IPREM multiplied by a coefficient depending on the number of children in the large family plus one. There is also an upper limit of 8*IPREM. Children with disabilities count as two children for the computation of the benefit. In addition, there is a wealth test but it is not applied in simulation due to lack of data on assets.

Benefit amount and duration

The benefit amount for each child under 18 is the IPREM multiplied by a coefficient depending on the number of children of the large family and the fertility rate of the region. The benefit amount is incremented by 10% if the large-family condition has been acquired by multiple birth.

Regarding the duration, this benefit is payable until the children are 18. The additional amount when the large-family condition has been acquired by multiple birth is payable during two years in case of three children birth or 3 years in case of four children birth.

EUROMOD modelling

The policy can be fully simulated in EUROMOD, without any particular data or modelling limitations with the exception of benefits to children with disabilities.

Evolution and characteristics of the means-tested child benefit for children under 18 in large families

Table 2.22 Main characteristics of the means-tested child benefit for children under 18 in large families in Castilla La Mancha. EUR per year.

	2018	2019	2020	2021
Eligibility	Large families with children under 18			
Income test	Family unit yearly income < IPREM * (number of children +1) (Children with disabilities are computed as two children)			
3 children				Family unit yearly income < €25,816
4 children				Family unit yearly income < €27,115
5 children				Family unit yearly income < €32,270
6 children				Family unit yearly income < €33,894
7 children				Family unit yearly income < €38,724
8 children				Family unit yearly income < €40,673
9 children				Family unit yearly income < €45,178
10 children and over				Family unit yearly income < €47,452
				Family unit yearly income < €51,632
				Family unit yearly income < €54,230
Payment	Basic amount per child under 18 (EUR per month)			
	IPREM * coefficient depending on the number of children and the regional fertility rate			
3 children		41.22		
4 children		54.96		
5 children		68.70		
6 children		82.44		
7 children		96.18		
8 children		109.92		

	2018	2019	2020	2021
9 children		123.66		
10 children and over		137.40		
Additional amount in case of multiple birth		10% basic amount		
Duration	Payable until the children are 18			
Subject to	Taxes	No		
	SIC	No		
	Income test of other benefits	No		

Legal sources

Resolución de 30/12/2020, de la Viceconsejería de Servicios y Prestaciones Sociales, por la que se publica el crédito presupuestario disponible durante los ejercicios 2021, 2022 y 2023 para atender las obligaciones de contenido económico derivadas de las ayudas económicas a las familias numerosas de Castilla-La Mancha.

Decreto 108/2014, de 23/10/2014, por el que se modifica el Decreto 80/2012, de 26 de abril, por el que se regulan ayudas económicas a familias numerosas y familias acogedoras de Castilla-La Mancha.

Decreto 80/2012, de 26/04/2012, por el que se regulan ayudas económicas a familias numerosas y familias acogedoras de Castilla-La Mancha.

2.5.4.8 Castilla y León

No benefit.

2.5.4.9 Cataluña

Cataluña delivers one child-related benefit for the birth of one or more children.

Means-tested lump-sum childbirth benefit (*Ayuda económica para familias en que se haya producido un nacimiento, adopción*).

Brief description

This benefit is payable for the birth of one or more child.

Definitions and eligibility conditions

The unit of analysis is the individual. To be considered eligible, a person must be a resident in Cataluña for at least 5 years and meet an income test.

Income assessment

All entitled units must meet the income test: family unit yearly income (tax base) must be below a fixed limit of 16,000 euro multiplied by a coefficient depending on the number of family members. This coefficient is 1 for families up to 3 members. For families of 4 or more members the coefficient will increase by 0.3 for each additional member. For lone parents with 1 or 2 children the number of members is 4. For lone parents with 3 or more children the number of members is increased by 1.

Benefit amount and duration

The benefit amount for each childbirth is a fixed amount of 650 euro or 750 euro in case of lone parents or large families.

Regarding the duration, this benefit is payable once at the birth of the children.

EUROMOD modelling

The policy can be fully simulated in EUROMOD, without any particular data or modelling limitations.

Evolution and characteristics of the means-tested lump-sum childbirth benefit

Table 2.23 Main characteristics of the means-tested lump-sum childbirth benefit in Cataluña. EUR per year.

	2018	2019	2020	2021
Eligibility	Birth of one or more children			
Income test				
<= 3 members	Family income < 16,000 euro			
> 3 members	Family income < 16,000 euro * (1 + 0.3 * (members - 3))			
Lone parents	16,000 euro * (1 + 0.3)	<	Family income < 16,000 euro	
	* (1 + 0.3 * (members + 1 - 3))			
Payment			€650	
Lone parents or large families			€750	
Duration	Payable once (until de twelfth birthday of the children)			
Subject to	Taxes		No	
	SIC		No	
	Income test of other benefits		No	

Legal sources

Framework Law.

- *ORDEN TSF/251/2016, de 19 de septiembre, por la que se aprueban las bases que deben regir la concesión de la ayuda económica sometida al nivel de ingresos de la unidad familiar para familias en las que haya tenido lugar un nacimiento, adopción, tutela o acogimiento.*
- *2019. RESOLUCIÓN TSF/2314/2019, de 4 de septiembre, por la que se abre la convocatoria para la concesión de la ayuda económica sometida al nivel de ingresos de la unidad familiar para familias en las que haya tenido lugar un nacimiento, adopción, tutela o acogimiento, para los periodos comprendidos entre el 1 de septiembre y el 31 de diciembre de 2019 y el 1 de enero y el 31 de agosto de 2020 (ref. BDNS 472429).*

2.5.4.10 Extremadura

No benefit since 2018.

2.5.4.11 Galicia

Galicia delivers two child-related benefits: for children under 3 years and, since, 2020 there is a new benefit for childbirth.

Means-tested benefit for children under 3 years (*Prestación económica de pago único por hijos e hijas menores de tres años*).

Brief description

This benefit is payable for child under 3 years of age.

Definitions and eligibility conditions

The unit of analysis is the individual. To be considered eligible, a person must have legal residence in Galicia, have a child under 3 years old and meet the income test.

Income assessment

All entitled units must meet the income test: family unit yearly income (broadly similar to tax base minus personal and family allowances) must be below €22,000.

Benefit amount and duration

The benefit amount is a fixed amount depending on the number of children. Until 2020, the benefit amount was €360 for the first child, €1,200 for the second and €2,400 for the third child or successive. Since 2020, the benefit is for children between 1 and 3 years of age and the amount for the first child increased to €600.

Regarding the duration, this benefit is payable until the children have 3 years old.

EUROMOD modelling

The policy can be fully simulated in EUROMOD, without any particular data or modelling limitations.

Evolution and characteristics of the means-tested lump-sum benefit for children under 3 years

Table 2.24 Main characteristics of the means-tested lump-sum benefit for children under 3 years in Galicia. EUR per year.

	2018	2019	2020	2021
Eligibility	For child under 3 years of age			
Income test	Family unit yearly income < 22,000 euro			
Payment				
First child < 3years	€360		€600	€600
Second child < 3years	€1,200		€1,200	€1,200
Third child or successive < 3years	€2,400		€2,400	€2,400
Duration	Payable until the children are under 3 years		Payable when the children are between 1 and 3 years	
Subject to	Taxes		No	
	SIC		No	
	Income test of other benefits		No	

Means-tested lump-sum benefit for childbirth (*Prestación económica para las familias con hijas e hijos nacidos, adoptados*).

Brief description

This benefit is payable for the birth or adoption of a child.

Definitions and eligibility conditions

The unit of analysis is the individual. To be considered eligible, a person must have legal residence in Galicia and meet an income test.

Income assessment

All entitled units must meet the income test: family unit yearly income (broadly similar to tax base minus personal and family allowances) must be below a fixed limit of 45,000 euro.

Benefit amount and duration

The benefit amount is a fixed amount of €1,200 per birth. In case of birth of the third (or successive) child in the family, the benefit amount is €2,400.

Regarding the duration, this benefit is payable once at childbirth.

EUROMOD modelling

The policy can be fully simulated in EUROMOD, without any particular data or modelling limitations.

Evolution and characteristics of the means-tested lump-sum benefit for childbirth

Table 2.25 Main characteristics of the means-tested lump-sum benefit for childbirth in Galicia. EUR per year.

	2018	2019	2020	2021
Eligibility			Birth or adoption child	
Income test			Family unit yearly income <45,000 euro	
Payment				
Basic amount			€1,200	€1,200
Third child in the family			€2,400	€2,400
Duration			Payable once	
Subject to	Taxes		No	
	SIC		No	
	Income test of other benefits		No	

Legal sources

Update of amounts.

ORDEN de 28 de diciembre de 2020 por la que se establecen las bases por las que se regirá la concesión de la ayuda económica, a través de la tarjeta Benvida, para las familias con hijas e hijos nacidos, adoptados/as

o declaradas/os en situación de guarda con fines adoptivos en el año 2021, y se procede a su convocatoria (código de procedimiento BS403B). (DOG nº 11 de 19 de enero de 2021)

EXTRACTO de la Orden de 30 de diciembre de 2019 por la que se establecen las bases por las que se regirá la concesión de la ayuda económica, a través de la tarjeta Benvida, para las familias con hijas e hijos nacidos, adoptados/as o declaradas en situación de guarda con fines adoptivos en el año 2020 y se procede a su convocatoria

Orden de 18 de diciembre de 2019, por la que se establecen las bases por las que se regirá la concesión de la prestación económica de pago único por hijas y hijos menores de tres años para el año 2020 y se procede a su convocatoria (código de procedimiento BS410A) (DOG nº 12 de 20 de enero de 2020)

ORDEN de 20 de marzo de 2019 por la que se establecen las bases por las que se regirá la concesión de la prestación económica de pago único por hijas e hijos menores de tres años para el año 2019 (código de procedimiento BS410A).

Framework Law (children under 3 years)

ORDEN de 24 de marzo de 2017 por la que se establecen las bases por las que se regirá la concesión de la prestación económica de pago único por hijas e hijos menores de tres años para el año 2017

2.5.4.12 La Rioja

No benefit.

2.5.4.13 Comunidad de Madrid

No benefit.

2.5.4.14 Región de Murcia

No benefit.

2.5.4.15 Comunidad Foral de Navarra

No benefit.

2.5.4.16 Comunitat Valenciana

No benefit.

2.5.4.17 País Vasco

Pais Vasco delivers two child-related benefits: for children and for multiple birth.

Means-tested lump-sum benefit for children (*Ayudas económicas por hijo o hija a cargo*).

Brief description

This benefit is payable for the dependent children in the family. In 2018 the age to be considered a dependant child change from 17 to 25 years old.

Definitions and eligibility conditions

The unit of analysis is the individual. To be considered eligible, a person must have the legal residence in Pais Vasco.

Income assessment

There is no income test.

Benefit amount and duration

The benefit amount is a fixed amount depending on the family unit yearly income (ordinary tax base before family allowances divided by the equivalence scale¹⁹): €900, €500 and €400 for incomes under €20,000, between €20,000 and €30,000 and over €30,000 respectively.

Regarding the duration, it depends on the number of dependent children. For the first child, this benefit is payable once at the birth. For the second child, before august 2018 there were two lump sums, one at childbirth and another on the following year and since august 2018 there are three lump sums, one at childbirth and two more on the following tow years. For the third and successive child, there is one payment at birth and one each year until the child is 6 years old.

EUROMOD modelling

The policy can be fully simulated in EUROMOD, without any particular data or modelling limitations.

Evolution and characteristics of the means-tested lump-sum benefit for children

Table 2.26 Main characteristics of the means-tested lump-sum benefit at birth in Pais Vasco. EUR per year.

	2018	2019	2020	2021
Eligibility	Birth of one or more children			
Payment				
Basic amount				
For the first child				
Equivalised family income < €20,000	€900 (payable once at the birth)			
€20,000 < Equivalised family income < €30,000	€500 (payable once at the birth)			
Equivalised family income > €30,000	€400 (payable once at the birth)			
For the second child*				
Equivalised family income < €20,000	€900 (two lump sums, one at birth and the following year)	€900 (three lump sums, one at birth and the following two years)		
€20,000 < Equivalised family income < €30,000	€500 (two lump sums, one at birth and the following year)	€500 (three lump sums, one at birth and the following two years)		
Equivalised family income > €30,000	€400 (two lump sums, one at birth and the following year)	€400 (three lump sums, one at birth and the following two years)		

¹⁹ The scale is as follows: 1.3 if lone parent; 1 point for the recipient (in two parents' household) and 0.5 points for the partner or spouse; 0.3 points for each child. If any of the household's members suffers from a disability, then 0.3 extra points are added to the total sum.

		2018	2019	2020	2021
For third and successive children					
	Equivalised family income < €20,000	€900 (one payment at birth and one each year until the child is 6 years old)			
	€20,000 < Equivalised family income < €30,000	€500 (one payment at birth and one each year until the child is 6 years old)			
	Equivalised family income > €30,000	€400 (one payment at birth and one each year until the child is 6 years old)			
Subject to	Taxes		No		
	SIC		No		
	Income test of other benefits		No		

(*) Since august 2018 there are three lumps sums for the second child

Means-tested lump-sum benefit for multiple childbirth or adoption (*Ayudas por nacimiento o adopción múltiple nacional*)

Brief description.

This benefit is payable in case of multiple birth or adoption.

Definitions and eligibility conditions

The unit of analysis is the individual. To be considered eligible, a person must have the legal residence in Pais Vasco.

Income assessment

There is no income test.

Benefit amount and duration

The benefit amount is a fixed amount (€2,000) multiplied by the number of children born minus one. A coefficient depending on the family unit yearly income (ordinary tax base before family allowances divided by the equivalence scale²⁰) is also applied.

Regarding the duration, this benefit is payable once at the childbirth.

EUROMOD modelling

The policy can be fully simulated in EUROMOD, without any particular data or modelling limitations.

²⁰ The scale is as follows: 1.3 if lone parent; 1 point for the recipient (in two parents' household) and 0.5 points for the partner or spouse; 0.3 points for each child. If any of the household's members suffers from a disability, then 0.3 extra points are added to the total sum.

Evolution and characteristics of the means-tested lump-sum benefit for multiple childbirth or adoption

Table 2.27 Main characteristics of the means-tested lump-sum benefit for multiple childbirth or adoption in País Vasco. EUR per year.

	2018	2019	2020	2021
Eligibility	Multiple birth or adoption			
Payment	Basic amount			
	Equivalised family income \leq €20,000	€2,000*(number of children born-1) *2		
	€20,000 < Equivalised family income < €30,000	€2,000 * (number of children born-1) *1.5		
	Equivalised family income > =€30,000	€2,000 * (number of children born-1) *1		
Duration	Payable once at the birth			
Subject to	Taxes	No		
	SIC	No		
	Income test of other benefits	No		

Legal sources

Framework Law:

DECRETO 121/2018, de 30 de julio, de modificación del Decreto de las ayudas económicas de apoyo a las familias con hijos e hijas a cargo.

BOPV 30 de marzo de 2015, DECRETO 30/2015, de 30 de marzo, de las ayudas económicas de apoyo a las familias con hijos e hijas a cargo.

BOPV 30 de marzo de 2015, DECRETO 32/2015, de 17 de marzo, de modificación del Decreto sobre el sistema de estandarización de la renta familiar en el marco de las políticas de familia.

BOPV 27 de diciembre de 2006, DECRETO 255/2006, de 19 de diciembre, por el que se regulan las ayudas económicas a las familias con hijos e hijas. Derogado por DECRETO 30/2015, de 30 de marzo.

2.5.5 Social assistance benefits

Social assistance benefits in Spain are composed of a nation-wide minimum income scheme (*Ingreso Mínimo Vital*), adopted by the Spanish government in June 2020, and a collection of regional minimum income schemes regulated by the regions (*Rentas Mínimas de Inserción*).

The COVID-19 crisis accelerated the approval of nation-wide minimum income in Spain, setting, for the first time, a unique guaranteed minimum income for the whole territory. However, until June 2020 the minimum income system was formed of a heterogeneous group of regional minimum income schemes. In essence, the national and regional schemes are non-contributory means-tested benefits, although for the latter the eligibility rules, benefit amounts, duration and other policy rules differ greatly across regions.

As result of the introduction of the new nation-wide minimum income, the regions will undergo a transition process in which the regulation of their regional minimum schemes may be adapted to the new national scheme. In the most likely scenario, the different regions will adjust their regional schemes to work as a complement of the national one (i.e. increasing the entitlement or enlarging

the coverage where deemed necessary). A certain degree of overlapping, however, might take place during this process. The rules described in this report are the most updated ones at the time of writing it.

Detailed descriptions of the national and regional minimum income schemes follow hereunder.

2.5.5.1 Nation-wide minimum income scheme - *bsa00_es (Ingreso Mínimo Vital)*

Minimum income scheme operating at the national level. The benefit works as a top up (i.e. the final entitlement is the difference between the guaranteed minimum income corresponding to the family and the computed family income). The minimum income has a basic amount that increases with each additional member up to a specific ceiling. Eligible individuals need to fulfil, as well, an age eligibility criterion and a wealth test.

Definitions

Family unit: individuals living together and related by marriage or an analogous relationship, adoption, blood or family relationship up to the 2nd degree (e.g. it includes grandparents, grandchildren, etc.).

Benefit recipient: an adult living in the family unit claiming and receiving the benefit on behalf of the family unit.

Eligibility conditions

The member of the family unit claiming the benefit must be aged 23-65 years. The age requirement does not need to be fulfilled for those having dependent children, i.e. the minimum age limit is of 18 years old in that case.

Legal residence must be proved for at least 1 year. The claimant must have applied to all other benefits he/she is entitled to. If the claimant is not working, he/she must be registered as job seeker. Beneficiaries must have lived independently for at least 3 years before claiming the benefit (i.e. they must have been registered for at least 12 months in any Social Security regime and their dwelling must have been different from the one of the parents for at least 3 years before claiming). The family unit must be formed for at least one year.

Income assessment

The income test takes into account incomes of the previous year, taken from administrative sources. They are calculated as a monthly average over the previous year.

All kind of market incomes, pensions and benefits are considered. Incomes are fully taken into account (gross terms) except incomes from work or rental incomes, which are included in net terms, i.e. taxes and SICs are deducted. There are, however, some exceptions:

- Regional minimum incomes or other social assistance-related benefits.
- Education allowances and housing benefits.

Wealth assessment

The wealth test includes financial and property assets other than main residence. Property assets will be valued as stated in the Art 3.1. of the Royal Decree Law 1/2004, of March 5. Financial assets will be those as December 31 of the last PIT return.

The maximum net wealth for a single-family unit, in 2021, is of 16,614 EUR, increased by 40% per each additional member of the family unit, up to a maximum threshold of 44,196 EUR.

Benefit amount

The guaranteed minimum income for a single-family unit is 100% of the monthly amount of the non-contributory pensions (470 EUR in 2021). The guaranteed minimum income increases by 30% for each additional member of the family unit up to a maximum threshold of 220%. Lone-parent households are complemented by an additional amount of 22% of the basic amount.

Table 2.28 Guaranteed minimum income amounts per family member, EUR per month (2020 - 2021).

Family members / year	2020	2021
One member	462	470
Two members	600	611
Three members	738	752
Four members	877	893
Five members or more	1,015	1,034
Lone parents' household complement	102	102
Min. guaranteed minimum income	462	470
Max. guaranteed minimum income	1,015	1,034

The final benefit is computed as the difference between the guaranteed minimum income and the actual income of the household. Final entitlements of less than 10 euros per month are disregarded. Wage increases will have a partial disregard (to be defined by Regulation).

Duration

Indefinite duration as long as the reasons that gave rise to its concession subsist and the requirements and obligations set in the legislation are met.

Taxation and income testing

This benefit is usually not taxable²¹, nor social insurance contributions are paid on it. The final entitlement may be part of the means-test of the regional minimum income schemes.

Compatibilities

The introduction of the nation-wide minimum income in 2020 (see section 2.5.5.1) involves a progressive abolishment of the main child benefit for those children without disabilities (see Royal Decree Law 30/2020). In practice, both benefits are incompatible and since June 2020, no new applications will be allowed for the main child benefit. However, those family units that were entitled to the child benefit before June 2020 will still receive it until the eligibility requirements no longer apply.

EUROMOD simulations assume that the nation-wide minimum income scheme is considered as part of the income test of the regional minimum income schemes (i.e. the nation-wide minimum income is simulated first and its result is included in the income test of the regional schemes). In practice, however, the rules of the regional schemes are undergoing a transition period in 2020, in which each region might adapt differently their regulations to the new national scheme.

²¹ However, if the annual entitlement, together with other similar social assistance benefits (e.g. regional minimum income schemes), is higher than 1.5 times the annual IPREM, the surplus will be taxed similarly to labour incomes.

EUROMOD modelling

The FYA extension can be switched on to simulate within year policy changes, i.e. the duration of the benefit will be limited to 7 months, from June to December 2020, if the FYA extension is switched on.

Certain rules cannot be simulated due to lack of data in the underlying data. For example, there is no information on whether the beneficiary is registered as job seeker, nor on whether he/she has lived independently for at least 3 years. We cannot take into account either if the beneficiary has already applied to all other benefits that he/she is entitled to.

Moreover, wealth-related information in EU-SILC is very limited. In this regard, financial assets are proxied dividing the investment income (as recorded in SILC) by the average interest rate of deposits from households. The value of any property asset, if rented, is obtained by dividing rental income by the average return from renting a property. These can be considered, anyways, proxies of market values and not of cadastral values. Secondary residences cannot be accounted for due to lack of data.

The surplus that can be taxable if received together with other regional minimum income schemes is not simulated in EUROMOD given the complexity of its implementation (i.e. the personal income tax would have to be simulated twice just for this particular reason). However, this is not expected to have a significant impact given that the tax liabilities for the beneficiaries after the application of tax allowances and tax credits would be anyway null or very small.

Finally, the simulated results are calibrated to match the total expenditure on the scheme in reality, given that the coverage is rather incomplete. Therefore, non-take-up is simulated for the baseline simulations (best possible combination between policy rules year and input data) using the BTA extension (see section 2.4). The non-take-up ratios implemented are of 18% in 2020 and 28% in 2021. The latter ratio is still preliminary as the total annual expenditure on the scheme was not yet available at the time of preparing this report. Nevertheless, it was computed drawing from national sources, corresponding to May 2021, depicting a monthly cost of 116 mil. Assuming the same constant cost over the year, we estimate the official annual cost to be of approximately 1.4 bill.

Legal sources

Update of amounts.

- 2021. *Ley 11/2020, de 30 de diciembre, de Presupuestos Generales del Estado para el año 2021.*
- 2020. *Real Decreto-ley 20/2020, de 29 de mayo, por el que se establece el ingreso mínimo vital*

Framework Law:

- *Real Decreto-ley 3/2021, de 2 de febrero Se abrirá en una ventana nueva., por el que se adoptan medidas para la reducción de la brecha de género y otras materias en los ámbitos de la Seguridad Social y económico.*
- *Real Decreto-ley 20/2020, de 29 de mayo, por el que se establece el ingreso mínimo vital*

2.5.5.2 Regional minimum income schemes - *bsarg_es* (*Rentas Mínimas de Inserción*)

Regional minimum income schemes consist of a heterogeneous group of minimum income schemes set by the different Autonomous Communities in Spain. Drawing from Hernández, Picos & Riscado (2020), the main rules of these schemes can be summarized as follows, although they vary significantly across regions:

Definitions

The assessment unit of the benefit is the family, understood as individuals living together and linked by family relations up to a specific degree, which varies across regions. Spouse and children are included in the assessment unit for all regions.

Eligibility conditions

Eligibility conditions always include an income test, a wealth test, a minimum time of residence in the region prior to the application and the condition of having applied for all other benefits to which the claimants are entitled. Additionally, the family member claiming the benefit usually has to fulfil minimum and maximum age requirements.

The reception of the benefit is conditional on the fulfilment of specific obligations regarding its use and the notification of changes in the personal situation and labour status

Income assessment

The income test usually comprises all kinds of market incomes, pensions and benefits received by all family members living in the same household, except child benefits and targeted social benefits. The wealth test usually includes financial and property assets other than the main residence, and, in some cases, assets used for economic activities.

Benefit amount

The minimum income amount corresponding to the family is usually computed as a basic amount for one-person units, increasing with each additional member up to a ceiling. Amounts are usually linked to the official minimum wage or to specific economic indexes, established by the Spanish law to fix social benefits. The final entitlement is the difference between the computed family income and the minimum income corresponding to the family (i.e. a top-up benefit).

EUROMOD modelling

As described in Hernández, Picos & Riscado (2020), the coverage of these schemes is very low in practice (of around 20%, with substantial discrepancies across regions). Without accounting by this low coverage, EUROMOD simulations significantly overestimate the number of recipients of these regional schemes. This is mainly the result of three factors:

1. Non-simulation in EUROMOD of some non-income conditions, due to the lack of information in EU-SILC (e.g. minimum required time of residence in the region, some wealth conditions, etc.).
2. Non-take-up by eligible units (i.e. no claiming by family units meeting the eligibility criteria).
3. Regional budget constraints, administrative arrangements and other elements on the side of the corresponding administration.

In order to get an accurate representation of the impact that these schemes have in practice, simulations are calibrated to account by the low coverage using the BTA extension. In the baseline scenario, the extension is switched on (i.e. a non-take-up adjustment is applied). Although the full calibration method is described in detail in the above-mentioned paper, in essence it depends on two components: a deterministic component (*i_bsarg_ratio*, in EUROMOD), which depends negatively

of the unit assessed income, and a random component (i_{bsarg_rand} , in EUROMOD), which follows an uniform distribution. Using these two elements, simulations are calibrated for each region, so they match the number of beneficiaries and expenditure of the corresponding regions.

Besides, EUROMOD simulations assume that the nation-wide minimum income scheme is considered as part of the income test of the regional minimum income schemes (i.e. the nation-wide minimum income is simulated first and its result is included in the income test of the regional schemes). In practice, however, the rules of the regional schemes are undergoing a transition period since 2020, in which each region might adapt differently their regulations to the new national scheme. Noticeably, the calibration of the regional schemes uses data up to 2019, where the nation-wide scheme did not exist yet, as there are limited official data for 2020. The use of 2019 data implies assuming the same effective coverage of the regional schemes as before the introduction of the national scheme.

Importantly, only systems from 2016 onwards benefit from the above-mentioned adjustment. These systems also include a significant improvement to the simulation of the regional schemes (i.e. the coding has been refined and updated intensively). From 2005 to 2015, however, the simulation of these schemes remains switched off. The improvement to the simulation of regional minimum income schemes in old systems is expected to take place sequentially over next EUROMOD releases.

2.5.5.2.1 Andalucía (*Renta Mínima de Inserción Social*)

Regional minimum income scheme in place in Andalucía.

Definitions

Family unit: individuals living together and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit, which is the official recipient of the benefit.

Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 25 and below 65 years of age and has had residence in Andalucía for, at least, a year. Eligible individuals must have total family unit income below the income test.

Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

Benefit amount

Since 2018, the benefit amount is 78% of IPREM plus 10% of IPREM for each additional member. The maximum amount is the minimum wage.

The benefit has a different amount depending on the number of members in the family unit. The amount of the benefit for six members or more is the maximum amount, corresponding to the national minimum wage.

Table 2.29 Guaranteed minimum income amounts of Andalucía minimum income scheme, EUR per month.

Year:	2018	2019	2020	2021
One member	419.52	419.52	419.52	440.62
Two members	473.30	473.30	473.30	497.11
Three members	527.08	527.08	527.08	553.60
Four members	580.60	580.60	580.60	610.09
Five members	634.64	634.64	634.64	666.58
Six members or more	672.30	672.30	672.30	706.13
Min benefit	107.57	107.57	107.57	112.98
Max benefit	672.30	672.30	672.30	706.13

Since 2018, the minimum benefit is 20% of IPREM and the maximum benefit is 125% of IPREM and 145% of IPREM if the family has 6 or more members three of which are children.

Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

Compatibilities

Subsidiary and complementary benefit of the nation-wide Minimum Scheme.

Legal sources

Regulation since 2018: Renta Mínima de Inserción Social: Decreto-ley 3/2017, de 19 de diciembre, por el que se regula la Renta Mínima de Inserción Social en Andalucía

Regulation before 2018: Ingreso Mínimo de Solidaridad: DECRETO 2/1999, de 12 de enero, por el que se regula el Programa de Solidaridad de los Andaluces para la Erradicación de la Marginación y la Desigualdad en Andalucía

2.5.5.2.2 Aragón (Ingreso Aragonés de Inserción)

Regional minimum income scheme in place in Aragón.

Definitions

Family unit: individuals living together and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit, which is the official recipient of the benefit.

Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 18 and below 65 years of age and has had legal residence in Aragón at least for a year.

Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

Benefit amount

The benefit has a different amount that is updated annually by the regional government. The amount depends on the number of members of the family unit (additional 30% of the basic amount for the second member, 20% of the basic amount for the second, third and fourth members and 10% for the fifth and following members). The maximum amount is the minimum wage.

Table 2.30 Guaranteed minimum income amounts of Aragón minimum income scheme, EUR per month.

Year:	2018	2019	2020	2021
One member	491.00	491.00	491.00	491.00
Two members	638.30	638.30	638.30	638.30
Three members	736.50	736.50	736.50	736.50
Four members	834.70	834.70	834.70	834.70
Five members	883.80	883.80	883.80	883.80
Six members & more	900.00	932.90	932.90	932.90
Max benefit	735.90	900	950	950

Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

Compatibilities

Subsidiary and complementary benefit of the Nation-wide Minimum Scheme.

