

THE OECD TAX-BENEFIT DATABASE

Description of policy rules for
Spain 2023



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Description of policy rules for 2023

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Preface

This report provides a detailed description of the tax and benefit rules in Spain as they apply to working-age individuals and their dependent children. It also includes output from the [OECD Tax-Benefit model \(TaxBEN\)](#), which puts all these complex legal rules into a unified methodological framework that enables international comparisons of how tax liabilities and benefit entitlements affect the net disposable income of families in different labour market circumstances, e.g. in employment versus unemployment.

The **main body** of the report describes the rules that are relevant for the family and labour market characteristics that are within the scope of the **TaxBEN** model (see below for the methodology and user guide). The **annex** provides information on other cash benefits and taxes on employment income that are relevant for other groups of the working-age population, but are outside the scope of the **TaxBEN** model.

TaxBEN is essentially a large cross-country calculator of tax liabilities and benefit entitlements for a broad set of *hypothetical* families (“vignettes”), e.g. a married couple of 40-years-old adults with two children aged 4 and 6 (click [here](#) for a quick overview of the **TaxBEN** model). **TaxBEN** incorporates rules on the main taxes on employment income, social contributions paid by employees and employers, as well as the main cash and near-cash benefit programmes, including unemployment benefits, family and childcare benefits, guaranteed minimum-income benefits, cash housing benefits, and employment-conditional benefits. Disability benefits, maternity and parental leaves benefits are included in the model for a sub-set of countries and years. The main policy instruments that are currently not included in the **TaxBEN** model are taxes on wealth (e.g. taxes on immovable and unmovable properties), indirect taxes (e.g. VAT), early-retirement benefits, short-time work compensation schemes, sickness benefits, and in-kind benefits (e.g. subsidised transport and free health care).

Useful online resources for the OECD tax-benefit model (TaxBEN)



[TaxBEN web calculator](#)



[Methodology and user guide](#)



[OECD tax-benefit data portal](#)



[Network of national experts](#)


Guidelines for updating this report (for national experts)



[General guidelines](#)

Detailed [guidelines for updating Section 5](#) “Net costs for Early Childhood Education and Care”

Reading notes and further details on the content of this report

- **Reference date** for the policy rules described in this report: **January 1, 2023**.
- **TaxBEN** models all policies in effect on the reference date. This includes temporary policies implemented in response to the **Covid-19 pandemic**. These policies are described in boxes or **blue font**.
- The symbol  in the text provides a link to the glossary of technical terms.
- Section titles provide the names of taxes and benefits as they are known in the country: first, direct translation into English, then (in brackets) the name in the national language.
- **TaxBEN** variables are indicated in the text using the format **[variable name]**.

The OECD Tax-Benefit model for Spain: Policy rules in 2023

1. Reference wages and other reference amounts

Average wage [**AW**]: The OECD Tax-Benefit model uses Secretariat estimates of the average full-time wage (available [here](#))¹. If Secretariat estimates are not available yet, the model uses wage projections obtained by applying forecasted wage growth² to the latest available wage estimate.

The minimum wage [**MIN**] in 2023 is EUR 1,080 per month. The annual minimum wage is computed by multiplying the minimum monthly wage (as of January 1, 2023) by 14 (including 13th and 14th payments), i.e. EUR 1,080 * 14 = EUR 15,120.

Another useful reference amount in Spain is an index used for the calculation of social benefits: Public Income Rate of Multiple Effects, IPREM (*Indicador Público de Renta de Efectos Múltiples*). In 2023 IPREM is EUR 600 per month, that is EUR 8,400 yearly (including 13th and 14th bonus payments).

The IPREM is published in the General State Budget Law of the reference year and follows irregular intervals, since it is not necessarily updated every year. As an example, the following table shows the amounts of the last 5 years:

Year	IPREM per month	IPREM yearly (including 13 th and 14 th bonus payments)
2023	600,00 €	8.400,00 €
2022	579,02 €	8.106,28 €
2021	564,90 €	7.908,60 €
2020	537,84 €	7.519,59 €
2019	537,84 €	7.519,59 €

2. Unemployment benefits


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

Variable names: [**UI_p**; **UI_s**]³

¹ Average Wages are estimated by the [Centre for Tax Policy and Administration](#) at the OECD. For more information on methodology see the latest [Taxing Wages publication](#).

² Wage growth projections are based on [OECD Economic Outlook](#) and [EU economic forecasts](#) (for non-OECD countries).


