
The minimum wage in Spain increases 22.3% in 2019

Spanish Royal Decree Law 1462/2018, of December 21, setting the minimum wage for 2019 and article 12 of Royal Decree Law 28/2018, of December 28, on the appreciation of public pensions and other urgent social security, labor and employment measures

Legal Flash: Labor Area

January 7, 2019



Spanish Royal Decree Law 1462/2018, of December 27, setting the minimum wage [*Salario Mínimo Interprofesional*] for 2019 (Royal Decree Law 1462/2018), was published in the *Official Gazette of the Spanish State [BOE]* on December 28 and is effective from January 1 to December 31, 2019.

Royal Decree Law 1462/2018 approves the largest minimum wage increase in recent years in Spain and regulates its effect on current salaries through the corresponding compensation and absorption regulations.

It also specifies how the new figures envisaged for 2019 will affect non-state regulations and private contracts and agreements.

Spanish Royal Decree Law 28/2018, of December 28, specifies how the new 2019 minimum wage will affect current collective bargaining agreements.



Questions and answers about the new minimum wage for 2019

1. What is the new minimum wage companies have to pay to employees in Spain in 2019?

The new approved figures are a 22.3% increase over the 2018, as shown in the following table:

	2018	2019
Daily minimum wage	€24.53	€30
Monthly minimum wage	€735.90	€900
Annual minimum wage	€10,302.60	€12,600
Minimum wage/legal workday (for occasional and temporary workers whose services for a single company do not exceed 120 days)	€34.85	€42.60
Hourly minimum wage (for hourly domestic employees)	€5.76	€7.04

2. How has the Spanish government justified this increase?

The government has based the increase on the minimum wage on three arguments:

- (i) The overall improved economic conditions.
- (ii) Implementing international recommendations, particularly those of the European Committee of Social Rights, which has placed the minimum income threshold for “an adequate standard of living” at 60% of the average salary of workers.
- (iii) Considering the minimum wage a decisive factor for job creation and for economic recovery resulting in the actual progressive poverty and wage inequality reduction, in compliance with the 2030 Agenda.



3. When will the new 2019 minimum wage take effect?

Under the Final Provision of Royal Decree 1462/2018, the passed law will come into force on December 28, 2018, with its effects limited to the period from January 1 to December 31, 2019.

4. How much salaries specified in collective bargaining agreements should be raised because of this annual minimum wage update?

All the 2019 minimum wages and the annual salary (€12,600) must be compared to all of the current professional salaries specified in collective bargaining agreements, as calculated annually:

- > If salaries in the collective bargaining agreement are higher than the 2019 minimum wage, the figure and structure will not be affected, so the increased minimum wage can be compensated “by the annual, full-time income that employees have been receiving under the law and under collective bargaining agreements, arbitration awards and individual employment contracts in force” (article 3.2 Royal Decree 1462/2018), unless the specific wording of the collective bargaining agreement prohibits or limits the compensation and absorption mechanism.
- > If salaries in the collective bargaining agreement are lower than the 2019 minimum wage, they will have to be increased up to the minimum wage, without further amendments to the laws or collective bargaining agreements or to the arbitration awards in question other than those necessary to ensure the employees are paid these amounts as calculated annually (article 3.3 Royal Decree 1462/2018).

5. How will the new 2019 minimum wage figures affect collective bargaining agreements in force on December 28, 2018?

No. However, Spanish Royal Decree Law 28/2018, of December 28, on the revaluation of public pensions and other urgent social security, labor and employment measures does provides the application of the new minimum wage to collective bargaining agreements in force on December 28 that use the minimum wage “as a benchmark for determining the sum or increase of base salaries or benefits”.

In these cases, and unless the parties agree otherwise, the figures below will apply:

For collective bargaining agreements in force on January 1, 2017	For collective bargaining agreements that came into force after January 1,	For collective bargaining agreements that came into force after
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	2017, and that were still in force on December 26, 2017	December 26, 2017, and that were still in force on December 28, 2018
Those specified in Spanish Royal Decree 1171/2015, of December 29 (2016 minimum wage), increased by 2% according to the European Central Bank’s medium-term inflation target	Those specified in Spanish Royal Decree 742/2016, of December 30 (2017 minimum wage), increased by 2% according to the European Central Bank’s medium-term inflation target	Those specified in Spanish Royal Decree 1077/2017, of December 29 (2018 minimum wage)

However, collective bargaining agreement salaries below €12,600 a year must be increased as necessary to bring them up to the minimum wage, with the rules on absorption and compensation under article 3.3 of Spanish Royal Decree 1462/2018 applying.

6. Should the benchmarks in private employment contracts and agreements specified for any other purpose besides determining salary (e.g., for certain social benefits) be updated according to the 2019 minimum wage?

Not unless the parties use the 2019 minimum wage as a benchmark. If there is no such agreement, the 2019 benchmarks should be as follows:

For private contracts and agreements in force on January 1, 2017	For private contracts and agreements that came into force after January 1, 2017, and that were still in force on December 26, 2017	For private contracts and agreements that came into force after January 1, 2018, and that were still in force on December 28, 2018
Those specified in Spanish Royal Decree 1171/2015, of December 29 (2016 minimum wage) increased by the same percentage as the increase in the 2019 Spanish multi-purpose public income index [<i>indicador público de renta de efectos múltiples</i> , IPREM]	Those specified in Spanish Royal Decree 742/2016 of December 30 (2017 minimum wage) increased by the same percentage as the increase of the 2019 IPREM	Those specified in Spanish Royal Decree 1077/2017, of December 29, establishing the 2018 minimum wage

To date, the update to the Spanish IPREM is pending publication of the new State Budget Act.



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