Legal sources

Update of amounts

- 2021 LEY 4/2020, de 30 de diciembre, de Presupuestos de la Comunidad Autónoma de Aragón para el ejercicio 2021. The regional minimum income in Aragón ends in el 31 de mayo de 2021. *Prestación aragonesa Complementaria: DECRETO-LEY 5/2020, de 29 de junio, del Gobierno de Aragón, por el que se regula la Prestación Aragonesa Complementaria del Ingreso Mínimo Vital y el Servicio Público Aragonés de Inclusión Social*
- 2020: LEY 10/2019, de 30 de diciembre, de Presupuestos de la Comunidad Autónoma de Aragón para el ejercicio 2020.
- 2018 and 2019: LEY 2/2018, de 28 de febrero, de Presupuestos de la Comunidad Autónoma de Aragón para el ejercicio 2018 (Presupuestos 2019 not available yet).

Framework Law.

- DECRETO 125/2009, de 7 de julio, del Gobierno de Aragón, por el que se modifica parcialmente el Decreto 57/1994, de 23 de marzo, por el que se regula el Ingreso Aragonés de Inserción en desarrollo de la Ley 1/1993, de Medidas Básicas de Inserción y Normalización Social
- DECRETO 57/1994, de 23 de marzo, de la Diputación General de Aragón, por el que se regula el Ingreso Aragonés de Inserción en desarrollo de Ley 1/1993, de 19 de febrero, de Medidas Básicas de Inserción y Normalización Social.

2.5.5.2.3 Principado de Asturias (Salario Social Básico Asturiano)

Regional minimum income scheme in place in Principado de Asturias.

Definitions

Family unit: individuals living together, and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit, which is the official recipient of the benefit.

Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 25 and has had legal residence in Principado de Asturias, at least for two years. Eligible individuals must have total family unit income below the income test.

Income assessment

The family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

Benefit amount

The benefit has a different amount depending on the number of members of the family unit. The maximum amount is 1.65* basic amount for one member until 2019 and since 2020 is 1.75*basic amount. The minimum amount is 0.1*basic amount.

Table 2.31 Guaranteed minimum income amounts of Principado de Asturias minimum income scheme, EUR per month.

Year:	2018	2019	2020	2021
One member	442.96	442.96	448.28	448.28
Two members	540.41	540.41	546.89	546.89
Three members	611.28	611.28	618.62	618.62
Four members	682.14	682.14	690.33	690.33
Five members	713.16	713.16	721.72	721.72
Six members or more	730.88	730.88	739.65	739.65
Max benefit	775.18	775.18	784.49	784.49
Min benefit	44.30	44.30	44.83	44.83

When two family units cohabit, the benefit is 1.75 times the one of one single family unit.

The amounts will be increased by 5 percent in case any family member between 25 and 64 years of age has more than 45% degree of disability (*Ley 39/2006, de 14 de diciembre, de Promoción de la Autonomía Personal y Atención a las Personas en Situación de Dependencia*).

Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

Compatibilities

Subsidiary and complementary benefit of the Nation-wide Minimum Scheme.

Legal sources

Update of amounts

- 2021 *Ley del Principado de Asturias 3/2020, de 30 de diciembre, de Presupuestos Generales para 2021*
- 2020 *Presupuestos Generales del Principado de Asturias para 2020*

Framework Law.

- *Decreto 29/2011, de 13 de abril, por el que se aprueba el Reglamento General de la Ley 4/2005.*
- *Ley del Principado De Asturias 1/2003, de 24 de febrero, de Servicios Sociales. bopa 08 de marzo de 2003*

2.5.5.2.4 Illes Balears (*Renta social Garantizada*)

Regional minimum income scheme in place in Illes Balears.

Definitions

Family unit: individuals living together and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit, which is the official recipient of the benefit.

Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 25 years of age and has had legal residence in Illes Balears, at least for six months.

Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

Benefit amount

The benefit has a different amount depending on the number of members of the family unit (extra 30% for the first additional member, 20% for the second and 10% for the rest of family members).

Table 2.32 Guaranteed minimum income amounts of Illes Balears minimum income scheme, EUR per month.

Year:	2018	2019	2020	2021
One member	431.53	457.31	459.14	459.14
Two members	560.99	594.50	596.88	596.88
Three members	647.30	685.97	688.71	688.71
Four members	690.45	731.70	734.62	734.62
Five members	733.60	777.43	780.53	780.53
Six members	776.58	823.16	826.44	826.44
Min benefit	108.00	114.00	115.00	115.00
Max benefit	1,312.50	1,312.50	1,312.50	1,312.50

The minimum benefit is 25% the basic benefit amount and the maximum benefit will never be higher than 125% the minimum wage.

Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

Compatibilities

Incompatible with the Nation-wide Minimum Scheme.

Legal sources

Update of amounts.

- 2021. Ley 3/2020, de 29 de diciembre, de Presupuestos generales de la Comunidad Autónoma de las Illes Balears para el año 2021.
- 2020. Decreto ley 10/2020 de 12 de junio, de prestaciones sociales de carácter económico de las Illes Balears

Framework Law.

- Resolució de la consellera d'Afers Socials i Esports de 9 de gener de 2020 per la qual s'actualitzen les quanties corresponents a la prestació econòmica bàsica, les prestacions addicionals per altres

membres del nucli familiar, el còmput total màxim i la prestació econòmica mínima de la renda social garantida de l'exercici 2020.

- *Resolució de la consellera de Serveis Socials i Cooperació de 9 de gener de 2019 per la quals'actualitzen les quanties corresponents a la prestació econòmica bàsica, les prestacions addicionals per altres membres del nucli familiar, el còmput total màxim i la prestació econòmica mínima de la renda social garantida de l'exercici 2019*
- *Ley 5/2016, de 13 de abril, de la renta social garantizada*

2.5.5.2.5 Canarias (Ayuda Económica Básica o Prestación Canaria de Inserción)

Regional minimum income scheme in place in Canarias.

Definitions

Family unit: individuals living together and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit, which is the official recipient of the benefit.

Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 25 and below 65 years of age and has had legal residence in Canarias, at least for one year.

Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

Benefit amount

The benefit has a different amount depending on the number of members of the family unit. In 2021, the basic amounts have been updated using the consumer price index of Canarias and there is a new complement of €50 for each individual below 18 years old in the family unit.

Table 2.33 Guaranteed minimum income amounts of Canarias minimum income scheme, EUR per month.

Year:	2018	2019	2020	2021
One member	478.77	478.77	489.35	491.80
Two members	541.76	541.76	553.73	556.50
Three members	592.16	592.16	605.25	608.28
Four	623.66	623.66	637.45	640.64
Five	648.85	648.85	663.18	666.50
Six members or more	667.75	667.75	682.51	685.92
Additionally amount per child <18				50
Min benefit	127.59	127.59	130.41	131.06

Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

Compatibilities

Subsidiary and complementary benefit of the Nation-wide Minimum Scheme.

Legal sources

Update of amounts.

- 2021: Ley 7/2020, de 29 de diciembre, de presupuestos generales de la Comunidad Autónoma de Canarias para 2021. (update of amounts)
- DECRETO ley 3/2021, de 18 de marzo, por el que se modifica la Ley 1/2007, de 17 de enero, por la que se regula la Prestación Canaria de Inserción (new complement for individual below 18 years old in the family unit)
- 2020: Decreto-ley 6/2020, de 17 de abril, de medidas urgentes de carácter social dirigidas a las personas en situación de vulnerabilidad como consecuencia de la crisis sanitaria ocasionada por el COVID-19.
- 2019. Ley 19/2019, de 30 de diciembre, de Presupuestos Generales de la Comunidad Autónoma de Canarias para 2020.

Framework Law.

- Compatibility between nation-wide minimum Income and Regional minimum income: Decreto-ley 16/2020, de 24 de septiembre, de modificación de la Ley 1/2007, de 17 de enero, por la que se regula la Prestación Canaria de Inserción para su adaptación al Ingreso Mínimo Vital
- 2019 Ley 7/2018, De 28 De Diciembre, De Presupuestos Generales De La Comunidad Autónoma De Canarias. (update of amounts)
- Ley 1/2007, de 17 de enero, por la que se regula la Prestación Canaria de Inserción
- Decreto 136/2007, de 24 de mayo, por el que se aprueba el Reglamento de la Ley 1/2007
- Ley 2/2015, de 9 de febrero, de modificación de la Ley 1/2007, de 17 de enero, por la que se regula la Prestación Canaria de Inserción

2.5.5.2.6 Cantabria (Renta Social Básica)

Regional minimum income scheme in place in Cantabria.

Definitions

Family unit: individuals living together and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit, which is the official recipient of the benefit.

Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 23 and below 65 years of age and has had legal residence in Cantabria, at least for a year.

Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

Benefit amount

The benefit has a different amount depending on the number of members in the family unit (there is a basic amount of 80% of IPREM and an extra 25% for the first additional member, 10% for the rest of family members).

Table 2.34 Guaranteed minimum income amounts of Cantabria minimum income scheme, EUR per month.

Year:	2018	2019	2020	2021
One member	430.27	430.27	430.27	451.92
Two members	564.73	564.73	564.73	593.15
Three members	618.52	618.52	618.52	649.64
Four or more members	672.30	672.30	672.30	706.13

Min benefit. 1% IPREM	5.38	5.38	5.38	5.65
Max benefit. 125% IPREM	672.30	672.30	672.30	706.13

The benefit will never be above 125% of the IPREM and must be higher than 1% of the IPREM.

Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

Compatibilities

Subsidiary and complementary benefit of the Nation-wide Minimum Scheme.

Legal sources

Framework Law.

- *Ley de Cantabria 2/2007 de 27 de Marzo, de Derechos y Servicios Sociales (Actualizada a fecha 1 de enero de 2019)*

2.5.5.2.7 Castilla-La Mancha (*Ingreso Mínimo de Solidaridad*)

Regional minimum income scheme in place in Castilla-La Mancha.

Definitions

Family unit: individuals living together and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit, which is the official recipient of the benefit.

Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 18 years of age and with legal residence in *Castilla-La Mancha* at least for the two previous years. The family unit must have been established at least one year before claiming the benefit.

Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit. Family unit gross yearly income includes the value of owned assets (excluded owner-occupied housing) valued at fiscal value (*valor catastral*) minus debts on valued assets and minus a 35 percent of the monthly minimum wage if living in rented or owned house but still paying a mortgage on it.

Benefit amount

The benefit has a different amount depending on the number of members of the family unit.

In 2020, 2021 the basic benefit is 525 EUR per month. Then 15% of basic benefit is added for the first additional member and 10% of basic benefit is added for each additional member besides the first.

In 2018-2019: the basic benefit is 52% of MW, and then 6,6% of MW is added for each additional member of the family.

The minimum benefit is since 2020 is 50EUR per month and for previous years is 10% the minimum wage.

Table 2.35 Guaranteed minimum income amounts of Castilla-La Mancha minimum income scheme, EUR per month.

Year:	2018	2019	2020	2021
One member	382.67	468.00	525.00	525.00
Two members	431.24	527.40	603.75	603.75
Three members	504.83	617.40	656.25	656.25
Four members	578.42	707.40	708.75	708.75
Five members or more	652.01	797.40	761.25	761.25
Min benefit	73.59	90.00	50.00	50.00

Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

Compatibilities

Since the approval in 2020 of the Nation-wide Minimum Scheme, no new beneficiaries of the regional scheme will be allowed (i.e. only those already receiving it will remain as beneficiaries).

Legal sources

Update of amounts.

- 2021: *Orden 198/2020, de 28 de diciembre, de la Consejería de Bienestar Social, por la que se modifica la Orden de 29/12/2009, de la Consejería de Salud y Bienestar Social, por la que se establecen las bases que regulan las ayudas que, en desarrollo del Decreto 179/2002, de 17 de diciembre, se refieren al Ingreso Mínimo de Solidaridad (since 2021 the receipts will be exclusively the receipts in previous years, new receipts will not be allowed. The conditions remains the same)*
- 2020: *Ley 10/2019, de 20 de diciembre, de Presupuestos Generales de la Junta de Comunidades de Castilla-La Mancha para 2020. [2019/11580] (modification of the Law)*
- 2018 *Ley 7/2017, de 21 de diciembre, de Presupuestos Generales de la Junta de Comunidades de Castilla-La Mancha para 2018. [2017/15442] (modification of the Law)*

Framework Law

- *Decreto 179/2002, de 17 de diciembre, de Desarrollo del Ingreso Mínimo de Solidaridad, Ayudas de Emergencia Social y Prestaciones Económicas en favor de colectivos desfavorecidos, y de la colaboración y cooperación en materia de Servicios Sociales*

2.5.5.2.8 Castilla y León (*Renta Garantizada de Ciudadanía*)

Regional minimum income scheme in place in Castilla y León.

Definitions

Family unit: individuals living together and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit, which is the official recipient of the benefit.

Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 25 and below 65 years of age and has had legal residence in Castilla y León region at least for a year.

Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

Benefit amount

The benefit has a different amount depending on the number of members of the family unit (there is a basic amount of 80% of IPREM and an extra 25% for the first additionally member, 15% for the second additionally member and 10% for the rest of family members).

Table 2.36 Guaranteed minimum income amounts of Castilla y León minimum income scheme, EUR per month.

Year:	2018	2019	2020	2021
One member	430.27	430.27	430.27	451.92
Two members	564.73	564.73	564.73	593.15
Three members	645.41	645.41	645.41	677.88
Four or more members	699.19	699.19	699.19	734.37
Max benefit	699.19	699.19	699.19	734.37

Maximum benefit: 130% IPREM.

Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

Compatibilities

Subsidiary and complementary benefit of the Nation-wide Minimum Scheme.

Legal sources

Framework Law.

- *LEY 2/2020, de 24 de noviembre, de modificación del texto refundido de las normas legales vigentes en materia de condiciones de acceso y disfrute de la prestación esencial de renta garantizada de ciudadanía de Castilla y León, aprobado por el Decreto Legislativo 1/2019, de 10 de enero (Subsidiary and complementary benefit of the nation-wide Minimum Scheme)*
- *DECRETO LEGISLATIVO 1/2019, de 10 de enero, por el que se aprueba el texto refundido de las normas legales vigentes en materia de condiciones de acceso y disfrute de la prestación de renta garantizada de ciudadanía de Castilla y León*
- *Decreto Legislativo 1/2015, de 27 de febrero, por el que se aprueba el texto refundido de las normas legales vigentes en materia de condiciones de acceso y disfrute de la prestación esencial de la renta garantizada de ciudadanía de Castilla y León*
- *LEY 7/2010, de 30 de agosto, por la que se regula la renta garantizada de ciudadanía de Castilla y León.*
- *Decreto 126/2004, de 30 de diciembre, por el que se aprueba el Reglamento de la prestación de Ingresos Mínimos de Inserción de la Comunidad de Castilla y León.*

2.5.5.2.9 Cataluña (Renda Garantida de Ciutadania)

Regional minimum income scheme in place in Cataluña.

Definitions

Family unit: individuals living together, and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit, which is the official recipient of the benefit.

Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 25 and below 65 years of age and has had legal residence in *Cataluña*, at least for a year. Eligible individuals must have total family unit income below the income test.

Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

Benefit amount

The benefit depends on the number of members. The basic benefit is 100% of IRSC (*Indicador de Renta de Suficiencia*) for one member, 150% of IRSC for families of two members, and then 100 euros are added for each additional member of the family. The maximum benefit is 182% of the IRSC (*Indicador de Renta de Suficiencia*) and the minimum benefit is 10% of the IRSC.

Table 2.37 Guaranteed minimum income amounts of Cataluña minimum income scheme, EUR per month.

Year:	2018	2019	2020	2021
Basic amount (1 member)	569.12	569.12	569.12	569.12
Two members	853.68	853.68	853.68	853.68
Three members	953.68	953.68	953.68	953.68
Four members	1035.80	1035.80	1035.80	1035.80
Five members and more	1035.80	1035.80	1035.80	1035.80
Min benefit	56.91	56.91	56.91	56.91
Max benefit	1035.80	1035.80	1035.80	1035.80

Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

Compatibilities

Subsidiary and complementary benefit of the Nation-wide Minimum Scheme.

Legal sources

Framework Law

- 2020 DECRETO 55/2020, de 28 de abril, por el que se aprueba el Reglamento de la Ley 14/2017, de 20 de julio, de la renta garantizada de ciudadanía, y se modifica el Decreto 123/2007, de 29 de mayo, por el que se determina el régimen aplicable a la solicitud y concesión de las prestaciones sociales de carácter económico de derecho subjetivo, y se concretan los requisitos para el reconocimiento del derecho a las prestaciones creadas, en desarrollo de la Ley 13/2006, de 27 de julio, de prestaciones sociales de carácter económico (update of amounts)
- Renta Garantizada de Ciudadanía: LLEI 14/2017, del 20 de juliol, de la renda garantida de ciutadania
- Renta Mínima de Inserción: TRE/419/2010, de 21 de enero, por la que se fija el importe de la prestación económica básica de la renta mínima de inserción para el año 2010, así como el de los complementos por miembro adicional de la unidad familiar y el de las ayudas complementarias.

2.5.5.2.10 Extremadura (*Renta Extremeña Garantizada*)

Regional minimum income scheme in place in Extremadura. Two benefits were in force over the 2018-2021 period: *Renta Básica Extremeña de Inserción* until June 2019 and *Renta Garantizada* since then.

Definitions

Family unit: individuals living together, and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit, which is the official recipient of the benefit.

Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 18 years of age and has had legal residence in Extremadura, at least for a year. The family unit must be established at least six months before claiming the benefit.

Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

Benefit amount

The benefit amount varies depending on the number of members of the family unit (there is a basic amount of 100% of IPREM, extra 20% for the first additionally member and 10% for the second and for the rest of family members). The maximum benefit is 160% of IPREM and the minimum benefit is 10% of IPREM.

Table 2.38 Guaranteed minimum income amounts of Extremadura minimum income scheme, EUR per month.

Year:	2018	2019	2020	2021
One member	537.84	537.84	537.84	564.90
Two members	645.41	645.41	645.41	677.88
Three members	699.19	699.19	699.19	734.37
Four members	752.98	752.98	752.98	790.86
Five members	806.76	806.76	806.76	847.35
Six members or more	860.54	860.54	860.54	903.84
Min benefit	53.78	53.78	53.78	56.49
Max benefit	860.54	860.54	860.54	903.84

Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

Compatibilities

Subsidiary and complementary benefit of the Nation-wide Minimum Scheme.

Legal sources

Update of amounts

- 2021, 2020, 2019: *Renta Extremeña Garantizada*: Ley 5/2019, de 20 de febrero de *Renta Básica Garantizada* (enter into force in 2019 June 20)
- 2018: *Renta Básica Extremeña de Inserción*: LEY 9/2014, de 1 de octubre, por la que se regula la *Renta Básica Extremeña de Inserción*

Framework Law.

- *Ministerio de Trabajo y Asuntos Sociales.* Information for Extremadura in particular comes from: *Ley 5/1987, de 23 de abril, de Servicios Sociales. Decreto de 23 de febrero n° 28/ 1999 de la Consejería de Bienestar Social. Por el que se regulan las ayudas para la integración en situaciones de emergencia social (A.I.S.E.S.).*
- *Consejería de Igualdad y Empleo on the Decreto de 23 de febrero n° 28/ 1999 de la Consejería de Bienestar Social, por el que se regulan las ayudas para la integración en situaciones de emergencia social (A.I.S.E.S) where quantities are referenced to IPREM, when the first regulation (Decreto n° 28/1999) initially referenced them to the SMI.*

2.5.5.2.11 Galicia (*Renda de Integración Social de Galicia, RISGA*)

Regional minimum income scheme in place in Galicia.

Definitions

Family unit: individuals living together and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit, which is the official recipient of the benefit.

Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 25 and below 65 years of age and has had legal residence in *Galicia*, at least for a year. Eligible individuals must have total family unit income below the income test.

Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

Benefit amount

The benefit is the difference between the following amounts (depending on the number of members of the family unit) and household monthly income. There is a basic amount of 75% of IPREM and an extra 14% for the first additionally member, 12% for the second additional member and 10% for the rest of family members.

The maximum benefit is 120% of IPREM if there are no dependent children in the family unit and 135% of IPREM if there are dependent children.

Table 2.39 Guaranteed minimum income amounts of Galicia minimum income scheme, EUR per month.

Year:	2018	2019	2020	2021
One member	403.38	403.38	403.38	423.67
Two members	478.68	478.68	478.68	502.76
Three members	543.22	543.22	543.22	570.55
Four members	597.00	597.00	597.00	627.04
Max benefit				
No dependent children	645.41	645.41	677.88	677.88
Dependent children	860.54	860.54	860.54	762.62

Taxation and income testing

Minimum income benefits are subject to taxation. These benefits do not generate contributions to the Social Security scheme.

Compatibilities

Subsidiary and non-complementary benefit of the Nation-wide Minimum Scheme.

Legal sources

Update of amounts

- 2020,2019: *DECRETO 14/2019, do 31 de enero, de desarrollo de la Ley 10/2013, de 27 de noviembre, de inclusión social de Galicia, en lo relativo a la tramitación de la renta de inclusión social de Galicia y de las ayudas de inclusión social*
- 2018: *Ley 10/2013. de 27 de noviembre. de inclusión social. DOG nº 249.*

2.5.5.2.12 La Rioja (Renta de Ciudadanía)

Regional minimum income scheme in place in La Rioja.

Definitions

Family unit: individuals living together and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit, which is the official recipient of the benefit.

Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 23 years of age and has had her legal residence in La Rioja, at least for a year. Lack of economic resources and live in a residence for the elderly, or in centers for people with disabilities or mental illness or in prisons

Income assessment

Family unit gross yearly income net of social contributions must be below the 80% IPREM.

Benefit amount

There is a basic amount of 80% of IPREM and an extra 20% for the first additional member, 15% for the second additionally member and 10% for the rest of family members). The maximum benefit is 125% of IPREM.

Table 2.40 Guaranteed minimum income amounts of La Rioja minimum income scheme, EUR per month.

Year:	2018	2019	2020	2021
One member	430.27	430.27	430.27	451.92
Two members	537.84	537.84	537.84	564.90
Three members	618.52	618.52	618.52	649.64
Four members or more	672.30	672.30	672.30	706.13
Max benefit	672.30	672.30	672.30	706.13

Taxation

Minimum income benefits do not generate contributions to the Social Security scheme.

Compatibilities

Subsidiary and complementary benefit of the Nation-wide Minimum Scheme.

Legal sources

Update of amounts

- 2021,2020,2019,2018: *Ley 04/2017 de 28 de abril. por la que se regula la Renta de Ciudadanía de La Rioja*

2.5.5.2.13 Comunidad de Madrid (*Renta Mínima de Inserción*)

Regional minimum income scheme in place in Comunidad de Madrid.

Definitions

Family unit: individuals living together, and related by marriage or an analogous relationship, Adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit, which is the official recipient of the benefit.

Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 25 and below 65 years of age and has had legal residence in *Comunidad de Madrid* at least for a year. Eligible individuals must have total family unit income below the income test.

Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

Benefit amount

The benefit amount varies depending on the number of members of the family unit. The monthly amount of the benefit is the result of adding to the basic amount for one-member household the complements for additional members.

For the period 2018-2021, the basic amount is of 400 euro, 112.67 euro for the first additional member and 75.11 for the rest of family members.

The maximum amount of the benefit is the minimum wage.

Table 2.41 Guaranteed minimum income amounts of Comunidad de Madrid's minimum income scheme, EUR per month.

Year:	2018	2019	2020	2021
One member	400	400	400	400
Two members	512.67	512.67	512.67	512.67
Three members or more	587.78	587.78	587.78	587.78
Max benefit	735.90	900	950	950

Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

Compatibilities

Subsidiary and complementary benefit of the Nation-wide Minimum Scheme.

Legal sources

Update of amounts

- 2021; DECRETO 122/2020, de 29 de diciembre, del Consejo de Gobierno, por el que se establecen los criterios de aplicación de la prórroga automática de los Presupuestos Generales de la Comunidad de Madrid para 2019 hasta la entrada en vigor de los Presupuestos Generales para 2021.
- 2020: Decreto 315/2019, de 27 de diciembre, del Consejo de Gobierno, por el que se regula la aplicación de la prórroga de los Presupuestos Generales de la Comunidad de Madrid de 2019 para el año 2020
- 2019: Ley 9/2018. De 26 De Diciembre. De Presupuestos Generales De La Comunidad De Madrid Para El Año 2019
- 2017: Ley 12/2017. de 29 de diciembre. de Presupuestos Generales de la Comunidad de Madrid para 2018 (BOCM núm. 308. de 28 de diciembre de 2017)

Framework Law

- Decreto 126/2014. de 20 de noviembre. por el que se aprueba el nuevo Reglamento de la Renta Mínima de Inserción de la Comunidad de Madrid (BOCM nº 277. de 21 de noviembre)

2.5.5.2.14 Región de Murcia (*Ingreso Mínimo de Inserción*)

Regional minimum income scheme in place in Región de Murcia.

Definitions

Family unit: individuals living together and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit, which is the official recipient of the benefit.

Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 25 and below 65 years of age and has had legal residence in Región de Murcia, at least for a year. The recipient should not receive any other benefits such as unemployment benefits, pensions or similar benefits.

Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

Benefit amount

The benefit has a different amount depending on the number of members of the family unit. There is a basic amount of 80% of IPREM, an extra 20% for the first additional member, 10% for the second and third additional members and 8% for the rest of family members. The increase by member is only added if the corresponding member is below 18 years of age. For households with dependents over that age the amount added is halved.

Until 2019 the minimum benefit is 300 € and the maximum 682 € during 2015-2018. Since 2019, the maximum amount of the benefit is the 150% of IPREM and the minimum benefit is 13% of IPREM.

Table 2.42 Guaranteed minimum income amounts of Región de Murcia minimum income scheme, EUR per month.

Year:	2018	2019	2020	2021
One member	430.27	430.27	430.27	451.92
Two members	537.84	537.84	537.84	564.90
Three members	591.62	591.62	591.62	621.39
Four members	645.41	645.41	645.41	677.88
Five members	688.44	688.44	688.44	723.07
Six members	731.46	731.46	731.46	768.26
Seven members	774.49	774.49	774.49	813.46
Eight members or more	806.76	806.76	806.76	847.35
Max benefit	682	806.76	806.76	847.35
Min benefit	300	69.92	69.92	73.44

Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

Compatibilities

Subsidiary and complementary benefit of the Nation-wide Minimum Scheme.

Legal sources

Framework Law

- *Decreto n.º 163/2017, de 31 de mayo, por el que se aprueba el Reglamento de la Ley 3/2007, de 16 de marzo, de Renta Básica de Inserción de la Comunidad Autónoma de la Región de Murcia.*
- *Ley 3/2007, de 16 de marzo, de Renta Básica de Inserción de la Comunidad Autónoma de la Región de Murcia.*

2.5.5.2.15 Comunidad Foral de Navarra (Renta Garantizada)

Regional minimum income scheme in place Comunidad Foral de Navarra.

Definitions

Family unit: individuals living together and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit, which is the official recipient of the benefit.

Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 25 and below 65 years of age and has had legal residence in Comunidad Foral de Navarra, at least for two years.

Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

Benefit amount

The benefit has a different amount depending on the number of members of the family unit. There is a basic amount (600 euro, updated in 2019 to 623.63 euro and in 2020 to 636.73), an extra 35% for the first additionally member, 25% for the second and 15% for the rest of family members. The maximum amount of the benefit is the 200% of the basic amount and the minimum benefit is 10% of the basic amount.

Table 2.43 Guaranteed minimum income amounts of Comunidad Foral de Navarra minimum income scheme, EUR per month.

Year:	2018	2019	2020	2021
One member	600.00	623.63	636.73	636.73
Two members	810.00	841.90	859.59	859.59
Three members	960.00	997.81	1018.77	1018.77
Four members	1050.00	1091.35	1114.28	1114.28
Five members	1140.00	1184.90	1209.79	1209.79
Six members or more	1200.00	1247.26	1273.46	1273.46
Max benefit	1200.00	1247.26	1273.46	1273.46
Min benefit	60.00	60.00	63.67	63.67

Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

Compatibilities

Subsidiary and complementary benefit of the Nation-wide Minimum Scheme.

Legal sources

Update of amounts

- 2021: *ORDEN FORAL 49/2021, de 24 de febrero, de la Consejera de Derechos Sociales, por la que se actualiza la cuantía de la Renta Garantizada para el año 2021*
- 2020 *ORDEN FORAL 94/2020, de 24 de febrero, de la Consejera de Derechos Sociales, por la que se actualiza la cuantía de la Renta Garantizada para el año 2020*
- 2019: *ORDEN FORAL 10/2019, de 16 de enero, del Consejero de Derechos Sociales, por la que se actualiza la cuantía de la Renta Garantizada para el año 2019.*

Framework Law

- *Decreto Foral 26/2018. De 25 De Abril. De Desarrollo De Los Derechos a la Inclusión Social y a la Renta Garantizada.*
- *LEY FORAL 15/2016. de 11 de noviembre. por la que se regulan los derechos a la Inclusión Social y a la Renta Garantizada.*

2.5.5.2.16 Comunitat Valenciana (*Renta Valenciana de Inclusión*)

Regional minimum income scheme in place in Comunitat Valenciana.

Definitions

Family unit: individuals living together and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit, which is the official recipient of the benefit.

Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 25 and below 65 years of age, and has had legal residence in *Comunitat Valenciana* at least for the two previous years (new in 2008).

Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

Benefit amount

The benefit amount is 70% the minimum wage for one member, 82% for two members, 90% for three members, 96% for four members, 102% for five members and 110% for six or more members.