³ Each section lists the variable names (in TaxBEN outputs) which correspond to the benefits/taxes described in the section. Variable names ending with “_p” refer to the first adult (so-called “principal” adult) whereas those ending with “_s” refer to the spouse.

This is an unemployment insurance benefit. It is contributory, not means-tested and taxable. 

2.1.1. Eligibility conditions

Age: The same age limits as those which give right to work: from 16 years old and up to the retirement age (if the employee is entitled to retirement pension).

Contribution/employment history: A claimant must have contributed for a minimum of 360 days in the 6 years preceding the legal status of unemployment.

Behavioural requirements and related eligibility conditions:  Unemployment benefit can be paid to a registered unemployed person, who is available and actively seeking work, ready to accept a suitable placement and to take part in activities addressed to raise their employability, and who did not leave his/her previous job voluntarily. TaxBEN assumes that these compulsory conditions are satisfied when simulating unemployment benefits.⁴

2.1.2. Benefit amount

The benefit is 70% of the reference earnings for a maximum period of 180 days, then 60% of the reference earnings for the remaining period of the benefits. The reference earnings correspond to the average contribution base over the last 180 days. Maximum contribution base is EUR 4,495.50.10 per month.

The benefit is limited by a maximum and a minimum that depend on the number of dependent children (below 26). Both are expressed as a percentage of IPREM.

Family type	% of IPREM*	
	Minimum	Maximum
With no dependent children	80	175
With dependent children	107	-
One child	-	200
Two or more children	-	225

* (including 13th and 14th bonus payments)

The maximum and minimum are reduced in proportion to hours worked in the previous job in relation to the company's normal full working day (*not modelled*).

2.1.3. Benefit duration

The total duration increases with the contribution record. There is no waiting period. The benefit is paid 30 days per month.

⁴ Details on behavioural requirements and sanction provisions for unemployment benefits are reported in regularly updated companion reports, see [Immervoll and Knotz \(2018\)](#), [Langenbacher \(2015\)](#) and [Venn \(2011\)](#).

Time worker contributed within the last 6 years(in days)	Duration of unemployment benefit(in days)
360-539	120
540-719	180
720-899	240
900-1079	300
1080-1259	360
1260-1439	420
1440-1619	480
1620-1799	540
1800-1979	600
1980-2159	660
2160+	720

2.1.4. Means test

The benefit is not means-tested.

2.1.5. Tax treatment

The benefit is taxable and subject to social security contributions. For a person on unemployment insurance, the total social security contributions amount to 4.7% of the reference earnings, subject to lower and upper ceilings.

2.1.6. Interactions with other components of the tax-benefit system

Accumulation with social security pensions or cash benefits is not possible unless these had been compatible with the work that gave rise to the unemployment benefit.

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

The benefit is not compatible with full-time employment. However, it is compatible with part-time activity as an employee. In this case, the benefit is reduced in the same proportion as the number of daily working hours.

A job creation programme allows people to receive unemployment benefits while starting self-employment, for a maximum of 270 days(*not covered by the model*).

2.1.8. Benefit indexation

There is an automatic indexation using the Public Income Rate of Multiple Effects (IPREM – see 1.).

2.2. Unemployment assistance benefit (*Prestaciones por desempleo de nivel asistencial*)

Variable names: [UA] 

2.2.1. Eligibility conditions

Age: From 16 years old and up to the retirement age (if the employee is entitled to retirement pension).

Other conditions: Unemployed individuals are eligible in the following cases:

- Workers who have exhausted their unemployment insurance benefits and have family responsibilities⁵;
- Workers older than 45 years who have exhausted their unemployment insurance benefits and do not have family responsibilities;
- Workers who did not meet the minimum contribution period to be eligible for contributory unemployment benefits;
- Workers over 52;
- Spanish emigrant workers in certain cases (*not covered by the model*);
- People released from prison (*not covered by the model*);
- Workers (partially) recovered from disability (*not covered by the model*).

2.2.2. *Benefit amount*

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

2.2.3. *Benefit duration*

There is a waiting period of one month, except if the unemployed did not meet the minimum contribution requirement to be eligible for contributory unemployment benefits.

The duration of the benefit depends on the relevant condition for entitlement:

- Workers who have exhausted their unemployment benefit entitlements and have family responsibilities: 18 months, except
 - Unemployed over the age of 45 who were entitled to at least 4 months of Unemployment benefits: 24 months
 - Unemployed over the age of 45 who were entitled to at least 6 months of Unemployment Benefits: 30 months
- Workers aged 45 years or older who have exhausted their benefit entitlements but do not have family responsibilities: 6 months.
- Workers who are not entitled to Unemployment Benefits:
 - If they have family responsibilities
 - one month of benefit entitlement for each month of contributions for contribution periods between three and six months
 - 21 months for contribution periods of six months or longer.
 - For those without family responsibilities: six months for contribution periods of at least six months.
- Workers aged 52 and over: until they reach the statutory retirement age.