Table 2.44 Guaranteed minimum income amounts of Comunitat Valenciana minimum income scheme (2).

Year:	2018	2019	2020	2021
One member	515.13	630.00	665.00	665.00
Two members	147.18	180.00	190.00	190.00
Three members	662.31	810.00	855.00	855.00
Four members	706.46	864.00	912.00	912.00
Five members	750.62	918.00	969.00	969.00
Six members or more	809.49	990.00	1045.00	1045.00

Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

Compatibilities

Subsidiary and complementary benefit of the Nation-wide Minimum Scheme.

Legal sources

Framework Law.

Decreto-ley 7/2020, de 26 de junio, de modificación de la Ley 19/2017, de 20 de diciembre, de renta valenciana de inclusión (compatibility between National Income and Regional Minimum Income)

Ley 19/2017, de 20 de noviembre, de la Generalitat, de Renta Valenciana de Inclusión

Decreto 60/2018, de 11 de mayo, del Consell, por el que se desarrolla la Ley 19/2017, de 20 de diciembre, de la Generalitat, de Renta Valenciana de Inclusión

2.5.5.2.17 País Vasco (Renta Básica o de Garantía de Ingresos)

Regional minimum income scheme in place in País Vasco.

Definitions

Family unit: individuals living together, at least for months, and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit, which is the official recipient of the benefit.

Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 23 years of age and has had residence in the País Vasco for, at least, a year. This minimum age limit is not applicable to orphans or adults with dependent children among others. There is no maximum age limit to receive the benefit, i.e. individuals over 65 may receive this benefit instead of a non-contributory pension. Eligible individuals must have family unit incomes below the income test.

Income assessment

Income test is a family unit level of income (gross yearly income net of social contributions) below “basic needs”. Basic needs are identified as the annual amount of the benefit for the corresponding household type.

Benefit amount

The benefit amount depends on the number of members of the family unit and the minimum wage, although some years it has been discretionary updated not following the minimum wage evolution.

- The benefit amount is 88% of the minimum wage for one member, 113% for two members, and 125% for three or more members.
- In case of households with pensioners, the benefit amount is 100% of the minimum wage for one member, 125% for two members, and 135% for three or more members.

For lone-parent households the benefit will be complemented by a 6.4% additional amount of the minimum wage.

The maximum quantity of the benefit is 125% of the minimum wage (135% for households with pensioners).

Table 2.45 Guaranteed minimum income amounts of País Vasco minimum income scheme, EUR per month.

Year:	2018	2019	2020	2021
Households with no pensioners				
One member	647.59	792.00	836.00	851.05
Two members	831.57	1017.00	1073.50	1092.82
Three members	919.88	1125.00	1187.50	1208.88
Households with pensioners				
One member	735.90	900.00	950.00	967.10
Two members	919.88	1125.00	1187.50	1208.88
Three members	993.47	1215.00	1282.50	1282.50
Additional amount for lone parent household				
Max benefit(households with no pensioners)	919.88	1125.00	1187.50	1187.50
Max benefit (households with pensioners)	993.47	1215.00	1282.50	1282.50

Taxation and income testing

Minimum income benefits are not included in the means test of other social benefits (benefits of last resort). These benefits do not generate contributions to the Social Security scheme.

Compatibilities

Subsidiary and complementary benefit of the Nation-wide Minimum Scheme.

Legal sources

Update of amounts

- 2021. LEY 1/2021, de 11 de febrero, por la que se aprueban los Presupuestos Generales de la Comunidad Autónoma de Euskadi para el ejercicio 2021.

Framework law:

- *LEY 4/2011. de 24 de noviembre. de modificación de la Ley para la Garantía de Ingresos y para la Inclusión Social*
- *DECRETO 147/2010, de 25 de mayo, de la Renta de Garantía de Ingresos.*
- *Ley 18/2008, de 23 de diciembre, para la Garantía de Ingresos y para la Inclusión Social.*

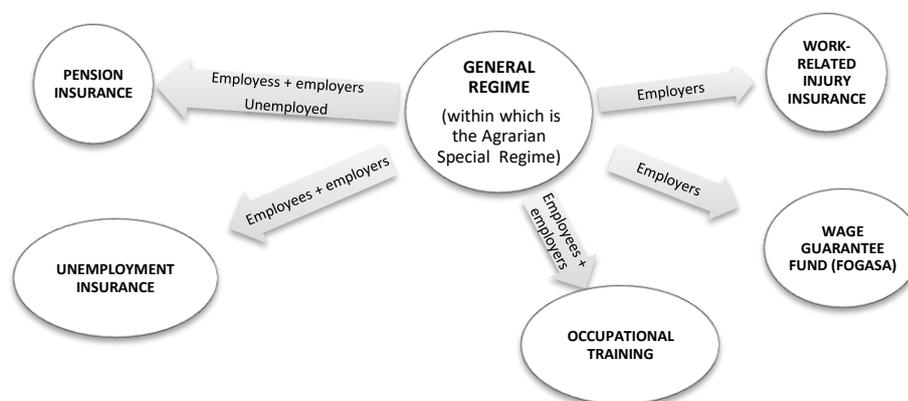
2.6 Social Insurance contributions

Social Insurance contributions finance contributory pensions and benefits. There are different regimes of contribution differing in the way and conditions in which employees, employers and self-employed contribute and the type of insurances that are financed. These social insurance contributions do not finance the Health National System, which is financed by taxes

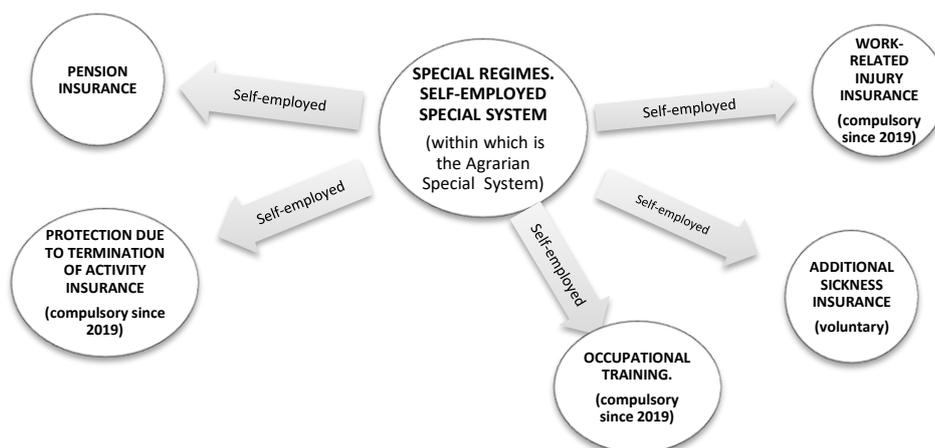
There are two main types of Social Insurance schemes in Spain: General Regime and Special Regimes. Within both schemes, there are also special systems with special rules (e.g. the Agrarian Special Regime).

Employees and employers contribute through the General Regime and self-employed through Special Regime. In addition, unemployed contribute through the General Regime.

Contributions through the General Regime



Contributions through the Self-Employed Special System



The **contributions** are calculated by multiplying the **contributory base** by a **contributory rate**, which are different depending on the Social Insurance scheme through which the individual contributes.

In the **General Regime**, the government yearly fixes for each professional category and type of contract (full-time or part-time) the **minimum and maximum contributory bases**. The **contributory base** is the maximum between the worker's wage and the minimum contributory base

of the professional category of the worker. There is also a maximum limit (yearly fixed by the government) and a minimum limit (Minimum Wage increased by 1/6, unless otherwise stated) for the contributory base. The **contributory rates** for each type of insurance are also yearly fixed by the government. These contributory rates are different depending on other characteristics such as type of contract (permanent or temporary), or the activity or inactivity period in the Agrarian Special Regime.

In the **Special Regime** for self-employed the mechanism is similar but it is more flexible. The self-employed can choose the contributory base between the minimum and maximum contributory bases and the insurances to which they want to contribute²².

2.6.1 Employee social contributions– *tscft_es* & *tscpt_e* & *tscag_es*

The employee social contributions paid according to the General Regime's rules are simulated by *tscft_es* and *tscpt_es* policies (for full time and part-time contracts respectively). The contributions corresponding to the Agrarian Special System are simulated by *tscag_es* policy.

General liability to social contributions

Employees' social contributions are mainly aimed at financing pension insurance, unemployment insurance and occupational training insurance. Unemployed social contributions are mainly aimed at financing pension insurance.

Income base used to calculate contributions

The government yearly fixes for each professional category and type of contract (full-time or part-time) the **minimum and maximum contributory bases**. The **contributory** base of employees is the maximum between the worker's wage and the minimum contributory base of the professional category of the worker. There is also a maximum limit (yearly fixed by the government) and a minimum limit (Minimum wage increased by 1/6, unless otherwise stated) for the contributory base.

The **contributory base of unemployed** is the individual's previous earnings before the unemployment spell. The rate of contribution is flat. The Social Insurance System complements the individual's contribution to the social insurance system during the period of unemployment insurance payments.

In 2019 the Minimum Wage increased by 22.3%, so the minimum contributory bases also increased in the same percentage, although the additional increase of 1/6 was not applied. In 2020, the Minimum Wage rose again from 900 to 950 EUR. In this case, however, the minimum contributory bases did not change according to the increase in the Minimum Wage. In 2021, the minimum contributory bases did not change.

²² Although, since 2019, work-related, occupational training and protection due to termination of activity insurances are compulsory.

Table 2.46 Minimum and maximum contributory bases, General Regime. EUR per month.

	Full-time workers							
	2018		2019		2020		2021	
	Min	Max	Min	Max	Min	Max	Min	Max
Contributory Groups								
1	1,199.10	3,751.20	1,466.40	4,070.10	1,466.40	4,070.10	1,466.40	4,070.10
2	994.20	3,751.20	1,215.90	4,070.10	1,215.90	4,070.10	1,215.90	4,070.10
3	864.90	3,751.20	1,057.80	4,070.10	1,057.80	4,070.10	1,057.80	4,070.10
4 -7	858.60	3,751.20	1,050.00	4,070.10	1,050.00	4,070.10	1,050.00	4,070.10
8-11 (€ per day)	28.62	125.04	35.00	135.37	35.00	125.04	35.00	125.04
	858.55	3,751.20	1050.00	4,070.10	1,050.00	4,070.10	1,050.00	4,070.10
Minimum & Maximum Limits	(Minimum Limit: Minimum Wage increased by 1/6, unless otherwise stated) (Maximum Limit: yearly fixed by the government)							
	Part-time workers							
	2018		2019		2020		2021	
	Min	Max	Min	Max	Min	Max	Min	Max
Contributory Groups								
1 (€ per hour)	7.22	-	8.83	-	8.83	-	8.83	-
2 (€ per hour)	5.99	-	7.32	-	7.32	-	7.32	-
3 (€ per hour)	5.21	-	6.37	-	6.37	-	6.37	-
4-11 (€ per hour)	5.17	-	6.33	-	6.33	-	6.33	-

Table 2.47 Minimum and maximum contributory bases, Agrarian Special Regime. EUR per month.

	2018		2019		2020		2021	
	Min	Max	Min	Max	Min	Max	Min	Max
Contributory Groups								
1	1,199.10	3,751.20	1,466.40	4,070.10	1,466.40	4,070.10	1,466.40	4,070.10
2	994.20	3,751.20	1,215.90	4,070.10	1,215.90	4,070.10	1,215.90	4,070.10
3	864.90	3,751.20	1,057.80	4,070.10	1,057.80	4,070.10	1,057.80	4,070.10
4-11	858.60	3,751.20	1,050.00	4,070.10	1,050.00	4,070.10	1,050.00	4,070.10
Minimum & Maximum Limits	-	3,751.20	-	4,070.10	-	4,070.10	-	4,070.10

Notes: Definitions of contributory groups: 1 Aged 18+ with tertiary education and occupation (Ingenieros, licenciados, etc), 2 Aged 18+ and without tertiary education, skilled personnel and qualified assistants (Ingenieros Técnicos, Peritos y Ayudantes titulados), 3 Administrative and workshop managers, 4 to 7 Staff and assistants (Ayudantes y oficiales, grupos de cotización 4-10), 8 to 11 Workers under eighteen years of age, whatever their category may be

Contributory rates

The **contributory rates** for each type of insurance are also yearly fixed by the government. These contributory rates are different depending on other characteristics such as type of contract (permanent or temporary), or the activity or inactivity period in the Agrarian Special Regime. Contributory rates for employees in the General Regime and the Agrarian Special System are the following.

Table 2.48 Contributory rates for employees, General Regime.

	2018	2019	2020	2021
Pension insurance	4.70	4.70	4.70	4.70
Work-related Injury insurance	-	-	-	-
Unemployment insurance	1.55	1.55	1.55	1.55
Occupational Training insurance	0.10	0.10	0.10	0.10

Table 2.49 Contributory rates for employees, Agrarian Special Regime.

	2018	2019	2020	2021
Pension insurance	4.70	4.70	4.70	4.70
Work-related Injury insurance	-	-	-	-
Unemployment insurance	1.55	1.55	1.55	1.55
Occupational Training insurance	0.03	0.03	0.03	0.03

EUROMOD modelling

Work-related Injury contributions are assumed by the employer (see table section 2.5.2.1) even though the employees benefit from it. Therefore, no value appears on these tables.

Unemployment contributions rates are different depending on the type of contract (permanent or temporary). We cannot distinguish between both in the data so only the rules regarding permanent contracts are simulated.

In the Agrarian Special Regime, there are different contribution rates and minimum and maximum contribution bases depending on the activity or inactivity periods. We cannot distinguish between activity and inactivity periods in the data so we assume all periods are activity ones. Additionally, there are two contributions rates depending on the contributory group but we do not make distinctions and assume all workers belong to the second group (2-11). Finally, we do not have information in daily terms; therefore, monthly bases are used.

Legal sources

See *Legal Sources* in section 2.6.3

2.6.2 Employer social contributions - *tscft_es* & *tscpt_es* & *tscag_es*

The employer's social contributions paid through the General Regime are simulated by *tscft_es* and *tscpt_es* policies (for full time and part-time contracts respectively). The contributions corresponding to the Agrarian Special System are simulated by *tscag_es* policy.

General liability to social contributions

Employer's social contributions are mainly aimed at financing pension insurance, unemployment insurance, occupational training insurance and wage guarantee fund.

Income base used to calculate contributions

The **income base** and the minimum and maximum contributory bases are the same as those for employees' social contributions.

Contributory rates

Contributory rates for employers in the General Regime and the Agrarian Special System are the following

Table 2.50 Contributory rates for employers, General Regime.

	2018	2019	2020	2021
Pension insurance	23.60	23.60	23.60	23.60
Work-related Injury insurance*	-	-	-	-
Unemployment insurance	5.50	5.50	5.50	5.50
Wage Guarantee Fund (FOGASA)	0.20	0.20	0.20	0.20

Occupational Training insurance	0.60	0.60	0.60	0.60
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Table 2.51 Contributory rates for employers, Agrarian Special Regime.

	2018	2019	2020	2021
Pension insurance	18.75	19.10	19.10	20.00
Work-related Injury insurance*	-	-	-	-
Unemployment insurance	5.50	5.50	5.50	5.50
Wage Guarantee Fund (FOGASA)	0.10	0.10	0.10	0.10
Occupational Training insurance	0.15	0.15	0.15	0.15

EUROMOD modelling

Employer’s contributions due to work-related injury and occupational illnesses highly vary according to the firm’s activity and the worker’s occupation. Due to lack of detailed information about the activity and occupation, these contributory rates are not simulated in EUROMOD.

Legal sources

See Legal Sources in section 2.6.3

2.6.3 Self-employed social contributions - *tscse_es* & *tscseag_es*

The self-employed’s social contributions paid according to the Special Regime’s rules are simulated by *tscse_es* policy. The contributions corresponding to the Agrarian Special System for self-employed are simulated by *tscseag_es* policy.

General liability to social contributions

The social insurance contributions for self-employed have some degree of flexibility.

Self-employed social contributions are mainly aimed at financing pension insurance while the remaining insurances were optional. However, since 2019 work-related injury insurance, occupational insurance and protection due to termination of activity insurance became compulsory. Additionally, self-employed can choose to contribute to sickness insurance.

Income base used to calculate contributions and contributory rates

The **contributory base** is also flexible. The self-employed can choose his/her particular amount of contribution within a limited range, never below a certain minimum and never over a certain maximum. Due to lack of information, we assume in EUROMOD that the self-employed always decides to pay based on the minimum contribution base, although in practice they might decide to pay at higher contribution bases.

The minimum and maximum contributory bases for the Self-Employed Special Regime and the Agrarian Self-Employed Special Regime are the following.

Table 2.52 Minimum and maximum contributory bases, Self-employed Special Regime (EUR/month).

	2018		2019		2020		2021	
	Min	Max	Min	Max	Min	Max	Min	Max
Aged<48	893.10	3,751.20	944.40	4,070.10	944.40	4,070.10	944.40	4,070.10
Aged>=48	963.30	1,964.7	1,018.50	2,077.80	1,018.50	2,077.80	1,018.50	2,077.80

Table 2.53 Minimum and maximum contributory bases, Self-employed Special Agrarian Regime (EUR/month).

	2018	2019	2020	2021
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	Min	Max	Min	Max	Min	Max	Min	Max
Contributory bases	893.10	3,751.20	944.40	4,070.10	944.40	4,070.10	944.40	4,070.10

Contributory rates

The **contributory rates** for the Self-Employed Special Regime and the Agrarian Self-Employed Special Regime are the following:

Table 2.54 Contributory rates, Self-Employed Special Regime.

	2018	2019	2020	2021
Pension insurance	26.50	28.30	28.30	28.30
Additional contributory rate (sickness) (optional)	3.3			
Work-related injury insurance		0.90	0.90	1.30
Protection due to termination of activity		0.70	0.70	0.90
Occupational training insurance		0.10	0.10	0.10

Table 2.55 Contributory rates, Agrarian Self-employed Special Regime.

	2018	2019	2020	2021
Minimum contributory base	919.8	944.40	944.40	944.40
If contributory base >	1,103.70	1,133.40	1,133.40	1,133.40
Contributory rate	26.5	26.50	26.50	26.50
If contributory base <	1,103.70	1,133.40	1,133.40	1,133.40
Contributory rate	18.75	18.75	18.75	18.75
Additional contributory rate (sickness) (optional)	3.30	3.30	3.30	3.30
Work related injury insurance*	-	-	-	-
If no contribution to work related injury insurance → Other protection (work accidents and professional sickness) (compulsory)	1	1	1	1
Protection due to termination of activity (optional)	-	2.2	2.2	2.2
Occupational training insurance	-	0.8	0.8	0.8

EUROMOD modelling

Due to lack of information, we assume in EUROMOD that the self-employed always decides to pay based on the minimum contribution base, although in practice they might actually decide to pay at higher contribution bases.

The voluntary additional contributory rate for sickness in case of the Agrarian Self-employed Special Regime is assumed to be paid by all self-employed farmers in EUROMOD.

Legal sources

Update of amounts.

- 2021: “Ley 11/2020, de 30 de diciembre, de Presupuestos Generales del Estado para el año 2021(artículo 119)”. The minimum contributory bases remain the same as in 2019 while the Minimum Wage for 2021 is not updated “Real Decreto-ley 2/2021, de 26 de enero, de refuerzo y consolidación de medidas sociales en defensa del empleo Disposición adicional quinta”.
- 2020: The minimum, maximum contribution bases and rates remain as in 2019. “Disposición adicional segunda” of the “Real Decreto-ley 18/2019, de 27 de diciembre, por el que se adoptan determinadas medidas en materia tributaria, catastral y de seguridad social” reflects the continuation of the rules for 2019 regulated in “Orden TSM/83/2019, de 31 de enero, por la que se

desarrollan las normas legales de cotización a la Seguridad Social, desempleo, protección por cese de actividad, Fondo de Garantía Salarial y formación profesional para el ejercicio 2019”.

- 2019: “Orden TMS/83/2019, de 31 de enero, por la que se desarrollan las normas legales de cotización a la Seguridad Social, desempleo, protección por cese de actividad, Fondo de Garantía Salarial y formación profesional para el ejercicio 2019”. In 2019 the “Real Decreto 1462/2018, de 21 de diciembre, por el que se fija el salario mínimo interprofesional para 2019” increased the Minimum Wage. In article 19.2 of the Law that regulates the Social Insurance System says that the minimum contributory bases increase in the same percentage plus 1/6, unless otherwise stated. In article 5 of “RD 28 de diciembre de 2018 para la revalorización de las pensiones públicas y otras medidas urgentes en materia social, laboral y de empleo” says that the minimum contributory bases increase in the same percentage as the Minimum Wage (no additional increase of 1/6). All these changes were summarised in “: Orden TMS/83/2019, de 31 de enero, por la que se desarrollan las normas legales de cotización a la Seguridad Social, desempleo, protección por cese de actividad, Fondo de Garantía Salarial y formación profesional para el ejercicio 2019”.
- 2018, 2019, 2020, 2021 Contributory rates for Work-related injury insurance: “disposición adicional cuarta Ley 42/2006, de 28 de diciembre, de Presupuestos Generales del Estado para el año 2007”.

2.6.4 Health insurance contributions

Spanish workers do not pay health insurance contributions because the financing of the Health National System is covered by taxes.

2.6.5 Other social contributions

Coal-miners Special Regime, Sea workers Special Regime, Student’s Special Regime, Civil Servants, Military Forces and Judge Special Regimes and Housemaids Special System are not simulated due to lack of detailed data to identify these collectives. We assume that these groups contribute through the General Regime.

2.7 Direct taxes

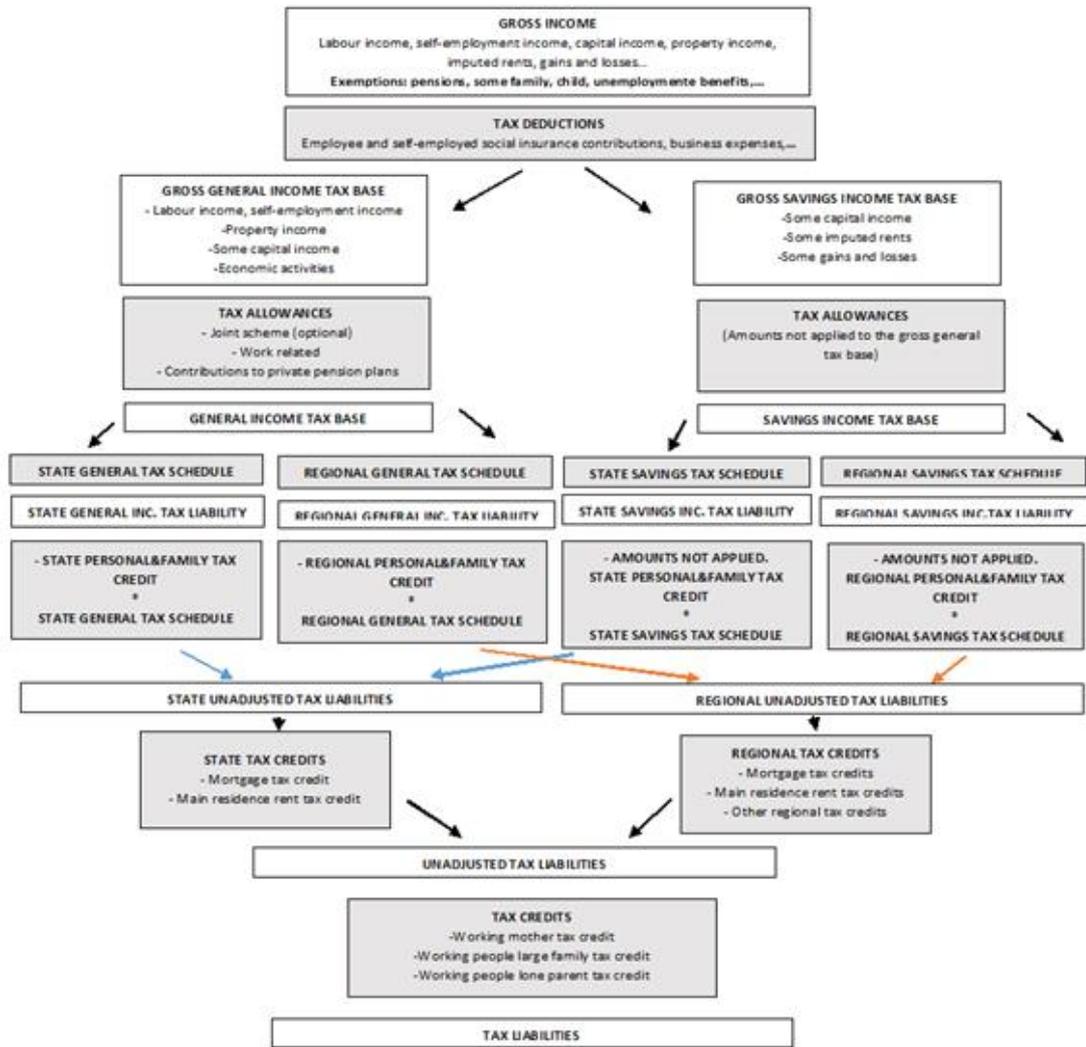
The direct tax simulated in EUROMOD is the **Personal Income Tax** (*Impuesto sobre la Renta de las Personas Físicas, IRPF*), tax levied on worldwide income of resident individuals²³. Its main characteristics are:

- Gross income subject to tax is relatively broad and includes the following sources: labour income, self-employment income, business income, unemployment and pensions, investment income, capital income (both financial and real estate), imputed rents and capital gains. In 2020-2021, Covid-19 wage compensation paid by the the State (*ERTEs*) and self-employment compensation paid by the State are also subject to the Personal Income Tax.
- In order to tax differently labour and saving incomes, these sources are classified into two groups: “General Income”, including mainly income or labour returns and “Savings Income” including capital gains or savings returns. Savings Income tax schedule is less progressive than General Income tax schedule.

²³ Non-residents are liable to Income Tax on Non-Residents (IRNR) only on the incomes obtained in Spain. Individuals who are only taxed on income from work and who earn less than 22,000 EUR per year, and do not have more than one employer, do not need to fill in a tax return. If individual earnings come from more than one employer, this limit drops to 12,000 EUR per year.

- The Personal Income Tax is applied at the individual level; however, there is also an option to file a joint tax return for members of the same family unit.
- It's a tax partially transferred to the regions and, therefore, it's not homogeneous throughout the national territory with differences in tax schedules and tax credits according to the legislation in the regions. Comunidad Foral de Navarra and País Vasco have their own special tax regimes.

The following figure shows a schematic representation of the Personal Income Tax:



EUROMOD modelling

Navarra and Basque Country have their own tax regimes but in EUROMOD the simulation use the National Tax system.

2.7.1 Tax unit

The Personal Income Tax is applied at the individual level. However, there is also an option to file a joint tax return for members of the same family unit: both spouses (only one of them in case of

legal separation or *de facto* unions) and their cohabiting children under 18 years or any age if disabled. The decision is taken by the taxpayer according to what option benefits him the most (single-parent families and couples with little or no earnings are the most benefited by joint tax returns).

The rules of most elements of the Personal Income Tax are the same under individual and joint taxation. The major differences between these schemes are:

- In joint taxation there is an additional allowance (*Joint Scheme Allowance*)
- The way to compute the amount of incomes and personal and family tax allowances. In individual taxation, each married taxpayer gets half the amount of family tax allowances and tax credits and in joint taxation incomes, family tax allowances and tax credits are pooled together.

EUROMOD modelling

In EUROMOD individual and joint returns are computed and the option minimizing the tax liabilities is chosen.

2.7.2 Exemptions

The following income sources are not taxable (all amounts are annual):

- Pensions paid by the Social Insurance System to individuals with disability.
- Child, family, maternity and paternity benefits.
- Unemployment benefits obtained as a lump sum up to the limit of €5,500.
- National and regional minimum incomes up to the limit of 1.5*IPREM (€11,279.39 in 2020).
- Others:
 - Mandatory compensation received as severance pay or for the termination of employment contracts up to the limit of €180,000;
 - indemnities paid for physical or mental damages; grants for high level sportsmen and sports women up to the limit of €60,100;
 - public education and research grants;
 - court-ordered child support payments;
 - literary, art or scientific awards; lottery prizes;
 - Wages obtained in a foreign country with a similar personal income tax to that of Spain up to a limit of €60,100.

2.7.3 Tax deductions

Employee and self-employed social insurance contributions and economic expenses associated with the business activity are fully deductible from taxable income. Since 2015, there is also a general tax deduction of 2,000 EUR per year for individuals with positive employment-related incomes.

2.7.4 Tax allowances

The Spanish Personal Income Tax includes, among others, the following tax allowances: joint scheme allowance, work related allowances and contributions to private pension plans allowance. The amounts are presented in annual terms unless otherwise stated.

Joint scheme allowance (*Reducción por tributación conjunta*):

This allowance is only applied in case of joint taxation and it's equal to €3,400 in case of two-member family unit, and €2,150 for lone parent households when not cohabiting with the other parent.

Work-related allowances (*Reducción por rendimientos del trabajo, prolongación de la actividad laboral y movilidad geográfica y personas con discapacidad que obtengan rendimientos del trabajo como trabajadores activos*):

It is an income related non-refundable tax allowance for taxpayers who receive “employment income” below €16,825. The amount of the allowance decreases as the level of net employment income increases, varying from:

- €5,565 per year if net employment income is below €13,115
- €5,565 – 1.5 (net employment income- 13,115) if net employment income is between €13,115 and €16,825.