2.2.4. *Means test*

Per capita household income (including all income sources except family benefits) should not exceed 75% the minimum wage on a monthly basis, excluding 13th and 14th bonus payments. The same condition applies to individual earnings of any adult in the family.

⁵Family responsibilities mean having to support a spouse and/or children under 26 years of age or those who are older and disabled.

2.2.5. Tax treatment

The benefit is taxable. However, the recipients for whom unemployment assistance is the sole income source do not pay taxes. The benefit is not subject to social security contributions. For recipients aged 52 years old or more the State Public Employment Service (SEPE) is in charge of payment for the retirement pension only.

2.2.6. Interactions with other components of the tax-benefit system

Accumulation with social security pensions or cash benefits is not possible unless these had been compatible with the work that gave rise to the unemployment benefit.

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


The unemployment assistance is compatible with part-time work as an employee. The allowance is reduced in the same proportion as the number of daily working hours. Earnings cannot exceed 75% of the minimum wage on a monthly basis, excluding 13th and 14th bonus payments.

2.2.8. Benefit indexation

The benefit depends on the IPREM, excluding the bonus payments, which is updated through the General State Budget Law of the reference year following irregular intervals, since it is not necessarily updated every year.

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

Variable names: [\[UA\]](#)⁶

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

2.3.1. Eligibility conditions

Age: 45-65 years old.

Other conditions: Unemployed who have exhausted or are not eligible to unemployment insurance and/or assistance benefits and have been registered at the Employment Office for at least 12 months.

There are some special categories of unemployed who are not obliged to meet all the above requirements, e.g. victims of domestic / gender-based violence (*not modelled*).

2.3.2. Benefit amount

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

2.3.3. Benefit duration

Maximum duration is 11 months.

⁶TaxBEN implements the *Prestaciones por desempleo de nivel asistencial*, and not the *Renta Activa*. The *Renta Activa* could be received after the *prestaciones por desempleo de nivel asistencial*, but only in special circumstances, and is therefore not modelled in TaxBEN.

2.3.4. Means test

Per capita household income (including all income sources except family benefits) should not exceed 75% the minimum wage on a monthly basis, excluding 13th and 14th bonus payments. The same condition applies to individual earnings of any adult in the family.

2.3.5. Tax treatment

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

2.3.6. Interactions with other components of the tax-benefit system

Accumulation with social security pensions or cash benefits is not possible unless these had been compatible with the work that gave rise to the unemployment benefit.

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

The Active Integration Income is compatible with part-time work as an employee. The allowance is reduced in the same proportion as the number of daily working hours. Earnings cannot exceed 75% of the minimum wage on a monthly basis, excluding 13th and 14th bonus payments.

2.3.8. Benefit indexation

The benefit depends on the IPREM, excluding the bonus payments, which is updated through the General State Budget Law of the reference year following irregular intervals, since it is not necessarily updated every year.

2.4. Extraordinary unemployment allowance (*Subsidio extraordinario por desempleo*)

Variable names: [\[UA\]](#)⁷

This programme aims to help long-term unemployed to get back to work. It is non-contributory, means-tested and taxable. It replaces previous programmes: professional requalification programme (*Programa de recualificación profesional, PREPARA*) and Employment activation programme (*Programa de activación para el empleo, PAE*),

2.4.1. Eligibility conditions

Age: The same age limits as those, which give right to work: from 16 years old and up to the retirement age (if the employee is entitled to retirement pension).

Other conditions: Unemployed who have exhausted or are not eligible to unemployment insurance and/or assistance benefits and have been registered at the Employment Office.

2.4.2. Benefit amount

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

⁷TaxBEN implements the *Prestaciones por desempleo de nivel asistencial*. The *Subsidio extraordinario por desempleo* could be received after the *prestaciones por desempleo de nivel asistencial*, but only in special circumstances, and is therefore not modelled in TaxBEN.

2.4.3. *Benefit duration*

Maximum duration is 6 months.

2.4.4. *Means test*

Per capita household income (including all income sources except family benefits) should not exceed 75% the minimum wage on a monthly basis, excluding 13th and 14th bonus payments. The same condition applies to individual earnings of any adult in the family.