In the case of joint taxation, and even if both partners have incomes from work, this allowance is only applicable once.

Contributions to private pension schemes allowance (*Reducción por aportaciones a sistemas de previsión social.*)

This tax allowance take account of taxpayer's contributions to private pension schemes and a variety of insurances. The tax allowance amount corresponds to the total contributions made by the taxpayer and cannot exceed the minimum between 30% of employment income and €8,000 in 2018-2020 (€2,000 in 2021).

EUROMOD modelling:

There are other tax allowances (tax allowances for contributions to insurance companies, for contributions to private pension in favour of spouse, disability, professional sportsmen, alimony compensatory pensions for spouses, etc.) which are not simulated in EUROMOD due to lack of information.

2.7.5 Tax base

The Personal Income Tax has a dual structure in order to tax differently labour and savings incomes. Incomes net of deductible expenses are classified into two groups: “**General Income**” and “**Savings Income**”.

- The “**General Income**” comprises the net amount of ordinary income, i.e. the balance resulting from the computation of the positive minus negative amounts of income under the various categories (employment income. investment income. business income. capital gains and imputed income), plus the positive balance of capital gains minus losses on assets.
- The “**Savings Income**” comprises the net amount of ordinary income, i.e. the balance resulting from the computation of the positive minus negative amounts of income under the various categories (employment income. investment income. business income. capital gains and imputed income), plus the positive balance of capital gains minus losses on assets.

To each type of income, a **set of tax allowances is applied**. First, the tax allowances are deducted from the “General Income”. Second, if the taxpayer is entitled to deduct an amount from the “joint

scheme allowance”²⁴ exceeding its “General Income”, the taxpayer can apply the residual to the “Savings Income”. After the application of tax allowances, the **General Income Tax Base** (*Base Liquidable General*) and the **Savings Income Tax Base** (*Base Liquidable del Ahorro*) are obtained. Importantly, as result of the application of tax deductions and allowances the tax base may not become negative.

2.7.6 Tax schedule

There are two different tax schedules for each type of tax base: the “General Tax Schedule” and the “Savings Tax Schedule”. Additionally, each tax schedule has a state and a regional schedule due to the fact that the Personal Income Tax is partially transferred to the regions. Half of this tax payment goes for the State and half for the region of taxpayer residence.

Therefore a “**State General Tax Schedule**” and a “**Regional General Tax Schedule**” are applied to the “General Income Tax Base”. And a “**State Savings Tax Schedule**” and a “**Regional Savings Tax Schedule**” are applied to the “Savings Income Tax Base”.

The “**State General Tax Schedule**” is shown in the table below:

Table 2.56 State General Tax Schedule (tax rates in %).

Upper Limit (euro per year)	2018-2020	2021
12,450	9.50	9.50
20,200	12.00	12.00
35,200	15.00	15.00
60,000	18.50	18.50
300,000	22.50	22.50
over	22.50	24.50

The “**State Savings Tax Schedule**” and “**Regional Savings Tax Schedule**” are the same and are less progressive than the General Tax Schedules.

Table 2.57 State and Regional Savings Tax Schedules (tax rates in %).

Upper Limit (euro per year)	2018-2020	2021
6,000	19.0	19.0
50,000	21.0	21.0
200,000	23.0	23.0
over	23.0	26.0

The “**Regional General Tax Schedule**” are different between regions and are shown in the tables below:

Table 2.58 Regional General Tax Schedule in Andalucía (tax rates in %).

Upper Limit euro per year	State (a)		Region (b) - ANDALUCÍA				Total Rate (a+b)			
	2018-2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
12,450	9.50	9.50	10.00	9.75	9.50	9.50	19.50	19.30	19.00	19.00
20,200	12.00	12.00	12.00	12.00	12.00	12.00	24.00	24.00	24.00	24.00

²⁴ This rule also applies to other allowances not simulated in EUROMOD due to lack of information, such as the allowance for alimony compensatory pension in favour of the spouse.

28,000	15.00	15.00	15.00	15.00	15.00	15.00	30.00	30.00	30.00	30.00
35,200	15.00	15.00	16.50	16.20	15.90	15.60	31.50	31.20	30.09	30.06
50,000	18.50	18.50	19.00	18.90	18.80	18.70	37.50	37.40	37.300	37.20
60,000	18.50	18.50	19.50	19.30	19.10	18.90	38.00	37.800	37.60	37.40
120,000	22.50	22.50	23.50	23.30	23.10	22.90	46.00	45.80	45.60	45.40
300,000	22.50	22.50	25.50	24.90	24.30	23.70	48.00	47.4	46.80	46.20
over	22.50	24.50	25.50	24.90	24.30	23.70	48.00	47.4	46.80	48.20

Table 2.59 Regional General Tax Schedule in Aragón (tax rates in %).

Upper Limit euro per year	State (a)		Region (b) - ARAGÓN				Total Rate (a+b)			
	2018-2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
12,450	9.50	9.50	10.00	10.00	10.00	10.00	19.50	19.50	19.50	19.50
20,200	12.00	12.00	12.50	12.50	12.50	12.50	24.50	24.50	24.50	24.50
34,000	15.00	15.00	15.50	15.50	15.50	15.50	30.50	30.50	30.50	30.50
35,200	15.00	15.00	19.00	19.00	19.00	19.00	34.00	34.00	34.00	34.00
50,000	15.00	15.00	19.00	19.00	19.00	19.00	34.00	34.00	34.00	34.00
60,000	18.50	18.50	21.00	21.00	21.00	21.00	39.50	39.50	39.50	39.50
70,000	22.50	22.50	22.00	22.00	22.00	22.00	44.50	44.50	44.50	44.50
90,000	22.50	22.50	22.50	22.50	22.50	22.50	45.00	45.00	45.00	45.00
130,000	22.50	22.50	23.50	23.50	23.50	23.50	46.00	46.00	46.00	46.00
150,000	22.50	22.50	24.50	24.50	24.50	24.50	47.00	47.00	47.00	47.00
300,000	22.50	22.50	25.00	25.00	25.00	25.00	47.50	47.50	47.50	47.50
over	22.50	24.50	25.00	25.00	25.00	25.00	47.50	47.50	47.50	49.50

Table 2.60 Regional General Tax Schedule in Principado de Asturias (tax rates in %).

Upper Limit euro per year	State (a)		Region (b) – PRINCIPADO DE ASTURIAS				Total Rate (a+b)			
	2018-2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
12,450.00	9.50	9.50	10.00	10.00	10.00	10.00	19.50	19.50	19.50	19.50
17,707.20	12.00	12.00	12.00	12.00	12.00	12.00	24.00	24.00	24.00	24.00
20,200.00	12.00	12.00	14.00	14.00	14.00	14.00	26.00	26.00	26.00	26.00
33,007.20	15.00	15.00	14.00	14.00	14.00	14.00	29.00	29.00	29.00	29.00
35,200.00	15.00	15.00	18.50	18.50	18.50	18.50	33.50	33.50	33.50	33.50
53,407.20	18.50	18.50	18.50	18.50	18.50	18.50	37.00	37.00	37.00	37.00
60,000.00	18.50	18.50	21.50	21.50	21.50	21.50	40.00	40.00	40.00	40.00
70,000.00	22.50	22.50	21.50	21.50	21.50	21.50	44.00	44.00	44.00	44.00
90,000.00	22.50	22.50	22.50	22.50	22.50	22.50	45.00	45.00	45.00	45.00
175,000.00	22.50	22.50	25.00	25.00	25.00	25.00	47.50	47.50	47.50	47.50
300,000.00	22.50	22.50	25.50	25.50	25.50	25.50	48.00	48.00	48.00	48.00
over	22.50	24.50	25.50	25.50	25.50	25.50	48.00	48.00	48.00	50.00

Table 2.61 Regional General Tax Schedule in Illes Balears (tax rates in %).

Upper Limit euro per year	State (a)		Region (b) – ILLES BALEARS				Total Rate (a+b)			
	2018-2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
10,000.00	9.50	9.50	9.50	9.50	9.50	9.50	19.00	19.00	19.00	19.00
12,450.00	9.50	9.50	11.75	11.75	11.75	11.75	21.25	21.25	21.25	21.25
18,000.00	12.00	12.00	11.75	11.75	11.75	11.75	23.75	23.75	23.75	23.75
20,200.00	12.00	12.00	14.75	14.75	14.75	14.75	26.75	26.75	26.75	26.75
30,000.00	15.00	15.00	14.75	14.75	14.75	14.75	29.75	29.75	29.75	29.75
35,200.00	15.00	15.00	17.75	17.75	17.75	17.75	32.75	32.75	32.75	32.75
48,000.00	18.50	18.50	17.75	17.75	17.75	17.75	36.25	36.25	36.25	36.25
60,000.00	18.50	18.50	19.25	19.25	19.25	19.25	37.75	37.75	37.75	37.75
70,000.00	22.50	22.50	19.25	19.25	19.25	19.25	41.75	41.75	41.75	41.75
90,000.00	22.50	22.50	22.00	22.00	22.00	22.00	44.50	44.50	44.50	44.50
120,000.00	22.50	22.50	23.00	23.00	23.00	23.00	45.50	45.50	45.50	45.50
175,000.00	22.50	22.50	24.00	24.00	24.00	24.00	46.50	46.50	46.50	46.50
300,000.00	22.50	22.50	25.00	25.00	25.00	25.00	47.50	47.50	47.50	47.50
over	22.50	24.50	25.00	25.00	25.00	25.00	47.50	47.50	47.50	49.50

Table 2.62 Regional General Tax Schedule in Canarias (tax rates in %)

Upper Limit euro per year	State (a)		Region (b) – CANARIAS				Total Rate (a+b)			
	2018-2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
12,450.00	9.50	9.50	9.50	9.50	9.00	9.00	19.00	19.00	18.50	18.50
17,707.20	12.00	12.00	12.00	12.00	11.50	11.50	24.00	24.00	23.50	23.50
20,200.00	12.00	12.00	14.00	14.00	14.00	14.00	26.00	26.00	26.00	26.00
33,007.20	15.00	15.00	14.00	14.00	14.00	14.00	29.00	29.00	29.00	29.00
34,000.00	15.00	15.00	18.50	18.50	18.50	18.50	33.50	33.50	33.50	33.50
35,200.00	15.00	15.00	18.50	18.50	18.50	18.50	33.50	33.50	33.50	33.50
53,407.20	18.50	18.50	18.50	18.50	18.50	18.50	37.00	37.00	37.00	37.00
60,000.00	18.50	18.50	23.50	23.50	23.50	23.50	42.00	42.00	42.00	42.00
90,000.00	22.50	22.50	23.50	23.50	23.50	23.50	46.00	46.00	46.00	46.00
120,000.00	22.50	22.50	24.00	24.00	25.00	25.00	46.50	46.50	47.50	47.50
300,000.00	22.50	22.50	24.00	24.00	26.00	26.00	46.50	46.50	48.50	48.50
over	22.50	24.50	24.00	24.00	26.00	26.00	46.50	46.50	48.50	50.50

Table 2.63 Regional General Tax Schedule in Cantabria (tax rates in %)

Upper Limit	State (a)		Region (b) - CANTABRIA				Total Rate (a+b)			
	euro per year	2018-2020	2021	2018	2019	2020	2021	2018	2019	2020
12,450.00	9.50	9.50	9.50	9.50	9.50	9.50	19.00	19.00	19.00	19.00
20,200.00	12.00	12.00	12.00	12.00	12.00	12.00	24.00	24.00	24.00	24.00
34,000.00	15.00	15.00	15.00	15.00	15.00	15.00	30.00	30.00	30.00	30.00
35,200.00	15.00	15.00	18.50	18.50	18.50	18.50	33.50	33.50	33.50	33.50
46,000.00	18.50	18.50	18.50	18.50	18.50	18.50	37.00	37.00	37.00	37.00
60,000.00	18.50	18.50	19.50	19.50	19.50	19.50	38.00	38.00	38.00	38.00
90,000.00	22.50	22.50	24.50	24.50	24.50	24.50	47.00	47.00	47.00	47.00
300,000.00	22.50	22.50	25.50	25.50	25.50	25.50	48.00	48.00	48.00	48.00
over	22.50	24.50	25.50	25.50	25.50	25.50	48.00	48.00	48.00	50.00

Table 2.64 Regional General Tax Schedule in Castilla-La Mancha (tax rates in %)

Upper Limit	State (a)		Region (b) - CASTILLA-LA MANCHA				Total Rate (a+b)			
	euro per year	2018-2021	2021	2018	2019	2020	2021	2018	2019	2020
12,450.00	9.50	9.50	9.50	9.50	9.50	9.50	19.00	19.00	19.00	19.00
20,200.00	12.00	12.00	12.00	12.00	12.00	12.00	24.00	24.00	24.00	24.00
35,200.00	15.00	15.00	15.00	15.00	15.00	15.00	30.00	30.00	30.00	30.00
60,000.00	18.50	18.50	18.50	18.50	18.50	18.50	37.00	37.00	37.00	37.00
300,000.00	22.50	22.50	22.50	22.50	22.50	22.50	45.00	45.00	45.00	45.00
over	22.50	24.50	22.50	22.50	22.50	22.50	45.00	45.00	45.00	47.00

Table 2.65 Regional General Tax Schedule in Castilla-León (tax rates in %)

Upper Limit	State (a)		Region (b) - CASTILLA-LEÓN				Total Rate (a+b)			
	euro per year	2018-2020	2021	2018	2019	2020	2021	2018	2019	2020
12,450.00	9.50	9.50	9.50	9.50	9.50	9.50	19.00	19.00	19.00	19.00
20,200.00	12.00	12.00	12.00	12.00	12.00	12.00	24.00	24.00	24.00	24.00
35,200.00	15.00	15.00	14.00	14.00	14.00	14.00	29.00	29.00	29.00	29.00
53,407.20	18.50	18.50	18.50	18.50	18.50	18.50	37.00	37.00	37.00	37.00
60,000.00	18.50	18.50	21.50	21.50	21.50	21.50	40.00	40.00	40.00	40.00
300,000.00	22.50	22.50	21.50	21.50	21.50	21.50	44.00	44.00	44.00	44.00
over	22.50	24.50	21.50	21.50	21.50	21.50	44.00	44.00	44.00	46.00

Table 2.66 Regional General Tax Schedule in Cataluña (tax rates in %)

Upper Limit	State (a)		Region (b) - CATALUÑA				Total Rate (a+b)				
	euro per year	2018-2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
12,450.00	9.50	9.50	9.50	12.00	12.00	12.00	12.00	21.50	21.50	21.50	21.50
17,707.20	12.00	12.00	12.00	12.00	12.00	12.00	12.00	24.00	24.00	24.00	24.00
20,200.00	12.00	12.00	12.00	14.00	14.00	14.00	14.00	26.00	26.00	26.00	26.00
33,007.20	15.00	15.00	15.00	14.00	14.00	14.00	14.00	29.00	29.00	29.00	29.00
35,200.00	15.00	15.00	15.00	18.50	18.50	18.50	18.50	33.50	33.50	33.50	33.50
53,407.20	18.50	18.50	18.50	18.50	18.50	18.50	18.50	37.00	37.00	37.00	37.00
60,000.00	18.50	18.50	18.50	21.50	21.50	21.50	21.50	40.00	40.00	40.00	40.00
120,000.20	22.50	22.50	22.50	21.50	21.50	21.50	21.50	44.00	44.00	44.00	44.00
175,000.20	22.50	22.50	22.50	23.50	23.50	23.50	23.50	46.00	46.00	46.00	46.00
300,000.00	22.50	22.50	22.50	25.50	25.50	25.50	25.50	48.00	48.00	48.00	48.00
over	22.50	24.50	24.50	25.50	25.50	25.50	25.50	48.00	48.00	48.00	50.00

Table 2.67 Regional General Tax Schedule in Extremadura (tax rates in %)

Upper Limit	State (a)		Region (b) - EXTREMADURA				Total Rate (a+b)				
	euro per year	2018-2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
12,450.00	9.50	9.50	9.50	10.50	9.50	9.50	9.50	20.00	19.00	19.00	19.00
20,200.00	12.00	12.00	12.00	12.50	12.50	12.50	12.50	24.50	24.50	24.50	24.50
24,200.00	15.00	15.00	15.00	15.50	15.50	15.50	15.50	30.50	30.50	30.50	30.50
35,200.00	15.00	15.00	15.00	16.50	16.50	16.50	16.50	31.50	31.50	31.50	31.50
60,000.00	18.50	18.50	18.50	20.50	20.50	20.50	20.50	39.00	39.00	39.00	39.00
80,200.00	22.50	22.50	22.50	23.50	23.50	23.50	23.50	46.00	46.00	46.00	46.00
99,200.00	22.50	22.50	22.50	24.00	24.00	24.00	24.00	46.50	46.50	46.50	46.50
120,200.00	22.50	22.50	22.50	24.50	24.50	24.50	24.50	47.00	47.00	47.00	47.00
300,000.00	22.50	22.50	22.50	25.00	25.00	25.00	25.00	47.50	47.50	47.50	47.50
over	22.50	24.50	24.50	25.00	25.00	25.00	25.00	47.50	47.50	47.50	49.50

Table 2.68 Regional General Tax Schedule in Galicia (tax rates in %)

Upper Limit	State (a)		Region (b) - GALICIA				Total Rate (a+b)				
	euro per year	2018-2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
12,450	9.50	9.50	9.50	9.50	9.50	9.50	9.50	19.00	19.00	19.00	19.00
20,200	12.00	12.00	12.00	11.75	11.75	11.75	11.75	23.75	23.75	23.75	23.75
27,700	15.00	15.00	15.00	15.50	15.50	15.50	15.50	30.50	30.50	30.50	30.50
35,200	15.00	15.00	15.00	17.00	17.00	17.00	17.00	32.00	32.00	32.00	32.00
47,600	18.50	18.50	18.50	18.50	18.50	18.50	18.50	37.00	37.00	37.00	37.00
60,000	18.50	18.50	18.50	20.50	20.50	20.50	20.50	39.00	39.00	39.00	39.00
300,000.00	22.50	22.50	22.50	22.50	22.50	22.50	22.50	45.00	45.00	45.00	45.00
over	22.50	24.50	24.50	22.50	22.50	22.50	22.50	45.00	45.00	45.00	47.00

Table 2.69 Regional General Tax Schedule in La Rioja (tax rates in %)

Upper Limit	State (a)		Region (b) – LA RIOJA				Total Rate (a+b)			
	euro per year	2018-2020	2021	2018	2019	2020	2021	2018	2019	2020
12,450	9.50	9.50	9.50	9.50	9.00	9.00	19.00	19.00	18.50	18.50
20,200	12.00	12.00	12.00	11.60	11.60	11.60	24.00	23.60	23.60	23.60
35,200	15.00	15.00	15.00	14.60	14.60	14.60	30.00	29.60	29.60	29.60
50,000	18.50	18.50	19.00	18.80	18.80	18.80	37.50	37.30	37.30	37.30
60,000	18.50	18.50	19.50	19.50	19.50	19.50	38.00	38.00	38.00	38.00
120,000	22.50	22.50	23.50	23.50	23.50	23.50	46.00	46.00	46.00	46.00
300,000.00	22.50	22.50	25.50	25.50	25.50	25.50	48.00	48.00	48.00	48.00
over	22.50	24.50	25.50	25.50	25.50	25.50	48.00	48.00	48.00	50.00

Table 2.70 Regional General Tax Schedule in Comunidad de Madrid (tax rates in %)

Upper Limit	State (a)		Region (b) - COMUNIDAD DE MADRID				Total Rate (a+b)			
	euro per year	2018-2020	2021	2018	2019	2020	2021	2018	2019	2020
12,450	9.50	9.50	9.50	9.00	9.00	9.00	19.00	18.50	18.50	18.50
17,707	12.00	12.00	11.20	11.20	11.20	11.20	23.20	23.20	23.20	23.20
20,200	12.00	12.00	13.30	13.30	13.30	13.30	25.30	25.30	25.30	25.30
33,007	15.00	15.00	13.30	13.30	13.30	13.30	28.30	28.30	28.30	28.30
35,200	15.00	15.00	17.90	17.90	17.90	17.90	32.90	32.90	32.90	32.90
53,407	18.50	18.50	17.90	17.90	17.90	17.90	36.40	36.40	36.40	36.40
60,000	18.50	18.50	21.00	21.00	21.00	21.00	39.50	39.50	39.50	39.50
300,000.00	22.50	22.50	21.00	21.00	21.00	21.00	43.50	43.50	43.50	43.50
over	22.50	24.50	21.00	21.00	21.00	21.00	43.50	43.50	43.50	45.50

Table 2.71 Regional General Tax Schedule in Región de Murcia (tax rates in %)

Upper Limit	State (a)		Región (b) - REGIÓN DE MURCIA				Total Rate (a+b)			
	euro per year	2018-2020	2021	2018	2019	2020	2021	2018	2019	2020
12,450	9.50	9.50	10.00	9.90	9.80	9.70	19.50	19.40	19.30	19.20
20,200	12.00	12.00	12.50	12.24	11.98	11.72	24.50	24.24	23.98	23.72
34,000	15.00	15.00	15.50	15.06	14.62	14.18	30.50	30.06	29.62	29.18
35,200	15.00	15.00	19.50	19.18	18.86	18.54	34.50	34.180	33.86	33.54
60,000	18.50	18.50	19.50	19.18	18.86	18.54	38.00	37.68	37.36	37.04
300,000	22.50	22.50	23.50	23.30	23.10	22.90	46.00	45.80	45.60	45.40
over	22.50	24.50	23.50	23.30	23.10	22.90	46.00	45.80	45.60	47.40

Table 2.72 Regional General Tax Schedule in Comunitat Valenciana (tax rates in %)

Upper Limit 2018-2021	State (a)		Region (b) – COMUNITAT VALENCIANA				Total Rate (a+b)			
	euro per year	2018-2020	2021	2018	2019	2020	2021	2018	2019	2020
12,450	9.5	9.5	10.0	10.0	10.0	10.0	19.5	19.5	19.5	19.5
17,000	12.0	12.0	11.0	11.0	11.0	11.0	23.0	23.0	23.0	23.0
20,200	12.0	12.0	13.9	13.9	13.9	13.9	25.9	25.9	25.9	25.9
30,000	15.0	15.0	13.9	13.9	13.9	13.9	28.9	28.9	28.9	28.9
35,200	15.0	15.0	18.0	18.0	18.0	18.0	33.0	33.0	33.0	33.0
50,000	18.5	18.5	18.0	18.0	18.0	18.0	36.5	36.5	36.5	36.5
60,000	18.5	18.5	23.5	23.5	23.5	23.5	42.0	42.0	42.0	42.0
65,000	22.5	22.5	23.5	23.5	23.5	23.5	46.0	46.0	46.0	46.0
80,000	22.5	22.5	24.5	24.5	24.5	24.5	47.0	47.0	47.0	47.0
120,000	22.5	22.5	25.0	25.0	25.0	25.0	47.5	47.5	47.5	47.5
140,000	22.5	22.5	25.0	25.0	25.0	25.50	48.0	48.0	48.0	48.0
175,000	22.5	22.5	25.0	25.0	25.0	27.50	48.0	48.0	48.0	50.0
300,000	22.5	22.5	25.5	25.5	25.5	29.50	48.0	48.0	48.0	52.0
over	22.5	24.5	25.5	25.5	25.5	29.50	48.0	48.0	48.0	54.0

Table 2.73 Regional General Tax Schedule in Ciudad de Ceuta and Ciudad de Melilla (tax rates in %)

Upper Limit	State (a)		Region (b) – CIUDAD DE CEUTA and CIUDAD DE MELILLA				Total Rate (a+b)			
	euro per year	2018- 2020	2021	2018	2019	2020	2021	2018	2019	2020
12,450	9.50	9.50	9.50	9.50	9.50	9.50	19.00	19.00	19.00	19.00
20,200	12.00	12.00	12.00	12.00	12.00	12.00	24.00	24.00	24.00	24.00
34,000	15.00	15.00	15.00	15.00	15.00	15.00	30.00	30.00	30.00	30.00
35,200	15.00	15.00	18.50	18.50	18.50	18.50	33.50	33.50	33.50	33.50
60,000	18.50	18.50	18.50	18.50	18.50	18.50	37.00	37.00	37.00	37.00
300,000.00	22.50	22.50	22.50	22.50	22.50	22.50	45.00	45.00	45.00	45.00
over	22.50	24.50	22.50	22.50	22.50	22.50	45.00	45.00	45.00	47.00

Table 2.74 Regional General Tax Schedule in Comunidad Foral de Navarra and País Vasco (tax rates in %)

Upper Limit	State (a)		Region (b) - COMUNIDAD FORAL DE NAVARRA and PAÍS VASCO*				Total Rate (a+b)			
	2018-2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
euro per year										
12,450	9.50	9.50	9.50	9.50	9.50	9.50	19.00	19.00	19.00	19.00
20,200	12.00	12.00	12.00	12.00	12.00	12.00	24.00	24.00	24.00	24.00
35,200	15.00	15.00	15.00	15.00	15.00	15.00	30.00	30.00	30.00	30.00
60,000	18.50	18.50	18.50	18.50	18.50	18.50	37.00	37.00	37.00	37.00
300,000.00	22.50	22.50	22.50	22.50	22.50	22.50	45.00	45.00	45.00	45.00
over	22.50	24.50	22.50	22.50	22.50	22.50	45.00	45.00	45.00	47.00

Note: * Tax schedule applying to individuals with permanent residence in a foreign country. Both regions, however, have their own special tax regimes, which are not simulated in EUROMOD.

2.7.7 Tax credits

Once the State and Regional tax schedules are applied to the General Income Tax Base and to the Savings Income Tax Base, four components are computed: the **State General Income Tax Liability** (*Cuota General Estatal*), the **Regional General Income Tax Liability** (*Cuota General Autonómica*), **State Savings Income Tax Liability** (*Cuota Ahorro Estatal*) and **Regional Savings Income Tax Liability** (*Cuota Ahorro Autonómica*).

The State and Regional General Income Tax Liabilities are then reduced by the **Personal and family tax credits** (again, with state and regional variability) **multiplied by the Tax Schedule** (again, with state and regional variability). If the taxpayer is entitled to deduct a personal and family tax credit exceeding its General Income Tax Liabilities, the taxpayer can apply the residual to the Savings Income Tax Liabilities.

After subtracting the personal and family tax credits, the State components (State General Income and State Savings Income Tax Liabilities) are pooled together in the **State Unadjusted Tax Liability** (*Cuota Integra Estatal*). Similarly, the Regional components (Regional General Income and Regional Savings Income Tax Liabilities) are added together in the **Regional Unadjusted Tax Liability** (*Cuota Integra Estatal*).

To these two types of tax liabilities a final set of national or regional tax credits are applied. Among them are the **state and regional main residence mortgage and rent tax credit**, state tax credit on donations, and a **large set of regional tax credits**. The state and regional tax liabilities net of these tax credits are then pooled together in the **Unadjusted Tax Liability** (*Cuota Líquida total*) which cannot be below zero.

Finally, to this **Unadjusted Tax Liability**, some refundable tax credits are applied in the case of **employed mothers with children below the age of three, large-family, lone parent families or person with disabilities**. The result is the “**Final tax liability**”.

A detailed description of the tax credits mentioned above follows in the next section.

2.7.7.1 Personal and family tax credits

All taxpayers are eligible to these tax credits, depending on their family circumstances, such as the age, number of dependent children²⁵, number of dependent parents, and disability of the taxpayer and of the dependent members of the family. Under the individual scheme, married taxpayers are obliged to divide the amount of the family related tax credits by two and then apply the tax rate.

Again, there are some regional differences regarding the personal and family tax credits, although only applying to a few regions (Comunidad de Madrid, Illes Balears and Cataluña). The amounts of the personal and family tax credits are shown in the table below:

Table 2.75 Evolution of State and Regional Personal and Family tax credits. EUR per year.

	2018	2019	2020	2021
State				
Individual tax credit (<i>Mínimo por contribuyente</i>)	5,550	5,550	5,550	5,550
Additional amount if over 65	1,150	1,150	1,150	1,150
Additional amount if over 75	1,400	1,400	1,400	1,400
Dependent children tax credit (<i>Mínimo por descendientes</i>)				
For first child	2,400	2,400	2,400	2,400
For second child	2,700	2,700	2,700	2,700
For third child	4,000	4,000	4,000	4,000
For fourth child and following	4,500	4,500	4,500	4,500
Additional amount per child <3	2,800	2,800	2,800	2,800
Dependent elderly tax credit (<i>Mínimo por ascendientes</i>)				
For each dependent elderly	1,150	1,150	1,150	1,150
Additional amount if over 75	1,400	1,400	1,400	1,400

²⁵ Dependent children are defined as less than 25 years, not married, cohabiting with the taxpayer, and whose annual income (excluding not taxable) does not exceed 8,000 euro

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	2018	2019	2020	2021
Disability tax credit (<i>Mínimo por discapacidad</i>) Additional amount for taxpayer/dependent child/dependent elderly disability				
between 33-65%	3,000	3,000	3,000	3,000
over 65%	9,000	9,000	9,000	9,000
if there are expenditures on assistance due to reduced mobility or disability of taxpayer/dependent child/dependent elderly	3,000	3,000	3,000	3,000
<hr/>				
Illes Balears				
Individual tax credit Additional amount if over 65	6,105	6,105	6,105	6,105
Additional amount if over 75	1,2650	1,2650	1,2650	1,2650
	1,540	1,540	1,540	1,540
Dependent children tax credit (<i>Mínimo por descendientes</i>)				
For third child	4,400	4,400	4,400	4,400
For fourth child and following	4,950	4,950	4,950	4,950
Disability tax credit (<i>Mínimo por discapacidad</i>)				
Disability between 33-65%	3,300	3,300	3,300	3,300
Disability over 65%	9,900	9,900	9,900	9,900
<hr/>				
Comunidad de Madrid				
Dependent children tax credit (<i>Mínimo por descendientes</i>)				
For third child	4,400	4,400	4,400	4,400

	2018	2019	2020	2021
For fourth child and following	4,950	4,950	4,950	4,950
Additional amount per child <3	2,800	2,800	2,800	2,800
Cataluña				
Individual tax credit (<i>Mínimo por contribuyente if General Income Tax Base +Savings Income Tax Base<=12,450</i>)			6,105	6,105
La Rioja				
Disability tax credit (<i>Mínimo por discapacidad</i>)				
Disability between 33-65%	3,300	3,300	3,300	3,300
Disability over 65%	9,900	9,900	9,900	9,900

EUROMOD modelling

In EUROMOD, the Personal and Family tax credit related to disability are not simulated due to lack of information on the disability degree of the individual.

2.7.7.2 Main residence Mortgage and Rent Tax Credits

Main Residence Mortgage Tax Credit

Tax credit to cover the expenses for the acquisition or renovation of the taxpayer's main residence. This tax credit disappeared in 2013, except for people that acquired the main residence before 2013.

The State deduction rate is 7.5% of expenses incurred, capped at €9,040. The Regional deduction rate is 7.5% of expenses incurred, capped at €9,040. In Cataluña the rate increases to 9% when the taxpayer is aged 32 years or younger and the tax base is below €30,000; or in cases of disability (if disability degree higher than 65%), unemployment (for more than 6 months) or presence of dependent children in the family unit.

EUROMOD modelling

In EUROMOD, the mortgage tax credit is simulated for all taxpayers having mortgage expenses under the assumption that the main residence was acquired before 2013, due to lack of information about the date of acquisition.

Main residence rent tax credit (Deducción por alquiler de vivienda habitual)

This tax credit covers a portion of the expenditures related to the rent of the permanent residence. It disappeared in 2015 except for people whose rental contracts were signed before 2015.

The tax credit is 10.05% of the rent expenses up to € 9,040 if tax base is below €17,707.20 or up to €9,040 – (1.4125 * (tax base - €17,707.20)) if the tax base is between €17,707.20 and €24,107.20.

EUROMOD modelling

In EUROMOD, the rent tax credit is simulated for all taxpayers having rent expenses under the assumption that their rent contracts started before 2015, due to lack of information about the date of signature of the contract.

Other tax credits (donations, business investment, etc.) are not simulated due to lack of information in the dataset.

2.7.7.3 Other Regional Tax credits

There is a wide variety of tax credits depending on the region of residence. A detailed list of the tax credits in place in the different regions follows.

2.7.7.3.1 Andalucía

The **Family-related benefits tax credit** (*Deducción por nacimiento o adopción*) is 50 euro per child at birth if taxpayer eligible for any regional child benefits either for children below 3 years of age or for multiple births when the family income is below 11 times the SMI.

The **Taxpayer's disability tax credit** (*Deducción para sujetos pasivos con discapacidad igual o superior al 33%*) is 100 euro for disabled taxpayers (disability over 33%) provided the tax base is below 19,000 euro (individual scheme) and 24,000 euro if joint scheme.

The **Lone-parents and dependent parents over 75 years of age tax credit** (*Deducción para el padre o madre de familia monoparental con ascendientes mayores de 75 años*) is 100 euro for lone parents cohabiting with children below 18 years of age (or over 18 years of age if disabled). If the sum of general tax base and savings tax base is below 80,000 euro (individual scheme) and 100,000 euro (joint scheme). This tax credit increases by 100 euro per parent over 75 cohabiting with the family.

The **Care or assistance to dependent individual tax credit** (*Deducción por asistencia a personas con discapacidad*) is 100 euro per disabled or dependent individual if the sum of General Income Tax Base and Savings Tax Base is below 80,000 euro (individual scheme) and 100,000 euro (joint scheme).

The **Young taxpayers renting first home tax credit** (*Deducción por cantidades satisfechas por el alquiler de la vivienda habitual por jóvenes menores de 35 años*) is 15% of annual rent for taxpayers below 35 years of age (if joint scheme at least one of them below 35 years of age). Maximum 500 euro per year. The sum of the General Income and Savings Tax Bases must not exceed 19,000 euro (individual scheme) or 24,000 euro (joint scheme).

2.7.7.3.2 Aragón

The **Birth of third child or more tax credit (second if disabled)** (*Deducción por nacimiento o adopción de tercer hijo o sucesivos o de segundo hijo discapacitado*) is €500 per child at birth of third child or more (second if disabled) or 600 euro when the sum of the General Income and Savings tax bases is below €21,000 (individual scheme) or €35,000 (joint scheme).

The **Disabled or dependent people care tax credit** (*Deducción por el cuidado de ascendientes mayores de 75 años y ascendientes o descendientes con grado de discapacidad igual o superior a 65%*)²⁶ is 150 euro per ancestors older than 75 years and per disabled or dependent who lives with the taxpayer at least six months per year and with incomes after subtracting exempt incomes not exceeding 8,000 euro and the General Income and Savings Tax Base minus personal and family atax credits must not exceed €35,000 in joint schem or €21,000 in individual scheme.

2.7.7.3.3 Principado de Asturias

Renting first home tax credit (*Deducción por alquiler de vivienda habitual*): 10% of annual rent. Maximum 455 euro per year if the tax base before personal and family allowances is below 25,009 euro (individual scheme) or 35,240 euro (joint scheme).

Multiple Child's Birth or Adoption tax credit (*Deducción por partos múltiples o por dos o más adopciones constituidas en la misma fecha*): 505 euro for child at birth or adoption if cohabiting. In case of two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

Large Families tax credit (*Deducción por familias numerosas*): 505 euro if cohabiting individuals classify as a large family and 1,010 euro if 5 or more dependent children (special large families). The sum of the general and special (or savings after 2007) tax base must not exceed 25,009 euro (individual scheme) or 35,240 euro (joint scheme). In case of two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

Lone parents tax credit (*Deducción por familias monoparentales*): 303 euro if not cohabiting with other adults except parents (ascendants). The sum of the general and special (or savings after 2007) tax base plus exempt annual payments for children of non-cohabiting divorced individuals must not exceed 35,240 euro.

2.7.7.3.4 Illes Balears

Taxpayers of 65 or more years of age tax credit (*Deducción por contribuyentes de edad igual o superior a 65 años*): **In 2013-2014**: 50 euro for taxpayers over 65 at 31st December 2010. Tax base after personal and family allowances must not exceed 12,500 euro (individual scheme) or 25,000 euro (joint scheme). In case of two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them. **In 2015** it disappeared.

Disabled tax credit (*Deducción por cada miembro de la unidad familiar con minusvalía física o psíquica o sensorial*)²⁷: 80 euro for each disabled person in the household (including the taxpayer) if disability is more than 33% and less than 65%; 150 euro for each disabled person in the household (including the taxpayer) if disability is over 65% or over 33% if mentally disabled. Tax base after

²⁶

Issue	There is no information in the data about the disability level
Assumption	All disabled with 33% of disability
Impact	Unknown.

²⁷

Issue	There is no information in the data about disability degree
Assumption	All disabled with 33% of disability, partially simulated
Impact	Unknown.

personal and family allowances must not exceed 12,500 euro (individual scheme) or 25,000 euro (joint scheme)²⁸.

Expenditures on books for children’s compulsory education (*Deducción por gastos de adquisición de libros de texto*)²⁹: 100% of the expenditures on books for children’s compulsory education if taxpayer is eligible for child tax allowance. Limits are related to taxpayer’s general tax base. Individual scheme limits: 100 euro per child if tax base below 6,500 euro, 75 euro per child if tax base between 6,500.01 and 10,000 euro and 50 euro per child if between 10,001 and 12,500 euro. Joint scheme limits: 200 euro per child if tax base below 10,000 euro, 100 euro if tax base between 10,000 and 20,000 euro and 75 euro if between 20,001 and 25,000 euro.

2.7.7.3.5 Canarias

Child’s Birth or adoption tax credit (*Deducción por nacimiento o adopción de hijos*): 200 euro for the first or second child; 400 euro for the third child; 600 euro for the fourth child and 700 euro for the fifth or any subsequent child. If a child has disability (65% or more): 400 euro for the first or second child and 800 euro for the third of any subsequent child with disability. Eligible taxpayers cannot earn incomes over 39,000 euro (individual scheme) or 52,000 (joint scheme). In case of two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

Expenditures on childcare tax credit (*Deducción por gastos de guardería*): 15% of the expenditures on child care for children <3 years of age (in a nursery or day care centre)³⁰ with a maximum of 400 euro per child a year. Eligible taxpayers cannot earn incomes over 39,000 euro (individual scheme) or 52,000 euro (joint scheme). In the case of two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

Disabled taxpayers and taxpayers over 65 tax credit (*Deducción por contribuyentes minusválidos grado 33% o mas y mayores de 65 años*): 300 euro per tax payer with a disability of 33% or more. If taxpayers over 65 years of age - 120 euro. Eligible taxpayers cannot earn incomes over 39,000 euro (individual scheme) or 52,000 (joint scheme).

Large Families tax credit (*Deducción por familia numerosa*): 200 euro if cohabiting individuals classify as a large family, 400 euro if 5 or more dependent children (special large families). If any member of married couple or cohabiting child is disabled (more than 65%) the quantity is 500 euro or 1,000 euro if 5 or more dependent children (special large families).

Renting first home tax credit (*Deducción por alquiler de vivienda*): 15% of annual rent. Maximum 500 euro per year (individual and joint scheme). The ordinary tax base (*base imponible general*) must not exceed 20,000 euro (individual scheme) or 30,000 euro (joint scheme) and the rent paid should be higher than 10% of income received.

²⁸ Art. 6 TR approved by D. Leg. 1/2014, introduced by DF second. 6 Ley 12/2015, came into force 31-12-2015

²⁹

Issue	There is no information in the data about expenditure on books.
Assumption	Given that the amount is relatively small, it is assumed that all households with children are entitled to the maximum amount.
Impact	Unknown.

³⁰

Issue	There is no information in the data on child care expenditure
Assumption	Child care amount is imputed
Impact	Unknown.

Unemployment tax credit (*Deducción para contribuyentes desempleados*): - 100 euro for taxpayers that have been unemployed for, at least, six months during the tax year and receive some income from unemployment benefits. Total income from work must be over 11,200 euro and below 22,000 euro. The rest of income components of the ordinary tax base cannot exceed 1,600 euro.

2.7.7.3.6 Cantabria

Child, elderly and disability care tax credit (*Deducción por cuidado de descendientes menores de 3 años. de ascendientes mayores de 70 años o de ascendientes o descendientes minusválidos grado igual o superior al 65%*): 100 euro per child below 3 years of age or a parent over 70 years of age or any household member with a disability. Only for taxpayers obliged to present a tax return. All members generating the tax credit must cohabit more than 183 days with the taxpayer and their incomes cannot exceed 6,000 euro. In case of two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

Young, elderly and disabled taxpayers renting first home tax credit (*Deducción por arrendamiento de vivienda habitual por jóvenes. mayores y discapacitados*): 10% of annual rent for taxpayers below 35 years of age or over 65 years of age or disabled. Maximum 300 euro per year (individual scheme) or 600 euro (joint scheme). Tax base before personal and family allowances must be below 22,000 euro (individual scheme) and 31,000 euro (joint scheme) and these amounts over 10% taxpayer's income.

2.7.7.3.7 Castilla- La Mancha

Child's birth or adoption tax credit (*Deducción por nacimiento o adopción de hijos*): 100 euro per child born or adopted, 500 euro if two children multiple birth or adoption and 900 euro if three or more children multiple birth or adoption if qualifying for child allowance. The limit is that the sum of the ordinary and the savings tax base must not exceed 27,000 euro (individual scheme) and 36,000 euro (joint scheme).

Parents over 75 years of age care tax credit (*Deducción por cuidado de ascendientes mayores de 75 años*): 150 euro and the limit for the tax base before personal and family allowances must be below 27,000 euro (individual scheme) and 36,000 euro (joint scheme).

Taxpayers 75 or more years of age tax credit (*Deducción por contribuyentes mayores de 75 años*): 150 euro and the limit tax base before personal and family allowances must be below 27,000 euro (individual scheme) and 36,000 euro (joint scheme).

Large family tax credit (*Deducción por familia numerosa*): 200 euro if large family and 400 euro if special large family, being the amounts 300 euro or 900 euro if disability is presented.

2.7.7.3.8 Castilla y León

Child's birth or adoption tax credit (*Deducción por nacimiento o adopción*): 710 euro for first child born or adopted that year if qualifying for child allowance, 1,475 euro for the second child and 2,351 euro for the third onwards if the tax base before personal and family allowances is below 18,900 euro (individual scheme) or below 31,500 euro (joint scheme).

Large families tax credit (*Deducción por familia numerosa*): 246 euro if cohabiting individuals classify as a large family; 492 euro if some disabled parent or child (more than 65% disability³¹);

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Issue	There is no information in the data about the disability level.
Assumption	All disabled with 33% of disability, hence this element of the tax credit is not simulated.
Impact	Unknown.

410 euro more per additional child from fourth onwards. In the case of two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them. Only if tax base before personal and family allowances is below 18,900 euro (individual scheme) or below 31,500 euro (joint scheme).

Childcare tax credit (*Deducción por cuidado de hijos menores*)³²: 30% of the expenditures on childcare for children below 4 years of age if both parents are at work (homecare, nursery or similar). Limit: 322 euro (both joint and individual scheme). The sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible ahorro*) minus personal and family allowances (*mínimo por contribuyente y mínimo por descendientes*) must not exceed 18,900 euro (individual scheme) or 31,500 euro (joint scheme). In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

2.7.7.3.9 Cataluña

Child's birth or adoption tax credit (*Deducción por el nacimiento o adopción de hijos*): 150 euro for the first child born or adopted that year if qualifying for child allowance (300 euro, double tax credit, for joint scheme).

Rent first home tax credit (in some particular circumstances of economic difficulty) (*Deducción por alquiler de vivienda habitual*): 10% of annual rent for taxpayers below 32 years of age or with disability above 65%³³ or being unemployed more than 183 days during the tax period, or being 65 years old or more and widow and large families. Maximum 300 euro per year or 600 euro if the sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible ahorro*) minus personal and family allowances (*mínimo por contribuyente y mínimo por descendientes*) must not exceed 20,000 euro or 30,000 euro in large family.

2.7.7.3.10 Extremadura

Child's birth multiple birth tax credit (*Deducción por partos múltiples*): 300 euro per child born if the sum of the ordinary and the savings tax base does not exceed 19,000 euro (individual scheme) and 24,000 euro (joint scheme).

Dependent work tax credit (*Deducción por percibir retribuciones de trabajo dependiente*): 75 euro for each taxpayer that has income from dependent work below 12,000 euro a year when other incomes are below 300 euro.

Widowers tax credit (*Deducción para contribuyentes viudos*): 100 euro. The limit is that the sum of the ordinary and the savings tax base must not exceed 19,000 euro (individual scheme) or 24,000 euro (joint scheme). If there are dependent children or ascendants that allowed to personal and family tax credits, then the tax credit is 200 euro. This tax credit is incompatible with dependent work tax credit is received.

32

Issue	There is no information in the data on childcare expenditure
Assumption	Childcare amount is imputed in sheet s_es
Impact	Unknown.

33

Issue	There is no information in the data about the disability level,
Assumption	All disabled with 33% of disability, hence this tax credit is not simulated,
Impact	Unknown,

2.7.7.3.11 Galicia

Child’s birth or adoption tax credit (*Deducción por el nacimiento o adopción de hijos*): 300 € per child born or adopted the birth year and the two following, (360 euro per child in case of multiple births), if the sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible ahorro*) minus personal and family allowances is over 22,000 euro. If the sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible ahorro*) minus personal and family allowances is less than 22,000 euro in birth year and the two following, 360 euro per first child, 1,200 euro per second and 2,400 euro per third and subsequent children. In the case of two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

Childcare of children aged 3 or less tax credit (*Deducción por cuidado de hijos menores*): 30% of expenditures in the tax period to take care of children below 3 years of age (maximum is 200 euro). Parents must both work and the sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible ahorro*) before personal and family allowances (*mínimo por contribuyente y mínimo por descendientes*) must not exceed 22,000 euro (individual scheme) or 31,000 euro (joint scheme). In the case of two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them. The maximum is 400 euro.

Large families tax credit (*Deducción por familia numerosa*): 250 euro if cohabiting individuals classify as a large family, 400 euro if 5 or more dependent children (special large families). If any member of married couple or cohabiting child is disabled (more than 65%)³⁴: 500 euro if cohabiting individuals classify as a large family. 800 euro if 5 or more dependent children (special large families). In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

Young taxpayers renting first home tax credit (*Deducción por alquiler de la vivienda habitual*): 10% of annual rent for taxpayers below 36 years of age. In joint scheme, at least one of them. Maximum: 300 euro per lease (individual and joint scheme). The sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible ahorro*) must not exceed 22,000 euro (individual and joint scheme), the date of the lease is subsequent to 1st January 2003, 20% of annual rent and the maximum 600 euro if there are two or more children.

2.7.7.3.12 Comunidad de Madrid

Child’s birth or adoption tax credit (*Deducción por el nacimiento o adopción de hijos*): 600 euro for the first child born or adopted, 750 euro for the second and 900 euro for the third or more. In case of multiple births 600 euro more per child. The sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) must not exceed 25,620 euro (individual scheme) or 36,200 euro (joint scheme). In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

Young taxpayers renting first home tax credit (*Deducción por arrendamiento de la vivienda habitual por menores de 35 años*): 20% of annual rent for taxpayers below 35 years of age. Maximum: 840 euro per year (individual and joint scheme). Taxpayer below 35 years of age. The sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible ahorro*) must not exceed 25,620 euro (individual scheme) or 36,200 euro (joint scheme).

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Issue	There is no information in the data about the disability level,
Assumption	All disabled with 33% of disability, hence this tax credit is not simulated,
Impact	Unknown,

For low-income families with two or more children (*Deducción para familias con dos o más descendientes e ingresos reducidos*): 10% of the Region tax payment (*cuota íntegra autonómica*) after reducing all other regional tax credits. Eligible taxpayers are those who have two or more children qualifying for child allowance and the sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible ahorro*) must not exceed 24,000 euro (sum of two parents tax bases if in individual scheme).

2.7.7.3.13 Región de Murcia

Childcare of children aged 3 or less tax credit (*Deducción por gastos de guardería*): 15% of expenditures in the tax period to take care of children below 3 years of age. Parents must both work and maximum amount is 330 euro if the ordinary tax base minus personal and family allowances do not exceed 19,360 euro (individual scheme) or 660 euro if not exceed 33,880 euro (joint scheme). Also, the savings tax base must be below 1,202.02 euro both for the individual and joint scheme.

2.7.7.3.14 La Rioja

Second or further child's birth or adoption tax credit (*Deducción por nacimiento y adopción segundo o ulterior hijo*): 150 euro for the second and 180 euro for the third or more. In case of multiple births 60 euro more per child. When two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

2.7.7.3.15 Comunitat Valenciana

Child's birth or adoption tax credit (*Deducción por el nacimiento o adopción de hijos*): 270 euro per child born or adopted that year and two more years. The sum of the ordinary tax base minus reductions (*base liquidable general*) and the savings tax base minus reductions (*base liquidable del ahorro*) must not exceed 25,000 euro (individual scheme) or 40,000 euro (joint scheme). However, if the sum of the ordinary tax base minus reductions (*base liquidable general*) and the savings tax base minus reductions (*base liquidable del ahorro*) is between 23,000 and 25,000 euro (individual scheme) or between 37,000 euro and 40,000 euro (joint scheme) the tax credit will be the result of multiplying the usual tax credit by a coefficient calculated in this way:

$$C_{\text{individual}} = 100 * \left(1 - \frac{(BasesSumInd - 23,000)}{2000} \right)$$

$$C_{\text{joint}} = 100 * \left(1 - \frac{(BasesSumJoint - 37,000)}{3000} \right)$$

In case of two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

Multiple children's birth or adoption tax credit (*Deducción por nacimiento o adopción múltiples*): 224 euro per child born in multiple births if the sum of the ordinary tax base minus reductions (*base liquidable general*) and the savings tax base minus reductions (*base liquidable del ahorro*) does not exceed 25,000 euro (individual scheme) or 40,000 euro (joint scheme). However, if the sum of the ordinary tax base minus reductions (*base liquidable general*) and the savings tax base minus reductions (*base liquidable del ahorro*) is between 23,000 and 25,000 euro (individual scheme) or between 37,000 euro and 40,000 euro (joint scheme) the tax credit will be the result of multiplying the usual tax credit by a coefficient calculated in this way:

$$C_individual=100 * (1 - \frac{(BasesSumInd-23,000)}{2000})$$

$$C_joint=100 * (1 - \frac{(BasesSumJoint-37,000)}{3000})$$

In case of two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

Large families tax credit (*Deducción por familia numerosa*): **Since 2018**, 300 euro if cohabiting individuals classify as to a large family and 600 euro if it is a special large family. The sum of the ordinary tax base minus reductions (*base liquidable general*) and the savings tax base minus reductions (*base liquidable del ahorro*) must not exceed 24,000 euro (individual scheme) or 38,800 euro (joint scheme).

Large family: the sum of the ordinary tax base minus reductions (*base liquidable general*) and the savings tax base minus reductions (*base liquidable del ahorro*) does not exceed 25,000 euro (individual scheme) or 40,000 euro (joint scheme). If the sum of the ordinary tax base minus reductions (*base liquidable general*) and the savings tax base minus reductions (*base liquidable del ahorro*) is between 23,000 and 25,000 euro (individual scheme), or between 37,000 euro and 40,000 euro (joint scheme), the tax credit will be the result of multiplying the usual tax credit by a coefficient calculated in this way:

$$C_individual=100 * (1 - \frac{(BasesSumInd-23,000)}{2000})$$

$$C_joint=100 * (1 - \frac{(BasesSumJoint-37,000)}{3000})$$

Special large family: the sum of the ordinary tax base minus reductions (*base liquidable general*) and the savings tax base minus reductions (*base liquidable del ahorro*) does not exceed 26,000 euro (individual scheme) or 46,000 euro (joint scheme). If the sum of the ordinary tax base minus reductions (*base liquidable general*) and the savings tax base minus reductions (*base liquidable del ahorro*) is between 26,000 and 30,000 euro (individual scheme) or between 46,000 euro and 50,000 euro (joint scheme), the tax credit will be the result of multiplying the usual tax credit by a coefficient calculated in this way:

$$C_individual=100 * (1 - \frac{(BasesSumInd-26,000)}{4000})$$

$$C_joint=100 * (1 - \frac{(BasesSumJoint-46,000)}{4000})$$

Disabled taxpayers 65 or more tax credit (*Deducción por contribuyentes discapacitados de edad igual o superior a 65 años*): 179 euro if disabled (33% or more³⁵) taxpayer 65 or more years of age, **if** the sum of the ordinary tax base minus reductions (*base liquidable general*) and the savings tax base minus reductions (*base liquidable del ahorro*) must not exceed 25,000 euro (individual scheme) or 40,000 euro (joint scheme). However, if the sum of the ordinary tax base minus reductions (*base liquidable general*) and the savings tax base minus reductions (*base liquidable del ahorro*) is between 23,000 and 25,000 euro (individual scheme) or between 37,000 euro and 40,000 euro (joint

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Issue	There is no information in the data about the disability level
Assumption	All disabled with 33% of disability, hence this tax credit is simulated
Impact	Unknown

scheme) the tax credit will be the result of multiplying the usual tax credit by a coefficient calculated in this way:

$$C_individual=100 * (1 - \frac{(BasesSumInd-23,000)}{2000})$$

$$C_joint=100 * (1 - \frac{(BasesSumJoint-37,000)}{3000})$$

Parents over 75 years of age or over 65 and disabled tax credit (*Deducción por ascendientes mayores de 75 años o mayores de 65 discapacitados*): 179 euro per elderly over 75, over 65 if disabled more than 33% and if psychical disability³⁶ or more than 66% if physical disability, not cohabiting with taxpayer and non-exempt incomes are below 8,000 euro and the sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) after allowances must not exceed 25,000 euro (individual scheme) or 40,000 euro (joint scheme). However, if the sum of the ordinary tax base minus reductions (*base liquidable general*) and the savings tax base minus reductions (*base liquidable del ahorro*) is between 23,000 and 25,000 euro (individual scheme) or between 37,000 euro and 40,000 euro (joint scheme) the tax credit will be the result of multiplying the usual tax credit by a coefficient calculated in this way:

$$C_individual=100 * (1 - \frac{(BasesSumInd-23,000)}{2000})$$

$$C_joint=100 * (1 - \frac{(BasesSumJoint-37,000)}{3000})$$

Housework tax credit (*Deducción por la realización por uno de los cónyuges de la unidad familiar de labores no remuneradas en el hogar*): 153 euro if only one family member receives income from work and there are, at least, two cohabiting children. The taxpayer must be eligible for child tax allowance for each child generating tax credit (see general conditions for child tax allowance). The couple cannot be divorced, and children cannot work. No family member can obtain more than 357 euro in capital gains³⁷. And the sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) after allowances must not exceed 25,000 euro (individual scheme) or 40,000 euro (joint scheme). However, if the sum of the ordinary tax base minus reductions (*base liquidable general*) and the savings tax base minus reductions (*base liquidable del ahorro*) is between 23,000 and 25,000 euro (individual scheme) or between 37,000 and 40,000 euro (joint scheme) the tax credit will be the result of multiplying the usual tax credit by a coefficient calculated in this way:

$$C_individual=100 * (1 - \frac{(BasesSumInd-23,000)}{2000})$$

$$C_joint=100 * (1 - \frac{(BasesSumJoint-37,000)}{3000})$$

³⁶

Issue	There is no information in the data about the level or type (psychic or other) disability
Assumption	All disabled with 33% of “physic” disability, hence this element of the tax credit is not simulated
Impact	Unknown

³⁷

Issue	There is no information in the data about capital gains.
Assumption	No one receives capital gains.
Impact	Unknown.

Child care for children below 3 years of age tax credit (*Deducción por cantidades destinadas a la custodia en guarderías y centros de primer ciclo de educación infantil de hijos menores de tres años*): 15% of expenditure in tax period to take care of children below 3 years of age and parents must both work (maximum is 270 euro for whatever any scheme). The sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) must be below 25,000 euro (individual scheme) or 40,000 euro (joint scheme). However, if the sum of the ordinary tax base minus reductions (*base liquidable general*) and the savings tax base minus reductions (*base liquidable del ahorro*) is between 23,000 and 25,000 euro (individual scheme) or between 37,000 euro and 40,000 euro (joint scheme) the tax credit will be the result of multiplying the usual tax credit by a coefficient calculated in this way:

$$C_{\text{individual}} = 100 * \left(1 - \frac{(BasesSumInd - 23,000)}{2000} \right)$$

$$C_{\text{joint}} = 100 * \left(1 - \frac{(BasesSumJoint - 37,000)}{3000} \right)$$

Work-life balance tax credit (*Deducción por conciliación trabajo con la vida familiar*): working mothers may benefit from 418 euro tax credit per child of 4 years of age (over 3 and below 5 years of age). Taxpayer must be eligible for child tax allowance for each child generating the tax credit. In case of two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them. The sum of the ordinary tax base minus reductions (*base liquidable general*) and the savings tax base minus reductions (*base liquidable ahorro*) must not exceed 25,000 euro (individual scheme) or 40,000 euro (joint scheme). However, if the sum of the ordinary tax base minus reductions (*base liquidable general*) and the savings tax base minus reductions (*base liquidable del ahorro*) is between 23,000 and 25,000 euro (individual scheme) or between 37,000 euro and 40,000 euro (joint scheme) the tax credit will be the result of multiplying the usual tax credit by a coefficient calculated in this way:

$$C_{\text{individual}} = 100 * \left(1 - \frac{(BasesSumInd - 23,000)}{2000} \right)$$

$$C_{\text{joint}} = 100 * \left(1 - \frac{(BasesSumJoint - 37,000)}{3000} \right)$$

Renting first home tax credit (*Por arrendamiento de vivienda habitual*): 15% of annual rent (maximum: 459 euro per year), 20% of annual rent for taxpayers below 35 years of age or disabled (maximum 612 euro), 25% of annual rent for taxpayers below 35 years of age and disabled (maximum 765 euro). If joint scheme tax credit will be multiplied by two. The sum of the ordinary tax base minus reductions (*base liquidable general*) and the savings tax base minus reductions (*base liquidable ahorro*) must not exceed 23,000 euro (individual scheme) or 27,000 euro (joint scheme). However, if the sum of the ordinary tax base minus reductions (*base liquidable general*) and the savings tax base minus reductions (*base liquidable del ahorro*) is between 23,000 and 25,000 euro (individual scheme) or between 37,000 euro and 40,000 euro (joint scheme) the tax credit will be the result of multiplying the usual tax credit by a coefficient calculated in this way:

$$C_{\text{individual}} = 100 * \left(1 - \frac{(BasesSumInd - 23,000)}{2000} \right)$$

$$C_{\text{joint}} = 100 * \left(1 - \frac{(BasesSumJoint - 37,000)}{3000} \right)$$

For low-income families with two or more children (*Deducción autonómica por contribuyentes con dos o más descendientes*): 10% of the Region tax payment after reducing all other regional tax credits (*cuota líquida autonómica*). Eligible taxpayers are those who have two or more children qualifying for child allowance and the sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible ahorro*) must not exceed 24,000 euro (sum of two parents tax bases if in individual scheme).