2.4.5. *Tax treatment*

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

2.4.6. *Interactions with other components of the tax-benefit system*

Accumulation with social security pensions or cash benefits is not possible unless these had been compatible with the work that gave rise to the unemployment benefit.

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

The extraordinary unemployment allowance is compatible with part-time work as an employee. The allowance is reduced in the same proportion as the number of daily working hours. Earnings cannot exceed 75% of the minimum wage on a monthly basis, excluding 13th and 14th bonus payments.

2.4.8. *Benefit indexation*

The benefit depends on the IPREM, excluding the bonus payments, which is updated through the General State Budget Law of the reference year following irregular intervals, since it is not necessarily updated every year.

3. Social assistance and housing benefits

Each of the 17 Autonomous Communities (regions) of Spain and the cities of Ceuta and Melilla have their own specific laws regulating the minimum income scheme. The general principle is to alleviate poverty by means of cash benefits for basic living needs. As a default, the model simulates the minimum income scheme in Comunidad de Madrid. Eleven autonomous communities (Andalucía, Aragon, Principado de Asturias, Canarias, Castilla La Mancha, Extremadura, Galicia, Community of Madrid, Region of Murcia, Basque Country, and Valencian Community) have also different supplements to the minimum income in the form of supports for housing costs, illness, COVID costs, mobility costs, etc., these additional supports are not modelled in TaxBEN. TaxBEN currently models minimum income benefits in four regions: Community of Madrid (default region), Andalucia, Catalonia, and Galicia.

3.1. *Minimum Insertion Income in Madrid (Renta Mínima de Inserción en la Comunidad de Madrid)*

Variable name: **[SA]**

This is a non-contributory benefit, means-tested and not taxable.

3.1.1. *Eligibility conditions*

Age: Older than 25 and younger than 65 or in any of the following circumstances:

- a) Having dependent minors or members of the household with disabilities (in a degree equal to or greater than 45%);
- b) Being between 18 and 25 years old and meeting any of the following requirements:
 - Having been under the guardianship of the Community of Madrid until reaching the legal age;
 - being an orphan;
 - Being in situation of serious social exclusion;
 - Being a victim of either domestic or gender violence;
 - Participate in an inclusion program expressly recognized by the Regional Department of Social Policies and Family;
- c) Being over 65 years of age, either have no income at all or have an income below the Minimum Income level, provided that:
 - The claimant lives alone or is a member of a cohabitation unit in which no one can be the holder of the benefit;
 - There has been a decision rejecting a non-contributory retirement pension for not fulfilling the requirement of a period of prior legal residence in the Spanish territory.

In TaxBEN, parents under the age of 25 are assumed to be eligible).

Other conditions: The claimant must be available for employment and actively seeking work (provided she/he is able to work). Besides, he or she has to be registered in a municipality of the region during the year previous to the application. TaxBEN assumes these conditions are satisfied.

3.1.2. *Benefit amount*

The maximum amount of the benefit depends on the number of members in the household. In 2023, a single member receives EUR 491.63 per month, and each additional member increases the amount by 30% of this base amount, up to a ceiling of 220% of the base amount. Hence, the benefit amounts depending on household size are the following:

Household size	Monthly amount (EUR)
1 person	491.63
2 persons	639.12
3 persons	786.61
4 persons	934.10
5 persons and more	1,081.59

The maximum amount of the benefit a family unit (household) can receive is linked to the number of family members.

In the Community of Madrid, the amount per month per family cannot exceed EUR 1,081.59 (220% of EUR 491.63) in 2023.

3.1.3. *Benefit duration*

The benefit remains as long as the requirements are fulfilled.

3.1.4. Means test

Income test:

Qualifying households must pass an income test based on economic resources: income from work, pensions, and some benefits and subsidies of the state or any other title, in particular the new national minimum income scheme (MIS, see section 3.5.) as well as complementary pensions and food, net of social security contributions, are counted towards the means-test. In general, the household income cannot exceed the amount of the minimum income the household apply to. For income below the threshold, the difference between the household income and the threshold is paid (that is, the benefit is withdrawn against any other income on a one-to-one basis).

Asset test⁸:

Movable and immovable property is taken into consideration when determining the eligibility to the Minimum Insertion Income of the Community of Madrid⁹. The assessment procedure is under the responsibility of the municipal social services centre.

For an applicant to be eligible, the financial resources of the household cannot exceed the current amount of the non-contributory social security pension on a 12-month pro rata annual basis. For a second member of the household, this amount would increase by 25%, and by an additional 15% for each additional member, as long as none of these members are beneficiaries of public pensions, in which case these pensions will be reckoned as the 70% of the non-contributory social security pension.