2.7.7.4 Other national (refundable) tax credits

- *In-work tax credit for working mothers*

This is a refundable tax credit for working mothers with one or several children below 3 years of age. 1,200 euro per year and child conditional on having total contributions to the Social Insurance System over the total tax credit. Proportional tax credits are possible as long as conditions apply to the particular time period. This credit may be replaced by a tax-free subsidy of 100 euro per month at the mother's request.

- *Tax credit for large families, single-parents with two dependent children or families with dependents with disabilities*

In 2015, a new refundable tax credit for working taxpayers in large families was introduced. Lone-parent families or families with disabled descendants or ascendants conditional on having total contributions to the Social Insurance System over the total tax credit. For taxpayers in large families, lone parent families or with disabled descendants that received unemployment income or other pensions from the social protection system (in this case no social contributions limit).

- Elderly and disabled with right to *Dependent elderly tax credit*: 1,200 euro per person and year.
- Children and disabled with right to *Dependent children tax credit*: 1,200 euro per person and year.
- Ascendant in a large-family: 1,200 euro per person and year.
- Ascendant with two or more children in a lone-parent family: 1,200 euro per person and year.

EUROMOD modelling:

Additionally there are other national and regional tax credits (tax credits on educational expenses, donations) which are not simulated in EUROMOD due to lack of information.

Legal sources

National legal sources

2021. *Ley 11/2020, de 30 de diciembre, de Presupuestos Generales del Estado para el año 2021 (update of tax rules: Capítulo VI)*

2020: *Ley 8/2019, de 30 de diciembre, de Presupuestos Generales para 2020.(update of tax rules: capítulo V)*

Framework law: Ley 35/2006, de 28 de noviembre, del Impuesto sobre la Renta de las Personas Físicas y de modificación parcial de las leyes de los Impuestos sobre Sociedades, sobre la Renta

Regional legal Sources

Andalucía: Decreto-ley 1/2019, de 9 de abril, por el que se modifica el texto refundido de las disposiciones dictadas por la Comunidad Autónoma de Andalucía en materia de tributos cedidos, aprobado por Decreto Legislativo 1/2018, de 19 de junio, para el impulso y dinamización de la actividad económica mediante la reducción del gravamen de los citados tributos cedidos

Región de Murcia: Ley 14/2018, de 26 de diciembre, de Presupuestos Generales de la Comunidad Autónoma de la Región de Murcia para el año 2019

Comunitat Valenciana: Ley 13/1997, De 23 de diciembre, De La Generalitat Valenciana, Por La Que Se Regula El Tramo Autonómico Del Impuesto Sobre La Renta De Las Personas Físicas Y Restantes Tributos Cedidos (updated in April 2021)

Illes Balears: Texto Refundido de las Disposiciones Legales de la Comunidad Autónoma de las Illes Balears en Materia de Tributos Cedidos por el Estado, aprobado por Decreto Legislativo 1/2014, de 6 de junio

Castilla y León: Texto Refundido de las disposiciones legales de la comunidad de Castilla y León en materia de tributos propios y cedidos, aprobado por Decreto Legislativo 1/2013, de 12 de septiembre.

Comunidad de Madrid: Texto Refundido de las disposiciones legales de la Comunidad de Madrid en materia de tributos cedidos por el Estado, aprobado por Decreto Legislativo 1/2010, de 21 octubre.

La Rioja: Ley 10/2017, de 27 de octubre, por la que se consolidan las disposiciones legales de la Comunidad Autónoma de La Rioja en materia de impuestos propios y tributos cedidos.

2.8 COVID-19 related tax and benefit measures

2.8.1 Wage compensation scheme - *yemcomp_es*

Wage compensation scheme that allows to temporarily lay off workers³⁸ (*Expediente de Regulación Temporal de Empleo – ERTE*) due to economic, organizational or production needs, or due to force majeure reasons, such as the COVID-19 pandemic. Employers must recruit back their employees after the temporary furlough.

As result of the COVID-19 pandemic, a softening of the conditions for temporary suspension of contracts and temporary reduction of working hours has been put in place (*Flexibilización de las condiciones de suspensión temporal de contrato y reducción temporal de la jornada*). In this regard, workers affected by an *ERTE* are granted with access to the unemployment insurance benefit, even if they do not meet the contribution period necessary to be eligible. Additionally, the period during which the contract is suspended will not be computed for the purposes of exhausting the legally established maximum duration of the unemployment insurance benefit³⁹.

Moreover, companies making use of the furlough scheme are granted with some exemptions from paying employers' social insurance contributions, depending on the size of the company, the type of compensation scheme and provided that they commit to maintain their employees' contracts after the temporary layoff.

Importantly, the scheme has undergone several changes throughout the COVID-19 pandemic. On the one hand, the duration of this temporary measure has been extended sequentially, since the approval of the Royal Decree Law 8/2020 in March 2020. On the other hand, as the pandemic evolved, different types of compensation schemes have been put in place depending on the reason by which the main activity of the firm cannot be performed under regular circumstances: (1) due to force majeure reasons (*ERTE por fuerza mayor*), (2) due to economic, organizational or production needs (*ERTE por causas técnicas, económicas, organizativas y de producción*), (3) due to prohibition to perform the main activity (*ERTE por impedimento*) and (4) due to partial limitation of the main activity (*ERTE por limitación*). Broadly speaking, these types of schemes mainly differ in the degree the employers' social insurance contributions are exempted⁴⁰.

³⁸ Alternatively, reduce the number of working hours.

³⁹ This rule was discontinued since October 2020 for new beneficiaries.

⁴⁰ In practice, however, the number and type of schemes was broader, including further disaggregation within each of the above-mentioned schemes. For instance, companies belonging to specific sectors within a force majeure *ERTE* faced different employers' social insurance exemption rates. The mosaic of compensation schemes makes, however, very

Eligibility conditions

Employees working in private companies whose activity has been affected by the COVID-19 pandemic and, consequently, requested to the corresponding administration to temporarily layoff their employees (or reduce their number of working hours).

To identify workers undergoing the transition to wage compensation in EUROMOD, a random variable drawing from a uniform distribution is used to allocate individuals to the scheme. Moreover, out of the total number of individuals selected to undergo transitions to wage compensation in EUROMOD, a specific share is assumed to work zero hours (i.e. full layoff), or, alternatively, to work a reduced number of hours.

Income assessment

There is no income assessment as part of this benefit.

Duration

The duration of the benefit is conditioned to the evolution of the COVID-19 pandemic. In this regard, a first limited duration of around 3 months, linked to the duration of the emergency state, was approved in March by the Royal Decree Law 8/2020. Nevertheless, two subsequent extensions were put in place in 2020:

- On June 27, a first extension was put in place up to September 30 (Royal Decree Law 24/2020): 3 additional months.
- On September 30, a second extension entered into force up to January 2021 (Royal Decree Law 30/2020): 4 additional months.

Later, in 2021, three additional extensions were approved:

- On January 26, a third extension entered into force until May 2021 (Royal Decree Law 2/2021): 4 additional months.
- On May 17, a fourth extension was put in place until September 2021 (Royal Decree Law): 4 additional months.
- On September 28, the latest extension was put in place up to February 28 (Royal Decree Law 18/2021)

In EUROMOD, an assumed maximum duration of 9 months is simulated for 2020 and 2021. Then, the number of months that each worker spends in wage compensation is randomly assigned. Nevertheless, the duration cannot be higher than the number of months in which the worker worked in the dataset (yemmy) or higher than the maximum simulated duration of the policy (9 months). **Benefit amount**

The compensation amount paid by the state depends on the employee contribution base, strongly related to the individual earnings. The amount to be received will be of 70% of the employee contribution base, adjusted by the corresponding number of hours in work.

The minimum and maximum benefit amount depends on the number of children in the unit.

- The minimum benefit amount if the worker has no dependent children is 80% of monthly IPREM increased by 1/6. If the worker has one dependent child is 107% of monthly IPREM increased by 1/6.

complicated its simulation due to lack of data on the type of scheme received and the date of entrance in compensation. A rather simple strategy is implemented in EUROMOD.

- The maximum benefit amount if the worker has no dependent children is 175% of monthly IPREM increased by 1/6. If the worker has one dependent child is 200% of monthly IPREM increased by 1/6. If the worker has two or more dependent children is 225% of monthly IPREM increased by 1/6.

Taxation and income testing

Taxable.

Subject to social insurance contributions, although the following specificities apply:

- Beneficiaries of wage compensation continue to pay their employee contributions, as it’s also the case when the individual receives the unemployment insurance benefit.
- Companies, however, were exempt from paying 75% of the employer contribution to Social Insurance, or 100% of the quota in the case of companies with less than 50 workers, until the end of June 2020, provided that they commit to recruit back their employees after the temporary furlough. The exempted contributions were credited by the government. Nevertheless, according to subsequent extensions of the wage compensation schemes SIC exemptions were progressively adjusted as follows, depending on the type of scheme, firm size, activity of the employee and period of application:

Table 2.78 Exemption rates of employers’ SIC, 2020-2021

Type of scheme	Firm size	Firm activity	Employee activity	Period	Exemption rate*	
<i>Royal Decree Law 8/2020 - March 2020</i>						
Force majeure	<50	n/a	in compensation	march-june	100%	
	>=50	n/a	in compensation	march-june	75%	
<i>Royal Decree Law 24/2020 - June 2020</i>						
Force majeure	<50	suspended	in compensation	july-sept.	70%/60%/35%	
		reinitiated	in compensation back to work	july-sept. july-sept.	35% 60%	
	>=50	suspended	in compensation	july-sept.	50%/40%/25%	
		reinitiated	in compensation back to work	july-sept. july-sept.	25% 40%	
	<i>Royal Decree Law 30/2020 - September 2020</i>					
	Force majeure or economic needs**	<50	n/a	in compensation	oct.-january	85%
>=50		n/a	in compensation	oct.-january	75%	
Prohibition to perform the main activity	<50	n/a	in compensation	oct.-january	100%	
	>=50	n/a	in compensation	oct.-january	90%	
Partial limitation of the main activity	<50	n/a	in compensation	oct.-january	100%/90%/85%/80%	
	>=50	n/a	in compensation	oct.-january	90%/80%/75%/70%	
<i>Royal Decree Law 2/2021 - January 2021</i>						
Force majeure or economic needs**	<50	n/a	in compensation	febr.-may	85%	
	>=50	n/a	in compensation	febr.-may	75%	
Prohibition to perform the main activity	<50	n/a	in compensation	febr.-may	100%	
	>=50	n/a	in compensation	febr.-may	90%	
Partial limitation of the main activity	<50	n/a	in compensation	febr.-may	100%/90%/85%/80%	
	>=50	n/a	in compensation	febr.-may	90%/80%/75%/70%	

<i>Royal Decree Law 11/2021 - May 2021</i>					
Force majeure or economic needs**	<50	n/a	in compensation	june-sept.	85%/85%/85%/70%
	>=50		back to work	june-sept.	95%
	<50	n/a	in compensation	june-sept.	70%/70%/70%/60%
	>=50		back to work	june-sept.	85%
Prohibition to perform the main activity	<50	n/a	in compensation	june-sept.	100%
	>=50	n/a	in compensation	june-sept.	90%
Partial limitation of the main activity	<50	n/a	in compensation	june-sept.	85%/85%/75%/75%
	>=50	n/a	in compensation	june-sept.	75%/75%/65%/65%

Notes: * When several exemption rates are stated in the table, each of them corresponds to each month over the whole period of application ** Only applying to some specific sectors.

Due to the complexity on the way employers' social insurance contributions are treated under the different type of schemes/periods in force, in EUROMOD we only simulate one single rule applying to the whole compensation period. In particular, for 2020, we assume the exemption rates to be of 100% for small firms and of 75% for large firms. For 2021, we assume an 85% average exemption rate for small firms and of 75% for large firms.

This benefit is included in the income test of other social benefits (e.g. social assistance benefits).

EUROMOD modelling:

This policy can only produce results if the model is run in combination with the LMA add-on. The individuals that are selected to undergo transitions to monetary compensation schemes are defined in the TransLMA_es policy, which is switched on automatically by the add-on. For more information about the modelling of labour market transitions, please consult the “Simulating labour market transitions in EUROMOD” document.

Labour transition model based data are produced by Eurostat, using detailed distributional information on the loss of jobs and short-term work schemes from the Labour Force Survey and administrative data. The impact across different categories of individuals, the duration of unemployment/absence and percentage of hours worked are modelled using the EU-LFS longitudinal and quarterly transitions as target. For more information, please consult the methodological note available at [9a70fb55-ceb7-d25a-1b31-ab0c030095d2 \(europa.eu\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1&code=9a70fb55-ceb7-d25a-1b31-ab0c030095d2). 2021 statistics on labour transitions are not yet available and, therefore, the simulation of the scheme for 2021 is not triggered. Nevertheless, alternative shares can be simulated by adjusting the parameters of policy TransLMA_es.

Legal sources

Real Decreto-ley 8/2020, de 17 de marzo, de medidas urgentes extraordinarias para hacer frente al impacto económico y social de la COVID-19.

Real Decreto-ley 24/2020, de 26 de junio, de medidas sociales de reactivación del empleo y protección del trabajo autónomo y de competitividad del sector industrial.

Real Decreto-ley 30/2020, de 29 de septiembre, de medidas sociales en defensa del empleo.

Real Decreto-ley 2/2021, de 26 de enero, de refuerzo y consolidación de medidas sociales en defensa del empleo.

Real Decreto-ley 11/2021, de 27 de mayo, sobre medidas urgentes para la defensa del empleo, la reactivación económica y la protección de los trabajadores autónomos.

Real Decreto-ley 18/2021, de 28 de septiembre, de medidas urgentes para la protección del empleo, la recuperación económica y la mejora del mercado de trabajo.

2.8.2 Self-employment income compensation scheme - *ysecomp_es*

Extraordinary benefit for self-employed during the COVID-19 pandemic due to cessation of activity or due to a loss in revenue of, at least, 75% of the average revenue in the semester prior. Self-employed are granted with exemptions from paying social insurance contributions during the reception of the benefit.

Nevertheless, this policy has undergone several changes throughout the COVID-19 pandemic. Although its duration was first limited to 3 months, corresponding to the initial duration of the emergency of state, it has been extended in several occasions. Importantly, since the approval of the Royal Decree Law 30/2020 on September 30, different types of self-employment income compensation schemes were put in place, which were subsequently adjusted over further extensions. These adjustments took place in several occasions within the year, making extremely complex their simulations in EUROMOD. In this section, we only describe the policy rules of the main scheme that was approved in March 2020 (Royal Decree Law 8/2020), being this instrument the one simulated in EUROMOD for 2020.

For 2021, however, the following table briefly describes the latest schemes in place since the approval in May 2021 of the Royal Decree Law 11/2020:

Table 2.79 Self-employment income compensation schemes in place since May 2021

Type of scheme	"POECATA 4": Extraordinary benefit for self-employed due to cessation of activity	"PECANE 1.3": Extraordinary benefit for self-employed due to temporary prohibition to perform main activity	"PECANE 2.3": Extraordinary benefit for self-employed not eligible to "POECATA 4" and having received "POECATA 3" or "PECANE 2.2"	"PETECATA 4": Extraordinary benefit for seasonal self-employed
Minimum contribution period	Yes (at least 12 months if the benefit has not been already received previously)	No	No	No
Compatible with employee's income	Yes (if employee's income < 1.25*MW & all work-related incomes < 2.2*SMI)	Yes (if employee's income < 1.25*MW)	No	No
Benefit amount	70% contribution base (50% in case of combining employee & self-employment incomes)	70% minimum contribution base (40% if two beneficiaries within the family)	50% minimum contribution base (40% if two beneficiaries within the family)	70% minimum contribution base
Ceilings	Yes (depending on the number of dependent children)	No	No	No
Income test	Self-employment net incomes in 2nd & 3rd quartes of 2021 < 7,980 EUR	No	Self-employment net incomes in 2nd & 3rd quartes of 2021 < 6,650 EUR	Self-employment net incomes in 2nd & 3rd quartes of 2021 < 6,650 EUR
Subject to SIC	Yes (although the pensions part is credited)	No (all SIC components are credited)	Yes (although the pensions part is credited)	No (all SIC components are credited)

In this case, the EUROMOD baseline for 2021 only simulates “PECANE 2.3” scheme, due to lack of data on the type of scheme received and the date of entrance in compensation. The decision to simulate this scheme runs under the assumption that, during 2021, this could be one of the schemes with the highest number of beneficiaries, given that many self-employed might not be eligible to the main scheme as the minimum contribution period required would not be fulfilled.

Eligibility conditions

Self-employed whose activities are suspended due to the COVID-19 pandemic, or in case of experiencing a loss in revenue of at least 75% of the average revenue in the semester prior.

To identify self-employed undergoing the transition to this extraordinary benefit in EUROMOD, a random variable drawing from a uniform distribution is used to allocate individuals to the scheme. Moreover, out of the total number of individuals selected to undergo transitions to this extraordinary benefit in EUROMOD, a specific share is assumed to work zero hours (i.e. full layoff), or, alternatively, to work a reduced number of hours.

For the scheme simulated in 2021, the eligible self-employed has to fulfill a means-test as well. In particular, self-employment net incomes in 2nd and 3rd quarters of 2021 must be below 6,650 EUR. In EUROMOD monthly annualized incomes are used as proxy for simulating this requirement. Besides, in this case no compatibility with employment is allowed during compensation.

Income assessment

For the main simulated scheme in 2020, no income assessment is simulated (as in Decree Law 8/2020). For the scheme simulated in 2021 (“PECANE 2.3”), a means-test is simulated.

Duration

As it is the case for the wage compensation scheme for employees, the duration of the benefit is also conditioned to the evolution of the COVID-19 pandemic. In this regard, a first limited duration of around 3 months, linked to the duration of the emergency state, was approved in March by the Royal Decree Law 8/2020. Nevertheless, two subsequent extensions were put in place in 2020:

- On June 27, a first extension was put in place up to September 30 (Royal Decree Law 24/2020): 3 additional months.
- On September 30, a second extension entered in force up to January 2021 (Royal Decree Law 30/2020): 4 additional months.

For 2021, three additional extensions were put in place:

- On January 26, a third extension entered into force until May 2021 (Royal Decree Law 2/2021): 4 additional months.
- On May 17, a fourth extension was put in place until September 2021 (Royal Decree Law): 4 additional months.
- On September 28, the latest extension was put in place up to February 28 (Royal Decree Law 18/2021)

Importantly, the original scheme was adjusted through the different extensions and different type of schemes entered into force over the COVID-19 pandemic. This means that, in practice, self-employed transited across the different schemes, although in EUROMOD we assume that they remained in the original scheme for as long as the maximum simulated duration.

In EUROMOD, an assumed maximum duration of 9 months is simulated for 2020 and 2021. Then, the number of months that each worker spends in wage compensation is randomly assigned.

Nevertheless, the duration cannot be higher than the number of months in which the worker worked in the dataset (yemmy) or higher than the maximum simulated duration of the policy (9 months). **Benefit amount**

The benefit amount paid by the state depends on the self-employed contribution base, which can be chosen by the self-employed within a minimum a maximum boundaries⁴¹. In 2020, the amount to be received is of 70% of the self-employed contribution base, adjusted by the corresponding number of hours in work. In 2021, the amount simulated corresponds to “PECANE 2.3” scheme and it is of 50% of the minimum contributon base (40% if there are two beneficiaries within the family unit).

The minimum and maximum benefit amount depends on the number of children in the unit. In 2020:

- The minimum benefit amount if the worker has no dependent children is 80% of monthly IPREM increased by 1/6. If the worker has one dependent child is 107% of monthly IPREM increased by 1/6.
- The maximum benefit amount if the worker has no dependent children is 175% of monthly IPREM increased by 1/6. If the worker has one dependent child is 200% of monthly IPREM increased by 1/6. If the worker has two or more dependent children is 225% of monthly IPREM increased by 1/6.

For the scheme simulated in 2021, the above-described limits do not apply.

Taxation and income testing

Taxable.

Subject to social insurance contributions, although the following specificities apply:

- Self-employed were fully exempt from paying social insurance contributions to Social Insurance until the end of June. The exempted contributions were credited by the government. Since then, the exemptions were adjusted over time according to the different schemes put in place. In EUROMOD, for the scheme simulated in 2020, we assume that the contributions were fully credited over the whole simulated period.
- In 2021, only the part of the contributions corresponding to pensions (“contingencias communes”) is credited. The remaining contributions are paid by the beneficiary. This rule also varies significantly depending on the scheme the self-employed is receiving in practice.

This benefit is included in the income test of other social benefits (e.g. social assistance benefits).

EUROMOD modelling:

This policy can only produce results if the model is run in combination with the LMA add-on. The individuals that are selected to undergo transitions to monetary compensation schemes are defined in the TransLMA_es policy, which is switched on automatically by the add-on. For more information about the modelling of labour market transitions, please consult the “Simulating labour market transitions in EUROMOD” document.

Labour transition model based data are produced by Eurostat, using detailed distributional information on the loss of jobs and short-term work schemes from the Labour Force Survey and administrative data. The impact across different categories of individuals, the duration of unemployment/absence and percentage of hours worked are modelled using the EU-LFS longitudinal and quarterly transitions as target. For more information, please consult the methodological note available at [9a70fb55-ceb7-d25a-1b31-ab0c030095d2 \(europa.eu\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1&code=9a70fb55-ceb7-d25a-1b31-ab0c030095d2). 2021

⁴¹ Importantly, in EUROMOD, all self-employed are assumed to contribute based on the minimum contribution base, as there is no information in the underlying dataset on the contribution bases.

statistics on labour transitions are not yet available and, therefore, the simulation of the scheme for 2021 is not triggered. Nevertheless, alternative shares can be simulated by adjusting the parameters of policy TransLMA_es.

In EUROMOD, all self-employed are assumed to contribute based on the minimum contribution base. Therefore, the simulated benefit amount of this compensation scheme only corresponds to a maximum 70% of the above-mentioned minimum base, whereas in practice self-employed might decide to contribute more and, thus, receive a higher income compensation through this benefit.

Given that the full granularity of the different compensation schemes for self-employed put in place since September 2020 cannot be taken into account in EUROMOD, results must be interpreted with caution. For each year, only one scheme among those that entered into force is simulated.

Legal sources

Real Decreto-ley 8/2020, de 17 de marzo, de medidas urgentes extraordinarias para hacer frente al impacto económico y social de la COVID-19.

Real Decreto-ley 24/2020, de 26 de junio, de medidas sociales de reactivación del empleo y protección del trabajo autónomo y de competitividad del sector industrial.

Real Decreto-ley 30/2020, de 29 de septiembre, de medidas sociales en defensa del empleo.

Real Decreto-ley 2/2021, de 26 de enero, de refuerzo y consolidación de medidas sociales en defensa del empleo.

Real Decreto-ley 11/2021, de 27 de mayo, sobre medidas urgentes para la defensa del empleo, la reactivación económica y la protección de los trabajadores autónomos.

Real Decreto-ley 18/2021, de 28 de septiembre, de medidas urgentes para la protección del empleo, la recuperación económica y la mejora del mercado de trabajo.

3 DATA

3.1 General description

The EUROMOD database is mainly drawn from the European Statistics on Income and Living Conditions survey (EU-SILC). This is the main European Union reference source for comparative statistics on income distribution and social exclusion at European level. EU-SILC data refer to both cross-sectional and longitudinal dimensions. The cross-sectional data is collected over a certain period (annually) with information on household socioeconomic and demographic characteristics, individual income and other important information on living conditions. The longitudinal nature of the survey allows following the same person over a period in order to study how their life changes when socioeconomic or demographic conditions change, or policies are modified.

The EU-SILC provides information on individuals' income and its components, the evolution of income over time and household financial situation. It also contains information on short-term movements linked to employment, such as several types of unemployment (short duration, long duration and under-employment), return to work from occasional unemployment, causes and characteristics of part-time employment. Concerning retirement, pensions and socio-economic situation of elderly are also included. Besides, EU-SILC also includes information on the factors determining early retirement, distribution of the main sources of income of elderly, composition of retirement pensions according to socio-economic and socio-demographic characteristics and the evolution of retirement pensions over time. The survey also covers some aspects related to migration, health, intergenerational transmission of poverty and social participation.

Table 3.1 EUROMOD database description

EUROMOD database	ES_2019_b1
Original name	ES_EMSD2_2019_a1
Provider	Eurostat
Year of collection	2019
Period of collection	January 2019 to March 2019
Income reference period	2018
Coverage	Private households
Sample size	households: 15,887 individuals: 39,668
Response rate	Household non-response rate: 30.8% (total sample). 38.5% (new sub-sample). 30.6 (longitudinal 1 wage-year). (All households) Overall individual non-response rate: 31.2% (total sample). 39.0% (new sub-sample). 28.9 (longitudinal 1 wage-year). (All households)

Notes: Information on response rates comes from the section 6 related to Accuracy and reliability of the Meta Report on Income and Living Conditions Spain (Spain 2019). INE: <http://ec.europa.eu/eurostat/web/income-and-living-conditions/quality/eu-and-national-quality-reports>

It should be noted here that the EUROMOD variable reporting individual age (*dag*) is taken from EU-SILC variable “age at the end of the income reference period” (RX020). In this regard, and in order to make compatible 2018 income with 2019 demographic information, children born in 2019 (by definition would be aged -1) were dropped from the sample.

Sample quality and weights

Non-response

Three types of non-response are observed in the EU-SILC data in households that have been selected for the survey. There are two types of questionnaires: (1) for the household information, and (2) for every single member considered as an adult i.e. aged 16+. If the household provides information on the household questionnaire and of at least one of the individual questionnaires, then the household is defined as a collaborating household. However, we may find individuals providing partial information (partial non-response), and some who have not provided any answers at all (individual non-response). When the household does not give any answer to the questionnaires (non-collaborating household), it is defined as a non-response unit.

To correct these three types of non-response, the following methods are implemented by the Spanish Statistical Office: for partial non-response, IVE imputation is used; for individual non-response, an inflation factor is defined in order to increase the total household income at micro level. Finally, when there is a non-response unit, a reweighting method is used.

- a) IVE imputation is a solution for partial non-response. This method uses information of the same individual from the previous wave. If this information is not available, or it is available but imputed, *IVEware* is used. *IVEware* is a SAS callable software application that can perform multiple imputations of missing values using the Sequential Regression Imputation Method described in the article “A multivariate technique for multiply imputing missing values using a sequence of regression models” by Raghunathan, Lepkowski, Van Hoewyk and Solenberger (Survey Methodology, June 2001). This multivariate method can handle relatively complex data structures. It uses random perturbations to create imputations through a sequence of univariate regressions. The type of regression model used depends on the variable being imputed. The imputations are defined as draws from the predictive distribution specified by the regression model. The sequence of imputing missing values could be continued in a cyclic manner, each time overwriting the previously drawn values to build more independence and exploit the correlational structure.
- b) In the case of individual non-response, individuals are imputed using their group mean. Groups are defined using certain variables from the R-file, such as sex, age, activity, number of children, household type, etc., and assigning the personal income mean value of the group where the individual belongs to.
- c) Unit non-response: the non-responding households are dropped from the sample and the weights are adjusted to account for this, using reweighting methods.

Weights

The original sample consists of 15,887 households (39,852 individuals). None households reported missing adjustment income factor and missing household income. The weights provided by the EU-SILC are household weights aiming to correct for selective non-response and panel attrition. No reweighting was performed.

Children born in 2019 (184 observations) were excluded from the sample. However, the weights were not scaled up to reflect this exclusion. As a result, the sample used in the model is of 15,887 households (39,668 individuals) projecting a population of 46,227,073 individuals. Table 3.2 presents some basic descriptive statistics for the grossing-up weight.

Table 3.2 Descriptive statistics of the grossing-up weight

	ES_ 2019_b1
Number	39,668
Mean	2,527
Maximum	19,336
Minimum	17
Max/Min	1,151

Item non-response and under-reporting

Comparison of the EU-SILC with external sources is rather difficult because most often income definitions do not match. The difficulty generally stems from the definition of the income component itself and from the way an amount is expressed. Furthermore, an increasingly large proportion of social transfers are managed by the regions, which makes particularly hard to bring all the available information together. Nevertheless, we would like to provide some hints on the validity of the income data from EU-SILC using other information sources.

If we compare the constructed gross income data from EU-SILC (see Paniagua. M. and Méndez. J. (2008) Spanish Living Conditions Survey (SILC 2015)) with those provided by National Accounts data available at the INE (*Instituto Nacional de Estadística*), we find that there is some underreporting in SILC. For example, employees incomes are somewhat underreported in SILC with respect to national accounts. The amount for SILC is: $402,943 + 3,316 = 406,259$ (survey 2019), whereas in the national accounts the number is of 425,835 (year 2018)⁴².

The general conclusions on income non-response in the EU-SILC 2019 from the yearly Quality Report of the Spanish version indicate that almost every household in the sample declared to have received some income (99.6%)⁴³ during the year. If we take into account the income components at household level, we can state that the sources with more recipients are net interest, dividends, profits from capital investment in unincorporated business (36.3%) and repayments/receipts for tax adjustments (80.4%). The percentage of households with partial information (10.4%) is due to total disposable household income being a sum of several components where some of them can be imputed. Now, if we consider the income components at personal level as our main target, we can see that almost half of the individuals providing with individual questionnaires in the sample receive net cash or near cash employee income (51.3%). Apart from employee income, net old-age pensions (19.3%) and net unemployment benefits (12.0%) are also significantly important as income sources for these individuals.

3.1.1. EUROMOD SILC Database (EMSD)

From 2021 onwards, a new database prepared by Eurostat - EUROMOD SILC database (EMSD) is used to derive the EUROMOD input dataset. The EMSD includes:

- all UDB (User Database) variables (each variable is described in the doc 65 available online);
- national SILC data supplied by the National Statistical Institute (NSI);
- EUROMOD variables created and imputed by Eurostat because of restricted data access or knowledge in-house.

⁴² This data is included in Annex 3 (Annex 4 for years previous to 2019) of the Metadata Report on Survey on Income and Living Conditions Spain (Spanish ECV 2019).

⁴³ This data are included in Annex 2 (Annex 3 for years previous to 2019) of the Metadata Report on Survey on Income and Living Conditions Spain (Spanish ECV 2019).

Based on the EMSD, the national team derives additional variables requiring a deep understanding of country specificities (for instance national tax-benefit rules). The final EUROMOD input dataset is therefore made of variables created by both Eurostat and national team.

Some of the EUROMOD variables produced by Eurostat are created and/or imputed with PDB (Production Database) variables. The reason being that the modalities of the PDB variables are more detailed than in UDB. According to the agreement between the NSI and Eurostat, the national team was allowed to use the more detailed information coming from the PDB to derive some EUROMOD variables or to use them as intermediate variable to impute other EUROMOD variables.

However, in the final EUROMOD input dataset, same disclosure rules as in the UDB are applied. Nevertheless, when imputing variables, disclosure rules are not applied, so the values might still differ from the one that a user could obtain when replicating the imputation based on the UDB data set.

3.2 Imputations and assumptions

3.2.1 Time period

In EU-SILC the reference period of income variables (previous year) is different from the socio-demographic labour and economic characteristics (at time of the interview). The reconciliation of these variables was limited to cases where this inconsistency would undermine the reliability of simulated policies (e.g. the simulation of social contributions may be affected if an individual reporting earnings do not report labour market information due to changes in employment status between income reference period and the time of interview). For details on the number of observations affected and on how these incomes were reconciled see the DRD (Data Requirement Document) which accompanies the EUROMOD input data.

All monetary amounts in the EU-SILC are expressed in annual terms. These are converted into (average) monthly terms dividing them by 12. In the EUROMOD calculations, it is implicitly assumed that income is received at the same rate throughout the year. In order to improve the quality of simulation of policies based on monthly income and with duration that may be lower than 12 months in a year (e.g. social contributions and unemployment benefits) variables reporting the number of payments are constructed for key income sources (in particular employment and self-employment income, unemployment benefits and pensions).

3.2.2 Gross incomes

In the EU-SILC 2019, income variables for Spain are available gross of taxes. Such variables were imputed by the Spanish Statistical Institute based on reported net income. For more information on the net to gross imputation, see Paniagua and Méndez (2008).

3.2.3 Disaggregation of harmonized variables

Detailed disaggregated benefits are available in EU-SILC 2019 for Spain. Benefits are split into 4 groups according to their characteristics: CT&MT, CT&NT, NC&MT and NC&NT⁴⁴. These groups were used to construct the EUROMOD input dataset and generate the final EUROMOD disaggregated benefits. In fact, the availability of these variables made possible to switch from using the National SILC (used in the past in EUROMOD), to the use of UDB EU-SILC. The tables below

⁴⁴ CT = contributory, NC = non-contributory, MT = means-tested, and NT = non-means-tested.

show how the disaggregated benefits were used to compute the final disaggregated EUROMOD benefits:

A. Household level benefits

	FAMILY/CHILDREN-RELATED ALLOWANCES				SOCIAL EXCLUSION NOT ELSEWHERE CLASSIFIED				HOUSING ALLOWANCES			
	HY051	HY052	HY053	HY054	HY061	HY062	HY063	HY064	HY071	HY072	HY073	HY074
	CT & MT	CT & NT	NC & MT	NC & NT	CT & MT	CT & NT	NC & MT	NC & NT	CT & MT	CT & NT	NC & MT	NC & NT
UDB SILC 2019	X				X	X		X	X	X		X
EUROMOD input data		bma	bch00 + bchdi + bchot	tintrch			bsa				bho	
Comments	HY053G is split into bch00, bchdi & bchot in the do-files				No split				No split			

B. Individual level benefits (part 1)

	UNEMPLOYMENT BENEFITS				OLD-AGE BENEFITS				SURVIVOR' BENEFITS			
	PY091	PY092	PY093	PY094	PY101	PY102	PY103	PY104	PY111	PY112	PY113	PY114
	CT & MT	CT & NT	NC & MT	NC & NT	CT & MT	CT & NT	NC & MT	NC & NT	CT & MT	CT & NT	NC & MT	NC & NT
UDB SILC 2019	X			X				X			X	X
EUROMOD input data		bunct + ysv	bunnc + bunot		poacm	poa00 + poaot	poanc		psuwdec	psuwdec + psuot		
Comments	PY092G and PY093G split in 2 components in the do-files				Four components are included in the input data; a national SILC variable is used to disentangle the main old-age pension (poa00) from other minor old-age pensions (poaot)				PY112G is split into two components in the do-file.			

C. Individual level benefits (part 2)

	SICKNESS BENEFITS				DISABILITY BENEFITS				EDUCATION-RELATED ALLOWANCES			
	PY121	PY122	PY123	PY124	PY131	PY132	PY133	PY134	PY141	PY142	PY143	PY144
	CT & MT	CT & NT	NC & MT	NC & NT	CT & MT	CT & NT	NC & MT	NC & NT	CT & MT	CT & NT	NC & MT	NC & NT
UDB SILC 2019*	X			X				X	X	X		X
EUROMOD input data		bhl00	bhlot		pdicm	pdi00 + pdiot	pdinc				bed	
Comments	Two variables are included in the input data but are not used.				Four components are included in the input data; a national SILC variable is used to disentangle the main disability pension (pdi00) from other minor disability pensions (pdiot)				No split.			

* Note: “X” means that the variable doesn’t exist in EU-SILC. i.e. benefits with such characteristics do not exist in the country.

3.3 Updating

To account for any time inconsistencies between the income reference period and the simulated policy year, uprating factors are used. Each monetary variable (i.e. each income component) is updated so as to account for changes in the non-simulated variables that have taken place between the income reference period and the year of the simulated tax-benefit system. Uprating factors are generally based on changes in the average value of an income component between the income reference period and the policy year, although they might be also based on statutory indexation rules. For detailed information about the construction of each updating factor, as well as the sources that have been used, see table 3.3 in Annex 1.

4 VALIDATION

4.1 Aggregate Validation

EUROMOD results are validated against external benchmarks. Detailed comparisons of the number of people receiving a given income component and total yearly amounts are shown in Annex 3. Both market incomes and non-simulated taxes and benefits in the input dataset, as well as simulated taxes and benefits, are validated against external official data. The main discrepancies between EUROMOD results and external benchmarks are discussed in the following subsections. Factors that may explain the observed differences are also discussed.

4.2 Components of disposable income

In EUROMOD, we calculate the disposable income from gross income variables deducting the total personal income tax and social insurance contributions that should be paid and adding up the benefits and pensions to which the individuals are entitled. There are smaller discrepancies between the disposable income definition in EUROMOD and in EU-SILC that can be seen in table 4.1.

Table 4.1 Components of disposable income

	EUROMOD 2018	EU-SILC 2019
	ils_dispy	HY020
Employee cash or near cash income	+	+
Employer's social insurance contribution	0	0
Company car	0	+
Contributions to individual private pension plans	0	0
Cash benefits or losses from self-employment	+	+
Pension from individual private plans	+	+
Unemployment benefits	+	+
Old-age benefits	+	+
Survivor' benefits	+	+
Sickness benefits	+	+
Disability benefits	+	+
Education-related allowances	+	+
Income from rental of a property or land	+	+
Family/children related allowances	+	+
Social exclusion not elsewhere classified	+	+
Housing allowances	+	+
Regular inter-household cash transfer received	+	+
Interests. Dividends. etc.	+	+
Income received by people aged under 16	+	+
Regular taxes on wealth	-	-
Regular inter-household cash transfer paid	-	-
Tax on income and social contributions	-	-
Repayments/receipts for tax adjustment	+	+

4.3 Validation of incomes imputed into the simulation

As it can be seen in Table 4.2 in Annex 3, the number of employed individuals in 2018 is well captured in EU-SILC data (ratio of 101%), while the unemployed are slightly overrepresented (ratio of 114%). This overrepresentation becomes larger in 2019 as the labour market performs better (ratio of 122%) although again in 2020 the ratio falls to 112%. These discrepancies can be explained by the fact in EUROMOD none labour market adjustments are applied to the baselines, i.e. the labour market conditions of the survey year are kept unchanged.

Tables 4.3 and 4.4 depict the number of market income recipients and the annual amounts in EU-SILC data, respectively. These numbers are then compared with the statistics provided by the Spanish Tax Agency, which are mainly obtained from income tax returns. On the one hand, the number of market income recipients is slightly overestimated in EU-SILC data, e.g. individuals with employment income are overrepresented by around 14% in comparison to external statistics. This can be also observed when looking at the number of individuals with self-employment or property income. Differences are mainly explained by the fact the external sources refer only to the population of taxpayers, whereas EU-SILC data represents the whole population. In this regard, it is important to note that in Spain individuals are not obliged to fulfil a tax return if their income is below the tax-exempted threshold.

On the other hand, employment and self-employment incomes are also overestimated compared to tax-based data (by 8% and 41%, respectively, in 2018), with a similar pattern taking place regarding private pensions (e.g. the ratio is of 129% in 2018). However, the opposite can be seen for investment

and property incomes, which are significantly underrepresented in EU-SILC data (macrovalidation ratios are of 55% and 49% in 2018, respectively). The latter suggests some sort of under-recording of these income sources, which might be linked to an underrepresentation of wealthy households in the underlying data.

Tables 4.5 and 4.6 in Annex 3 show the number of recipients and annual amounts of all benefits and taxes that cannot be simulated in EUROMOD due to lack of information in the EU-SILC data. The entitlement to these benefits depends, in many cases, on the contributory history of individuals, which is not available in the underlying data. Moreover, EU-SILC contains very limited information on wealth-related variables, which also prevents the simulation of the wealth tax.

Overall, Tables 4.5 and 4.6 show that pensions are well represented in EU-SILC data. In particular, the number of recipients is only slightly overestimated, with larger discrepancies as regards pensions for small population subgroups, such as orphan's and disability pensions. On the contrary, maternity benefits are not well represented in the underlying data; the number of recipients and annual amounts are only about 0.12 times the numbers in external data. One possible explanation behind this substantial difference is that parental leave benefits are mixed up with employment income in EU-SILC, making difficult the comparison with respect to the external data. Finally, the annual amounts of the wealth tax are clearly infraestimated in EU-SILC (only 36% of the total revenues are being captured), which goes in line with the usual underrepresentation of wealthy households in the underlying data. However, the number of taxpayers is surprisingly overestimated by around 17%. Although there is no clear evidence on why this might be happening, it's important to note that the wealth tax is only paid by very few individuals in Spain. Therefore, the representation of this subgroup of population in EU-SILC might be subject to sample size issues.

4.4 Validation of outputted (simulated) incomes

Pension complements and the non-contributory old age pension are partly simulated in EUROMOD, i.e. the eligibility is taken from the underlying data. Therefore, and as it can be seen in Tables 4.7a and 4.8a, the number of recipients and annual amounts in the EUROMOD simulations are very similar to those in the input data. The comparison with external information is also accurate, although the non-contributory old age pension is slightly overestimated (by around 10%).

Unemployment benefits are simulated following the same approach as for pension complements and the non-contributory old age pension – eligibility is taken from data but the remaining policy rules (e.g. income tests, benefit amounts, etc.) are fully simulated. It does not come as a surprise, then, that the comparison of the simulated number of beneficiaries with EU-SILC data leads to very similar numbers. However, Tables 4.7a and 4.8a show that, when it comes to the comparison with external data, the total number of beneficiaries is highly overestimated for the unemployment insurance benefit (ratio of 403% in 2018), whereas the simulated annual amounts are slightly lower than official statistics (ratio of 96% in 2018). In this regard, unemployment benefit simulations are not strictly comparable to official statistics. While the former shows any recipient that received the benefit at any time during the year, as well as the accompanying total annual expenditure, the latter shows the average number of recipients along the year and the annualized amount of expenditure on any given month during the year. As a result, it is not surprising that results show a larger number of recipients and lower annual amounts in EUROMOD. Noticeably, in 2020, the external information on the unemployment insurance benefit includes the sharp increase in recipients and expenditure as consequence of the COVID-19 crisis. In particular, and as explained in previous sections, workers affected by an *ERTE* are granted with access to the unemployment insurance benefit and the corresponding expenditure is accounted for in this item. As the simulation of labour market transitions are switched off in the EUROMOD baseline, the resulting income shock is not being captured in the EUROMOD results for 2020 and 2021.

Child benefits are fully simulated in EUROMOD. On the one hand, and as compared to external statistics, the main child benefit for families with children below 18 years old is slightly overestimated in terms of recipients (by 7% in 2018) and amounts (by 20% in 2018).. The slight overestimation of recipients can be due to several reasons, among them: (1) some sort of non-take up, since families located at the phase-out of the benefit are entitled to very low benefit amounts; and (2), some sort of underreporting of incomes in EU-SILC that might increase the pool of eligible recipients when simulating the means-test.

On the other hand, the child benefit for families with disabled children over 18 years old is similar in terms of recipients but it is underestimated in terms of annual amounts (by 19% in 2018). Possible factors driving these results might have to do with: (1) the relatively small samples in EU-SILC for specific subgroups, such as people with disabilities; and (2) the lack of information on the disability degree of the individual. Due to (2), the simulation assumes that all disabled children over 18 years old have a disability level of 65%, and the bigger amounts for those with a disability level of 75% or more are not simulated.

Moreover, childbirth benefits are somewhat oversimulated in EUROMOD by around 14% and 11% in terms of recipients and annual amounts, as it can be seen in Tables 4.7a and 4.8a. These lump-sum benefits are granted for families with very specific statuses, such as large families, lone parents or families giving birth to multiple children and their validation is frequently subject to a large degree of variation. Besides, external statistics on regional benefits are very scarce and usually not available, preventing the macrovalidation of regional child benefits.

As far as social assistance benefits are concerned, Tables 4.7a and 4.8a show that the simulation of the regional minimum income schemes fits quite well the external data, both in terms of recipients and annual amounts. This is undoubtedly the result of the non-take-up correction applied to the simulation of these regional schemes (see section 2.5.5.2). Switching off this non-take-up correction leads to a substantial oversimulation of these benefits, as in practice their coverage is very low (of around 20% on average). The simulation of the nation-wide minimum income is also calibrated in EUROMOD due to non-take-up (see section 2.5.5.1). In particular, the calibration aims to replicate the total expenditure on this scheme in 2020. Noticeably, the scheme was in place only for 7 months over that year, as it entered into force in June. However, in EUROMOD policies are simulated as of June 30 and the simulated expenditure results reflect the annual impact as if the scheme had been in place over the whole year⁴⁵. This explains the overestimation with respect to official figures even in presence of the non-take-up correction.

Table 4.7b and 4.8b also show the results of the simulation of social insurance contributions (SICs) and personal income taxes in EUROMOD, comparing them with respect to EU-SILC and external data. SICs are fully simulated in EUROMOD by splitting employees depending on whether they work full-time or part-time and making use of the information on sector of activity (3 groups), occupation (10 groups) and maximum level of education achieved (6 levels).

According to the results, the number of employee and employer SICs simulated in EUROMOD are overestimated (by 24% in 2018). This is even more noticeable when looking at the annual amounts, which are overestimated by around 42 to 48%, in 2018. In this regard, there might be some sort of informality not captured by the external statistics from SICs records, whereas in EUROMOD full compliance is assumed. Besides, the comparison with the external data is somewhat challenging as in EUROMOD the full breakdown of SICs schemes is not simulated. For example, civil servants are simulated within the General Regime for employees due to lack of information in the underlying

⁴⁵ Nevertheless, the FYA extension, which is switched off by default in the baseline, can be activated to simulate within year policy changes, as the one concerning the approval of the nation-wide minimum income scheme in June 2020.

data, while in practice they might belong to a specific SIC regime (“MUFACE”) that is not accounted for in the aggregate external numbers we are using to compare with.

The number of self-employed SIC payers simulated by EUROMOD is slightly oversimulated (by 6% in 2018), whereas the total annual amounts are undersimulated (by 29% in the same year). In this case, the simulation in EUROMOD assumes, due to lack of information, that the self-employed contributions are computed on their minimum contribution base (i.e. all self-employed are assumed to choose the minimum contribution base to calculate their contributions). However, this might not be the case in practice where some individuals might decide to contribute using bigger contribution bases. This might explain why the annual amounts of SICs for the self-employed are underestimated in EUROMOD as compared to the external statistics.

Regarding the simulation of the personal income tax, EUROMOD overestimates the number of taxpayers by around 15% in 2018⁴⁶ as can be seen in table 4.7b. Nevertheless, the total annual amounts are more accurately simulated and, in 2018, they deviate by 9% with respect to the external statistics (see table 4.8b). Besides, some intermediate simulations preceding the calculation of the final income tax liability are provided as well in both tables, such as the tax bases, tax allowances and some representative tax credits. The accuracy of their simulation varies among the different components. In this regard, it is worth mentioning that the savings tax base is highly undersimulated (in 2018 the ratio is only of 20% in terms of annual amounts) given the lack of information on property gains and the potential underrecording of investment incomes in the underlying data. In any case, the simulation of the personal income tax in Spain is effectively a very complex task given the different treatment of the *general taxable income* and *savings taxable income*, and the geographical nature of this tax in Spain.

4.5 Income distribution

All income distribution results presented here are computed for individuals according to their household equivalised disposable income (HDI) – using the “modified OECD” equivalence scale. HDI are calculated as the sum of all income sources of all household members (labour market income plus benefits, pensions and transfers) net of income tax and social insurance contributions. The weights in the OECD equivalence are: first adult=1; additional people aged 14+ = 0.5; additional people aged under 14 = 0.3.

4.6 Income inequality and poverty

Tables 4.9 and 4.10 provides results for the following indicators on the income distribution: income decile shares, mean and median equivalised income, income quintile ratio, Gini coefficient and poverty rates. Results are presented for own calculations using EUROMOD baseline results and external statistics published by Eurostat based on the EU-SILC data.

Besides the conceptual and technical differences in the definition of the household disposable income with respect to EU-SILC, such as the inclusion of different income sources, small changes to the sample, recoding of negative incomes into zero, together with all the above-described differences in the simulated amounts of benefit and taxes, the mean and median equivalised

⁴⁶ Note here that, in order to make the EUROMOD simulations comparable to the official data published by the Spanish Tax Agency, the regions of País Vasco and Comunidad Foral de Navarra have been excluded in tables 4.7b and 4.8b when computing the EUROMOD aggregates. This adjustment was applied since both regions follow different tax rules as the ones from the common fiscal territory (i.e. all other Spanish regions) and are not recorded in the statistics published by the Spanish Tax Agency. Only the component “income tax liability (national + regional)” includes the simulated figures from País Vasco and Comunidad Foral de Navarra to show the extent of total simulated taxes when taking into account the aforementioned regions.

disposable income in EUROMOD are very similar to the original EU-SILC data (99% and 101% ratio in 2018, respectively), as it can be seen in table 4.9.

Results in terms of income distribution and inequality are also shown in Table 4.9. The table illustrates that EUROMOD matches quite accurately the distribution of disposable income in 2018, with slight discrepancies varying from -2% to 8%. Moreover, EUROMOD simulates slightly smaller figures for the Gini coefficient (98% ratio in 2018) and the income quintile ratio (95% ratio in 2018), which are consistent with the larger simulated income shares being received by the first decile.

Finally, the Table 4.10 provides at-risk-of-poverty rates using poverty lines based on 40, 50, 60 and 70% of the median equivalised disposable income. According to the results, at-risk-of-poverty rates simulated in EUROMOD are, overall, very similar to official ones obtained from EU-SILC. Only for the oldest population (aged 65+) remarkable differences can be observed. In particular, in 2018, EUROMOD overestimates the poverty rate of this population group by 29%. We hypothesize that this result arises from an exceptional increase in the minimum pensions that took place in December 2018, applying retroactively for the whole 2018. This extraordinary compensation is not simulated in EUROMOD, whereas it might be accounted for in the EU-SILC data. Conversely, in 2019, the pattern reverses and EUROMOD depicts a lower poverty rate for this population group with respect to EU-SILC. In this case, EUROMOD seems not fully able to capture the remarkable increase observed in EU-SILC in 2019 in the median disposable income, which subsequently leads to an increased poverty rate for the oldest population. More concretely, this increase should be interpreted in light of a very similar magnitude of the old-age pension complements and the poverty line, by which substantial changes to the latter but not the former might result into significant variations of the poverty rate for the oldest population.

4.7 Validation of minimum wage

Switching on the minimum wage simulation does not have a significant impact on EUROMOD baseline simulations. The changes in terms of equivalised disposable income are, overall, very small (less than 4%), although they might become more relevant since 2019, when the minimum wage in Spain experienced a substantial increase. It should be noted that this increase might not be captured in whole by the uprating factors used in the model. Some remarkable effects might be also observed when looking at the at-risk-of-poverty rate. In this regard, the minimum wage adjustments would increase the poverty-reducing effects of the EUROMOD baseline from 8% to 10% depending on the year.

4.8 Summary of “health warnings”

This final section summarises the main findings in terms of particular aspects of the Spanish EUROMOD spine or its database that should be borne in mind when planning appropriate uses of the model and interpreting the results:

- The sample becomes relatively small when regions are considered. Since most regional policies are targeted at very specific (and in many cases rather small) population subgroups, EUROMOD results might not be statistically significant for such policies. Furthermore, validating regional policies is a complex task given that the information from regions is scarce and difficult to compile.
- There is a shortfall of people with higher incomes, self-employment income and investment or capital income.

- By default, the eligibility of the following policies is partly simulated (i.e. conditional on being reported in the data) due to lack of information in the underlying data:
 - Unemployment insurance (bunct)
 - Unemployment assistance (bunnc)
 - Non-contributory old-age pension benefit (poanc)
 - Old-age pension complement (poacm)
 - Widow/er pension complement (psuwdcn)
- Parental leave benefits are only simulated from 2015 to 2021. They are defined in an extension (Parental Benefits Extension) that is switched off in the baselines. i.e. the non-simulated component (*bma*) is being used. When the extension is switched on, the non-simulated component is reduced by subtracting the value of the simulated components (*bmact_s*, *bmanc_s*, *bpact_s*). The simulated numbers might differ significantly from external statistics as some policy rules cannot be simulated accurately due to lack of information in the underlying data.
- In 2019, a substantial increase of the minimum wage took place in Spain, from €735.90 per month in 2018 to €900 per month in 2019. However, the simulation of the minimum wage is switched off by default in EUROMOD. Although part of the above-mentioned increase might be captured via the uprating factors when using income data from before 2019, the whole extent of the increase might not be reflected in the baseline.
- The simulation of monetary compensation schemes (*yemcomp_es* & *ysecomp_es*) is triggered by the simulation of labour market transitions defined in policy *TransLMA_es*. This policy becomes operational if the model is run in conjunction with the LMA add-on. The nature of these simulations is still experimental and only partially validated. Users are encouraged to refer to the “Simulating labour market transitions in EUROMOD” document prior to their use.
- Labour market transitions are switched OFF in EUROMOD baselines. As a consequence, the simulation of monetary compensation schemes does not produce any effect in baseline simulations. Since all policies not linked to labour market transitions are fully functional, it is possible for disposable income in 2020 to be higher than disposable income in previous years

5 REFERENCES

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Sources for tax-benefit descriptions/rules

The sources for tax descriptions correspond to the different laws that were applicable on 30th june each calendar year. In particular the main sources for the Personal Income Tax the applicable are:

- Law 35/2006, of 28 November, on the Personal Income Tax and partial amendment of the Laws regulating Corporation Tax, Non-resident's Income Tax and Wealth Tax and related reforms.
- Furthermore, additional information was retrieved from the Personal Income Tax guides published yearly by the Spanish Tax Agency, available at www.aeat.es

The sources of benefit descriptions come mainly from the information available at the *Ministerio de Trabajo e Inmigración*. In particular, it was useful the use of the Annual Labour guide that is partially available online. In addition, the information in the *Guías de ayudas sociales para las familias* was very useful for detailed information on family benefits edited by the *Ministerio de Sanidad y Política Social*.

The source for the description of social insurance contributions comes from the information in the publication edited in 2009: *Normas de cotización a la Seguridad Social*. *Ministerio de Trabajo e Inmigración*. *Secretaría de Estado de la Seguridad Social* (www.seg-social.es).

ANNEX 1. UPRATING FACTORS

Table 5.1 Raw indices for deriving EUROMOD uprating factors

	Factor reference	Variable	Year				
			2018	2019	2020	2021	
Harmonised Index of Consumer Prices	\$HICP	Used by the Policy Effects Tool	103.46	104.26	103.91	104.85	EUROSTAT; AMECO forecasts for 2020 values
CPI	\$f_cpi	Afc.bed.bho.bfa.kivho.tpr.xhc.xhcmomc.xhcmomi.xhcot.xhcrt.xhcmo.xmp.xpp.yot.ypp.ypt	123.87	124.73	124.32	125.44	Annual Consumer Price Index disseminated by the National Statistics Institute. 2020 forecast computed using the Private Consumption Price Deflator of the General State Budget 2020.
Wage Cost. Private Sector. Quaterly Labor Cost Survey	\$f_wage	Bhl.bma.bunctpc.yivwg.yem_a.yse.ysv.yem	1,919.51	1,954.32	1,904.82	1,901.39	Mean of quarterly wage cost disseminated by the National Statistics Institute. Seasonally adjusted series. 2020 forecast computed using the UNIT LABOUR COST of the current year included in the Economic Forecast of the European Commission
Labour Cost. Quaterly Labor Cost Survey	\$f_labor	Kfb.kfbcc	2,573.20	2,629.98	2,573.86	2,569.22	Mean of quarterly labour cost disseminated by the National Statistics Institute. Seasonally adjusted series. 2020 forecast computed using the UNIT LABOUR COST of the current year included in the Economic Forecast of the European Commission
Interest Evolution. Aggregate Amount. National Accounts	\$f_k	yy	6,736.00	5,725.36	4,763.54	4,409.20	National Statistics Institute. Quarterly non-financial accounts by households and non-profit institutions. 2019 and 2020 forecast computed by using moving averages over the last 4 years (2015-2018)

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	Factor reference	Variable	Year				
			2018	2019	2020	2021	
IPREM (Multiple Purpose Indicator)	\$f_iprem	bunot	537.84	537.84	537.84	564.9	General State Budget, 2020.
Minimum Wage	\$f_mw	bchot	735.90	900.00	950.00	950.00	General State Budget, 2020 MW 2020 (<i>Real Decreto 231/2020, de 4 de febrero, por el que se fija el salario mínimo interprofesional para 2020</i>)
Minimum Pension Old Age	\$f_mpen_old	poaot	11,044.60	11,701.20	11,807.60	11,914.00	<i>Real Decreto, por el que se establece la revalorización y mantenimiento de las pensiones y prestaciones públicas del sistema de Seguridad Social</i>
Minimum Pension Survival	\$f_mpen_w	psuot	10,353.00	10,970.40	11,069.80	11,170.60	<i>Real Decreto, por el que se establece la revalorización y mantenimiento de las pensiones y prestaciones públicas del sistema de Seguridad Social</i>
Wage Cost. Public Sector	\$f_wagep_ub	Yem (for civil servants)	2,635.28	2,701.21	2,758.62	2,783.45	Average salary of civil servants (base salary + complements) divided by 14 (including 2 extra monthly payments). There are different civil servants' categories and the reference category chosen is A2, N26. Source: State Secretariat for Budgets and Expenditure.
Average old-age pension	\$f_poa_av	Poa00	1,090.63	1,137.81	1,161.80	1,183.17	Monthly average old-age contributory pension, Institute of Social Insurance (eSTADISS) 2020 forecast computed using the mean of the available monthly average old-age pension
Average disability pension	\$f_pdi00_av	Pdi00	946.19	975.48	985.03	993.71	Monthly average disability contributory pension, Institute of Social Insurance (eSTADISS) 2020 forecast computed using the mean of the available monthly average disability pension
Average survivor pension	\$f_psu_av	psuwd00	664.43	711.83	725.36	737.11	Monthly average survivor contributory pension, Institute of Social Insurance (eSTADISS) 2020 forecast computed using the mean of the available monthly average survivor pension
Average non contributory	\$f_pdinc_av	pdinc	410.02	423.75	429.63	441.00	Monthly average non-contributory disability pension, Institute for Older Persons and Social Services ("IMSERSO")

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	Factor reference	Variable	Year				
			2018	2019	2020	2021	
disability pension							2020 forecast computed using the mean of the available monthly average non-contributory disability pension
Average disability pension complement	\$f_pdicm_av	Pdicm	150.16	145.92	139.02	138.18	Monthly average disability pension minimum complement, Institute of Social Insurance (eSTADISS) 2020 forecast computed using the mean of the available monthly average non-contributory disability pension complement
Led index of employment income	\$f_wage Lead	ymwdt	1,954.32	1,904.82	1,901.389	1,901.389	Calculated based on \$f_wage led by 1 year
Child benefit (child age 3-17); EUR/month	\$f_bch00	bch00	24.25	28.42	28.42	28.42	Statutory parameter
Child benefit (disabled age > 18); EUR/month	\$f_bchdi	bchdi	369.9	392.0	395.6	399.20	Statutory parameter
Refundable child tax credit; EUR/month	\$f_tintrch	tintrch	100	100	100	100	Statutory parameter
Wage Cost. Private Sector. (lag 1 year) EUR/month	\$f_wagel ag1	ymwdt	1,899.53	1,919.51	1,954.32	1,904.82	Calculated based on \$f_wage lagged by 1 year
Non-contributory old age pension; EUR/month	\$f_poanc	poanc	431.55	457.33	461.53	469.93	Statutory parameter
Wealth tax; mill. EUR/year	\$f_tpr	tpr	1,123.447	1,123.447	1,123.447	1,123.447	Tax revenues published by the tax authorities. Source: Tax agency (AEAT). Last available information of 2018. Following years kept constant.

ANNEX 2. POLICY EFFECTS IN 2020-2021

Table A1 and Figure A1 show the effect of policy changes in 2020-2021 on mean equivalised household disposable income by income component and income decile group, as a percentage of mean equivalised household disposable income in 2020. Each policy system has been applied to the same input data, deflating monetary parameters of 2021 policies by Eurostat's Harmonized Index of Consumer Prices (HICP). Importantly, the results presented here do not account for the Covid-19 labour market shocks and income protection schemes put in place for employees and self-employed in 2020 and extended in 2021.

In 2020-2021, households experienced, on average, a slight disposable income decrease of -0.30% due to policy changes between both years. The decrease affected all decile groups, except the first decile, which experienced a growth of 2.78%. Therefore, policy changes mostly depict a pro-poor pattern.

The average decrease in the disposable income is mainly driven by changes to the direct taxes, with an average drop of -0.25%. Although the decrease was felt almost among all decile groups, the top decile experienced, undoubtedly, the highest decrease (-0.45%). This negative effect experienced particularly by the upper deciles is mainly driven by changes to the Personal Income Tax, whose general and savings tax schedules were reformed in 2021 for the inclusion of two additional brackets for high-income earners⁴⁷. Besides, the maximum limit of the tax allowance for contributions to private pensions plans was significantly reduced, from 8,000€ per year in 2020 to 2,000€ in 2021. Given the likely concentration of individuals holding pension plans on the middle-to-top part of the income distribution, it seems reasonable to observe the higher impacts around this part of the income distribution.

Moreover, changes to public pensions and non mean-tested benefits had also a negative impact on households disposable incomes, of -0.11% and -0.02%, respectively, whereas changes in social insurance contributions were almost negligible. The negative effect on pensions and non-means-tested benefits affected all decile groups and can be mainly explained by a smaller indexation of these instruments than the inflation.

Conversely, changes to mean-tested benefits produced, on average, a slight disposable income increase of 0.07%, with the first decile experiencing, undoubtedly, the highest increase (+2.81%). The income gain by the first decile can be mainly explained by two factors: first, the increase in the basic amount of the nation-wide minimum income scheme, from 5,538€ per year in 2020 to 5,638€ per year in 2021. Second, and although might not be strictly considered a policy change, in the sense that it is not driven by changes to the main policy rules, the coverage of the nation-wide MI scheme progressively increased since 2020. This effect is being captured in our simulations due to the non-take-up adjustments put in place for both years, which aim to reflect the total official expenditure on this scheme in both years, preliminarily showing an increase in coverage in 2021 with respect to the previous year.

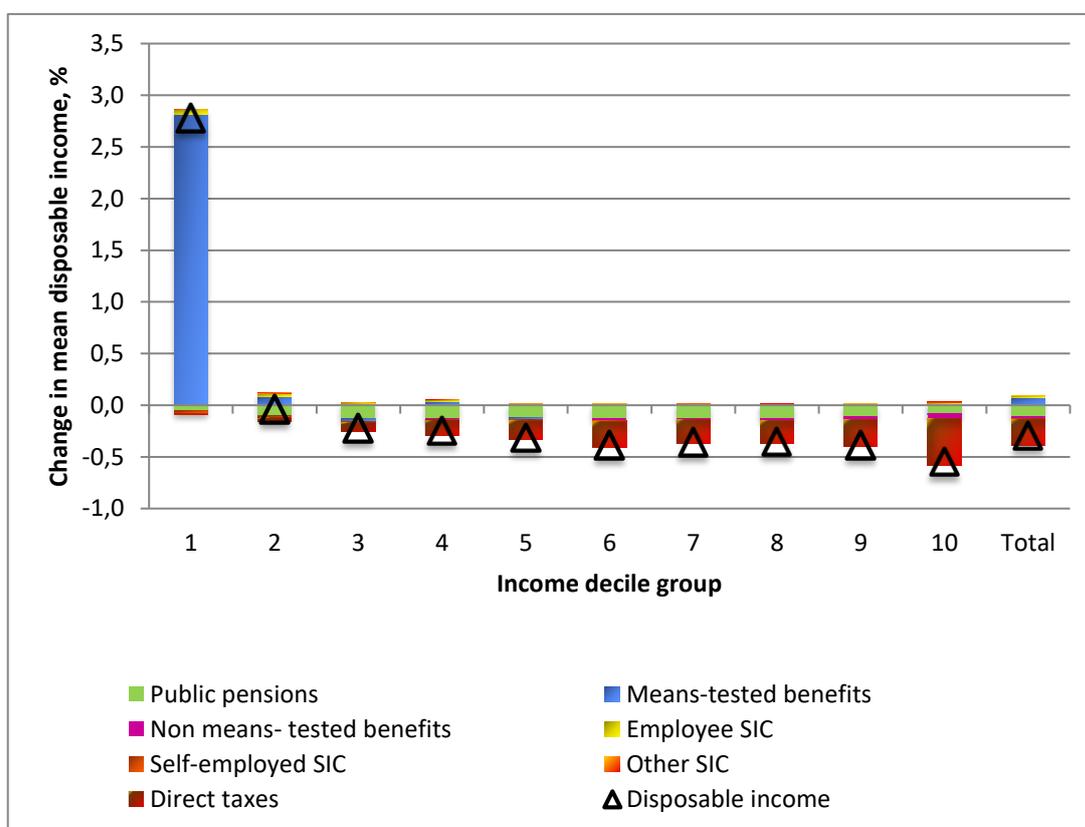
⁴⁷ Nevertheless, it should be noted that the two new tax brackets apply to very high taxable incomes, which might not be fully represented in EU-SILC data. Therefore, the impact of this policy change should be understood as a lower bound effect.

Table A1: Policy effects in 2020-2021 using the CPI-indexation [1.01376190934463], %

Decile	Original income	Public pensions	Means-tested benefits	Non means-tested benefits	Employee SIC	Self-employed SIC	Other SIC	Direct taxes	Disposable income
1	0.00	-0.05	2.81	0.00	0.05	-0.03	0.00	0.00	2.78
2	0.00	-0.10	0.08	0.00	0.04	-0.02	0.00	-0.04	-0.04
3	0.00	-0.13	-0.03	0.00	0.02	-0.01	0.00	-0.09	-0.23
4	0.00	-0.13	0.03	-0.01	0.02	-0.01	0.00	-0.15	-0.25
5	0.00	-0.11	-0.02	-0.01	0.01	-0.01	0.00	-0.18	-0.32
6	0.00	-0.13	0.00	-0.02	0.01	-0.01	0.00	-0.25	-0.39
7	0.00	-0.12	0.00	-0.02	0.01	0.00	0.00	-0.23	-0.36
8	0.00	-0.12	0.00	-0.03	0.01	-0.01	0.00	-0.21	-0.36
9	0.00	-0.11	0.00	-0.02	0.02	0.00	0.00	-0.26	-0.38
10	0.00	-0.08	0.00	-0.04	0.03	-0.01	0.00	-0.45	-0.55
Total	0.00	-0.11	0.07	-0.02	0.02	-0.01	0.00	-0.25	-0.30

Notes: shown as a percentage change in mean equivalised household disposable income by income component and income decile group. Income decile groups are based on equivalised household disposable income in 2020 using the modified OECD equivalence scale. Each policy system has been applied to the same input data deflating monetary parameters of 2021 policies by Eurostat’s Harmonized Index of Consumer Prices (HICP).

Figure A1: Policy effects in 2020-2021, using the CPI-indexation. %



ANNEX 3. VALIDATION TABLES

Table 4.2-Number of employed and unemployed (in thousands)

	EUROMOD	External	Ratio						
	2018	2018	2019	2020	2021	2018	2019	2020	2021
Number of employed	19,366	19,136	19,568	18,958	N/A	1.01	0.99	1.02	N/A
Number of unemployed	3,971	3,479	3,248	3,531	N/A	1.14	1.22	1.12	N/A

Sources: EUROSTAT. Labour Force Survey. Variables: total employment (from 15 to 64 years old) and unemployment (from 15 to 74 years old)

Table 4.3-Market income in EUROMOD -Number of recipients (in thousands)

	EUROMOD	External	Ratio						
	2018	2018	2019	2020	2021	2018	2019	2020	2021
Employment income	21,442.58	18,889.52	19,157.77	N/A	N/A	1.14	1.12	N/A	N/A
Self-employment income	3,434.94	3,127.78	N/A	N/A	N/A	1.10	N/A	N/A	N/A
Investment income	10,855.82	10,850.53	10,223.44	N/A	N/A	1.00	1.06	N/A	N/A
Property Income	4,148.70	2,661.94	2,765.56	N/A	N/A	1.56	1.50	N/A	N/A
Private pension income	819.68	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Private transfers	676.88	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other income	399.15	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fringe benefits	3,387.30	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Sources: Employment income (source: AEAT - *Estadísticas mercado. Trabajo y pensiones (Modelo 190)*). Self-employment income (source: AEAT - *Estadísticas de rdtos. De actividades económicas*). Investment income (source: AEAT - *Estadísticas IRPF - Rdtos. Capital mobiliario integrados en base del ahorro - ingresos integros*). Property Income (source: AEAT - *Estadísticas IRPF- Bienes inmuebles - Ingresos integros*).

Table 4.4-Market income in EUROMOD -Annual amounts (in mil.)

	EUROMOD				External				Ratio			
	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
Employment income	402,512.9	410,186.2	402,391.3	402,281.1	374,174.6	394,004.7	N/A	N/A	1.08	1.04	N/A	N/A
Self-employment income	50,774.1	51,694.9	50,385.5	50,294.8	36,022.3	N/A	N/A	N/A	1.41	N/A	N/A	N/A
Investment income	9,169.7	7,793.9	6,484.5	6,002.2	16,627.1	17,880.5	N/A	N/A	0.55	0.44	N/A	N/A
Property Income	10,535.9	10,535.9	10,535.9	10,535.9	21,393.3	22,990.2	N/A	N/A	0.49	0.46	N/A	N/A
Private pension income	6,563.7	6,609.3	6,587.5	6,646.9	5,086.0	4,523.0	4,386.0	N/A	1.29	1.46	1.50	N/A
Private transfers	2,574.5	2,592.4	2,583.9	2,607.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other income	327.6	329.8	328.8	331.7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Fringe benefits	3,302.4	3,375.2	3,303.2	3,297.3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Sources: Employment income (source: AEAT - *Estadísticas mercado. Trabajo y pensiones (Modelo 190)*). Self-employment income (source: AEAT - *Estadísticas de rdtos. De actividades económicas*). Investment income (source: AEAT - *Estadísticas IRPF - Rdtos. Capital mobiliario integrados en base del ahorro - ingresos integros*). Property Income (source: AEAT - *Estadísticas IRPF- Bienes inmuebles - Ingresos integros*).

Table 4.5-Tax benefit instruments included but not simulated in EUROMOD -
Number of recipients/ payers (in thousands)

	EUROMOD	External	Ratio						
	2018	2018	2019	2020	2021	2018	2019	2020	2021
Benefits									
Old-age pension	6345	5929	6038	6094	N/A	1.07	1.05	1.04	N/A
Disability benefits	1343	1165	1166	1155	N/A	1.15	1.15	1.16	N/A
Widow's pensions	2266	2360	2362	2353	N/A	0.96	0.96	0.96	N/A
Orphan's pensions	408	340	340	340	N/A	1.20	1.20	1.20	N/A
Sickness benefit	915	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Maternity Benefits	63	505	557	467	N/A	0.12	0.11	0.13	N/A
Housing Benefit	302	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Education benefits	478	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Taxes and Social Insurance contributions									
Wealth tax	208	178	N/A	N/A	N/A	1.17	N/A	N/A	N/A

Sources: *Ministerio de Empleo. Anuario de Estadísticas*. Source for property tax: *Agencia Estatal de la Administración Tributaria (AEAT). Estadísticas Patrimonio*

Table 4.6-Tax benefit instruments included but not simulated in EUROMOD -Annual amounts (in mil.)

	EUROMOD				External				Ratio			
	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
Benefits												
Old-age pension	98,531.1	100,107.6	101,008.6	101,917.6	90,541.8	96,186.5	99,127.4	N/A	1.09	1.04	1.02	N/A
Disability benefits	15,318.7	15,564.7	15,704.9	15,846.2	13,632.5	14,142.2	14,188.5	N/A	1.12	1.10	1.11	N/A
Widow's pensions	19,379.8	19,689.9	19,867.1	20,045.9	21,952.5	23,535.0	23,891.6	N/A	0.88	0.84	0.83	N/A
Orphan's pensions	2,233.6	2,366.8	2,388.3	2,410.0	1,841.7	1,924.4	1,949.8	N/A	1.21	1.23	1.22	N/A
Sickness benefit	3,329.3	3,389.6	3,303.8	3,297.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Maternity Benefits	235.1	237.6	241.9	235.8	1,928.8	2,168.0	2,564.9	N/A	0.12	0.11	0.09	N/A
Housing Benefit	376.3	378.9	377.7	381.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Education benefits	813.5	819.1	816.4	823.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Taxes and Social Insurance contributions												
Wealth tax	408.6	408.6	408.6	408.6	1,123.4	1,219.1	N/A	N/A	0.36	0.34	N/A	N/A

Sources: *Ministerio de Empleo. Anuario de Estadísticas*. Source for property tax: *Agencia Estatal de la Administración Tributaria (AEAT). Estadísticas Patrimonio*

Table 4.7a-Benefit instruments simulated in EUROMOD -Number of recipients/ payers (in thousands)

	EUROMOD				SILC	Ratio	External				Ratio			
	2018	2019	2020	2021	2018	2018	2018	2019	2020	2021	2018	2019	2020	2021
Benefits														
NC old age pension	285	286	286	286	301	0.95	257	260	261	N/A	1.11	1.10	1.09	N/A
Old age pension complement	1298	1332	1337	1337	1372	0.95	1363	1355	1339	N/A	0.95	0.96	0.97	N/A
Widow's pension complement	719	740	740	741	933	0.77	723	677	660	N/A	0.99	1.06	1.09	N/A
Unemployment insurance	2907	2907	2907	2907	2944	0.99	721	775	1795	N/A	4.03	3.75	1.62	N/A
Unemployment assistance	1216	1377	1437	1435	1754	0.69	662	726	839	N/A	1.84	1.67	1.45	N/A
Child benefit - without disability	898	940	915	855	3868	0.23	842	822	N/A	N/A	1.07	1.09	N/A	N/A
Child benefit - with disability	197	203	208	208	1932	0.10	192	195	N/A	N/A	1.02	1.01	N/A	N/A
Birth and adoption benefits	31	31	35	35	N/A	N/A	27	25	N/A	N/A	1.14	1.24	N/A	N/A
Birth/adopt. benefits - multiple birth	13	13	13	13	N/A	N/A	6	6	N/A	N/A	2.14	2.32	N/A	N/A
Regional child benefits	107	118	120	120	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Regional minimum income schemes	292	297	263	235	N/A	N/A	293	297	N/A	N/A	1.00	1.00	N/A	N/A
National minimum income	0	0	211	340	N/A	N/A	N/A	N/A	160	N/A	N/A	N/A	1.32	N/A

 Sources: *Ministerio de Empleo. Anuario de Estadísticas*

Table 4.7b-Tax instruments simulated in EUROMOD -Number of recipients/
 payers (in thousands)

	EUROMOD				External				Ratio			
	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
Taxes and Social Insurance contributions												
General Net Tax Base	15663	15930	15621	15645	19178	19383	N/A	N/A	0.82	0.81	N/A	N/A
Savings Net Tax Base	6074	6134	6038	6045	10738	10258	N/A	N/A	0.57	0.59	N/A	N/A
Personal and family allowances (National + regional)	14736	15002	14665	14684	20609	21029	N/A	N/A	0.72	0.70	N/A	N/A
Gross income tax liability before tax credits (National + regional)	15739	16005	15696	15718	14013	14010	N/A	N/A	1.12	1.12	N/A	N/A
Regional gross income tax liability	15715	15982	15666	15688	14010	14007	N/A	N/A	1.12	1.12	N/A	N/A
National gross income tax liability	15739	16005	15695	15718	14013	14010	N/A	N/A	1.12	1.12	N/A	N/A
Mortgage tax credit	3374	3421	3341	3336	3683	3445	N/A	N/A	0.92	0.98	N/A	N/A
Main residence rent tax credit	833	889	808	817	354	271	N/A	N/A	2.35	3.08	N/A	N/A
Regional tax credits	3910	3895	3894	3897	1775	1760	N/A	N/A	2.20	2.22	N/A	N/A
Income tax liability (National + regional)	18777	19059	18744	18763	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Income tax liability	17315	17593	17279	17296	13670	13732	N/A	N/A	1.27	1.26	N/A	N/A
Regional income tax liability	15453	15721	15432	15446	13475	13550	N/A	N/A	1.15	1.14	N/A	N/A
National income tax liability	15732	15993	15686	15710	13670	13732	N/A	N/A	1.15	1.15	N/A	N/A
SICs Employees	21443	21443	21443	21443	17277	17830	18467	N/A	1.24	1.20	1.16	N/A
SICs Self-employed regime	3435	3435	3435	3435	3246	3265	3253	N/A	1.06	1.05	1.06	N/A
SICs Employer	21443	21443	21443	21443	17277	17830	18467	N/A	1.24	1.20	1.16	N/A

Sources: AEAT - *Estadísticas por impuestos. Estadísticas IRPF. Ministerio de Trabajo. Anuario de Estadísticas*

Notes: the "income tax liability" (tin_s) is allocated in EUROMOD between the couple in cases where joint taxation is simulated. This explains why the number of taxpayers deviate significantly from external statistics and from the intermediate variables "Regional income tax liability" (tingtrg_s) and "National income tax liability" (tingtna_s) which are not allocated in that way.

Table 4.8a-Benefit instruments simulated in EUROMOD -Annual amounts (Mil.)

	EUROMOD				SILC	Ratio	External				Ratio			
	2018	2019	2020	2021	2018	2018	2018	2019	2020	2021	2018	2019	2020	2021
Benefits														
NC old age pension	1,464.2	1,545.5	1,560.4	1,591.0	1,478.4	0.99	1,330.1	1,424.5	1,447.3	N/A	1.10	1.08	1.08	N/A
Old age pension complement	3,887.1	4,456.5	4,506.2	4,560.3	3,872.4	1.00	4,056.1	4,210.5	4,136.4	N/A	0.96	1.06	1.09	N/A
Widow's pension complement	2,426.4	2,739.3	2,766.3	2,797.7	2,761.0	0.88	2,517.5	2,278.6	2,223.5	N/A	0.96	1.20	1.24	N/A
Unemployment insurance	11,066.6	11,180.2	11,012.2	11,186.6	11,105.1	1.00	11,502.8	12,497.8	28,838.0	N/A	0.96	0.89	0.38	N/A
Unemployment assistance	3,839.5	4,221.3	4,357.6	4,579.2	4,907.8	0.78	4,332.6	5,213.0	6,296.1	N/A	0.89	0.81	0.69	N/A
Child benefit - without disability	416.4	673.0	626.1	580.4	20.1	20.76	346.0	487.0	N/A	N/A	1.20	1.38	N/A	N/A
Child benefit - with disability	944.5	1,045.0	1,082.2	1,092.0	94.0	10.05	1,169.4	1,223.6	N/A	N/A	0.81	0.85	N/A	N/A
Birth and adoption benefits	31.3	31.3	33.6	34.4	0.0	N/A	28.1	25.7	N/A	N/A	1.11	1.22	N/A	N/A
Birth/adopt. benefits - multiple birth	39.4	48.2	50.8	51.1	0.0	N/A	18.7	20.3	N/A	N/A	2.11	2.37	N/A	N/A
Regional child benefits	98.2	108.1	131.0	131.0	0.0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Regional minimum income schemes	1,489.6	1,656.6	1,471.9	1,257.5	0.0	N/A	1,519.7	1,686.3	N/A	N/A	0.98	0.98	N/A	N/A
National minimum income	0.0	0.0	906.3	1,540.3	0.0	N/A	N/A	N/A	518.0	N/A	N/A	N/A	1.75	N/A

 Sources: *Ministerio de Empleo. Anuario de Estadística*

Table 4.8b-Tax instruments simulated in EUROMOD -Annual amounts (Mil.)

	EUROMOD				External				Ratio			
	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
Taxes and Social Insurance contributions												
General Net Tax Base	378,199.6	388,826.2	379,399.4	381,312.6	397,381.0	413,674.0	N/A	N/A	0.95	0.94	N/A	N/A
Savings Net Tax Base	7,257.2	6,107.9	5,049.9	4,647.1	36,618.9	37,695.6	N/A	N/A	0.20	0.16	N/A	N/A
Personal and family allowances (National + regional)	103,171.5	104,982.7	102,995.1	103,148.8	160,777.6	163,545.5	N/A	N/A	0.64	0.64	N/A	N/A
Gross income tax liability before tax credits (National + regional)	76,983.0	79,292.8	76,822.5	77,300.6	85,250.6	90,332.1	N/A	N/A	0.90	0.88	N/A	N/A
Regional gross income tax liability	38,647.2	39,780.5	38,513.0	38,733.5	42,789.0	45,291.5	N/A	N/A	0.90	0.88	N/A	N/A
National gross income tax liability	38,335.8	39,512.3	38,309.4	38,567.0	42,461.6	45,040.6	N/A	N/A	0.90	0.88	N/A	N/A
Mortgage tax credit	1,602.4	1,624.8	1,599.9	1,609.4	2,336.4	2,170.6	N/A	N/A	0.69	0.75	N/A	N/A
Main residence rent tax credit	354.9	377.7	345.9	351.4	146.9	114.0	N/A	N/A	2.42	3.31	N/A	N/A
Regional tax credits	1,485.4	1,470.5	1,488.7	1,493.4	411.0	419.0	N/A	N/A	3.61	3.51	N/A	N/A
Income tax liability (National + regional)	81,604.7	84,071.3	81,445.7	81,987.8	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Income tax liability	74,214.8	76,481.6	74,071.8	74,532.1	81,704.1	86,935.4	N/A	N/A	0.91	0.88	N/A	N/A
Regional income tax liability	36,824.7	37,935.4	36,692.9	36,900.3	40,829.9	43,402.6	N/A	N/A	0.90	0.87	N/A	N/A
National income tax liability	37,267.2	38,418.5	37,248.3	37,497.9	40,874.2	43,532.8	N/A	N/A	0.91	0.88	N/A	N/A
SICs Employees	24,208.2	25,445.9	25,112.1	25,109.9	17,014.7	18,434.7	N/A	N/A	1.42	1.38	N/A	N/A
SICs Self-employed regime	8,404.1	8,788.8	8,788.8	8,951.0	11,832.2	11,422.4	N/A	N/A	0.71	0.77	N/A	N/A
SICs Employer	113,650.0	119,429.5	117,858.0	117,920.9	76,813.4	83,451.9	N/A	N/A	1.48	1.43	N/A	N/A

Sources: AEAT - Estadísticas por impuestos. Estadísticas IRPF. Ministerio de Trabajo. Anuario de Estadísticas

Table 4.9-Distribution of equivalised disposable income

	EUROMOD				External				Ratio			
	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
D1	2.4	2.4	2.5	2.6	2.2	2.2	0.0	0.0	1.08	1.11	N/A	N/A
D2	4.5	4.5	4.6	4.6	4.5	4.5	0.0	0.0	1.01	1.01	N/A	N/A
D3	5.7	5.8	5.8	5.8	5.7	5.8	0.0	0.0	1.01	1.00	N/A	N/A
D4	6.9	6.9	7.0	7.0	6.9	7.0	0.0	0.0	1.00	0.99	N/A	N/A
D5	8.2	8.2	8.2	8.2	8.1	8.3	0.0	0.0	1.01	0.99	N/A	N/A
D6	9.5	9.4	9.5	9.5	9.4	9.5	0.0	0.0	1.01	0.99	N/A	N/A
D7	10.9	10.9	10.9	10.9	10.9	11.0	0.0	0.0	1.00	0.99	N/A	N/A
D8	12.8	12.8	12.8	12.8	12.8	12.8	0.0	0.0	1.00	1.00	N/A	N/A
D9	15.4	15.4	15.4	15.4	15.5	15.4	0.0	0.0	0.99	1.00	N/A	N/A
D10	23.7	23.5	23.4	23.3	24.1	23.4	0.0	0.0	0.98	1.01	N/A	N/A
Median	15102.5	15332.0	15115.1	15135.0	15,015.0	16,043.0	0.0	0.0	1.01	0.96	N/A	N/A
Mean	17090.7	17335.8	17149.5	17173.4	17,287.0	18,116.0	0.0	0.0	0.99	0.96	N/A	N/A
Gini	32.3	32.0	31.8	31.6	33.0	32.1	0.0	0.0	0.98	1.00	N/A	N/A
S80/S20	5.7	5.6	5.5	5.4	5.9	5.8	0.0	0.0	0.95	0.96	N/A	N/A

Sources: EUROSTAT. Living conditions and welfare Statistics. Distribution of income.

Table 4.10-Poverty rates by gender and age

	EUROMOD				External				Ratio			
	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
40% median HDI												
Total	9.2	9.0	8.8	8.8	9.2	9.5	0.0	0.0	1.00	0.95	N/A	N/A
Males	9.1	9.0	8.8	8.8	8.9	9.6	0.0	0.0	1.03	0.93	N/A	N/A
Females	9.3	9.1	8.9	8.7	9.5	9.5	0.0	0.0	0.98	0.96	N/A	N/A
50% median HDI												
Total	14.2	13.7	13.6	13.5	13.6	14.6	0.0	0.0	1.04	0.94	N/A	N/A
Males	13.9	13.4	13.4	13.3	13.2	14.3	0.0	0.0	1.05	0.94	N/A	N/A
Females	14.5	13.9	13.8	13.6	13.9	14.8	0.0	0.0	1.04	0.94	N/A	N/A
60% median HDI												
Total	21.3	20.5	20.6	20.6	20.7	21.0	0.0	0.0	1.03	0.98	N/A	N/A
Males	20.3	19.9	20.0	20.0	20.2	20.2	0.0	0.0	1.00	0.99	N/A	N/A
Females	22.3	21.1	21.2	21.2	21.1	21.7	0.0	0.0	1.06	0.97	N/A	N/A
70% median HDI												
Total	28.8	28.5	28.4	28.3	28.4	27.9	0.0	0.0	1.02	1.02	N/A	N/A
Males	27.8	27.5	27.4	27.4	27.4	26.8	0.0	0.0	1.02	1.03	N/A	N/A
Females	29.8	29.5	29.3	29.3	29.3	29.1	0.0	0.0	1.02	1.01	N/A	N/A
60% median HDI												
0-15 years	25.5	25.9	26.2	26.2	27.1	27.6	0.0	0.0	0.94	0.94	N/A	N/A
16-24 years	28.1	28.0	28.4	28.4	28.1	26.1	0.0	0.0	1.00	1.07	N/A	N/A
25-49 years	20.3	20.3	20.6	20.6	20.3	18.9	0.0	0.0	1.00	1.07	N/A	N/A
50-64 years	19.6	19.3	19.5	19.4	18.9	19.2	0.0	0.0	1.04	1.01	N/A	N/A
65+ years	18.6	14.4	13.7	13.6	14.5	18.8	0.0	0.0	1.29	0.77	N/A	N/A

Sources: EUROSTAT. Living conditions and welfare Statistics. Distribution of income.

Table 4.11-Minimum wage validation

	Baseline				Min Wage Incl.				Ratio			
	2018	2019	2020	2021	2018	2019	2020	2021	2018	2019	2020	2021
Equivalised disposable income	534871	542510	536963	537789	546996	561651	559394	560409	0.98	0.97	0.96	0.96
Employment income	402513	410186	402391	402281	415954	431457	427529	427800	0.97	0.95	0.94	0.94
PIT liability	81605	84071	81446	81988	82210	85215	82849	83436	0.99	0.99	0.98	0.98
Employee SICs	24208	25446	25112	25110	24249	25515	25332	25347	1.00	1.00	0.99	0.99
Social assistance	1490	1657	2378	2798	1266	1372	1946	2258	1.18	1.21	1.22	1.24
Gini	32.27	32.01	31.78	31.58	30.97	30.18	29.72	29.52	1.04	1.06	1.07	1.07
Poverty 60%	21.32	20.53	20.61	20.59	19.46	19.06	19.04	18.88	1.10	1.08	1.08	1.09

Source: EUROMOD