Property assets are considered in the test as follows:

- The main residence is excluded from the asset test.
- Other immovable property is assessed at the cadastral value (excluding equity). Property is not considered in the following cases:
 1. Property owned by a household member and assigned to the spouse as a consequence of separation proceedings to constitute his or her main residence;
 2. Property belongs to a member of the household who acquired it by inheritance, donation or bequest and is encumbered by a usufruct in favour of a third party;
 3. if proof is provided that there is a process of seizure of the property which makes it impossible for the owner to dispose of it.

Vehicles are considered in the asset test if their value exceeds EUR 3,000 (or EUR 6,000 if the vehicle is adapted for a person with disabilities).

Household appliances and personal belongings are not included in the asset test.

Movable assets are included in the asset test as follow:

- Deposits in current and/or saving accounts: they are valued as the average balance in the three months preceding the assessment of the application;

⁸ TaxBEN assumes that the household does not hold any wealth.

⁹ Additional information is provided [here](#), Chapter 3.

- Variable-yield securities: they are valued according to their stock exchange quotation at the time when the application is assessed; if they are not listed, they shall be valued at book value;
- Fixed-income securities: they will be valued according to their nominal value at the time the application is assessed.

3.1.5. Tax treatment

The benefit is not taxable.

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

It is complementary with other subsidies, such as employment, housing subsidies, and other public benefits.

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

In general, this benefit is compatible with income from work (with certain exceptions), although with limits on the amount of income received. The benefit is withdrawn with respect to income from employment on a one-to-one basis.

3.1.1. Benefit indexation

As mentioned in section 3.1.4. , the monetary threshold is indexed to the non-contributory social security pension, the amount of which is fixed yearly in the State General Budget Act.

3.2. Minimum Income Guarantee in Andalucía (Renta Mínima de Inserción Social)

Variable name: [\[SA\]](#)

This is a non-contributory benefit, means-tested and not taxable.

3.2.1. Eligibility conditions

Age: people aged between 25 and 64 years old or in any of the following circumstances:

- a) Between 18 and 24 years old, both inclusive, complying with any of the following circumstances:
 1. Having minors or people with disabilities in charge, including situations of guardianship or foster care (*in TaxBEN, parents under the age of 25 are assumed to be eligible*).
 2. Being an orphan of both parents (*not modelled*).
 3. Having been a victim of accredited gender violence (*not modelled*).
 4. Having been under the guardianship of a system for the protection of minors at least in the year prior to reaching the legal age (*not modelled*).
 5. Having a degree of disability equal to or greater than 33% (*not modelled*).
 6. Starting a multi-person household without dependent minors. In this case, the applicant must have lived independently for at least the two years immediately before the date of the application at a residence other

than that of their parents providing documentary evidence (*not modelled*).

7. Being in one of the situations established as urgency or emergency (*not modelled*).
- b) Being 16 or 17 years old, emancipated, and in any of the following circumstances: (not modelled):
 1. Having dependent minors or people with disabilities.
 2. Having been a victim of accredited gender violence.
 3. Being in one of the situations categorised as urgency or emergency.
- c) People aged 65 or over years that duly prove they are in charge of minors and that is no other member of the family unit meets the applicant's requirements (*not modelled*).

Other conditions: The applicant has to be registered in any of the municipality of Andalucía during the year preceding the application. He or she must also be registered as an unemployed jobseeker.

3.2.2. *Benefit amount*

The maximum amount of the benefit, depending on the number of members in the household, in 2023 is the following:

Household size	Monthly amount (EUR)
1	533.52
2	693.58
3	853.64
4	1,013.70
5 or more*	1,173.74

* Rate for 3 or more minors – must be the case for a 5 persons household or more in TaxBEN.

The maximum benefit in 2023 is EUR 1,173.74.

3.2.3. *Benefit duration*

The initial benefit duration is 12 months, but there exists the possibility of an extension for successive periods of 12 months as long as the circumstances that motivated it persist.

3.2.4. *Means test*

Qualifying households must pass an income test based on economic resources: income from work net of social security contributions, pensions, and some state benefits and subsidies or any other title, in particular the new national minimum income scheme (MIS, see section 3.5.) are taken into account for the means-test.

The actual benefit is calculated as the difference between the total household income net of social security contributions and taxes and the maximum monthly amount depending on household composition.

3.2.5. *Tax treatment*

Not Taxable.

3.2.6. *Interaction with other components of the tax-benefit system*

The Minimum Income Guarantee in Andalucía is complementary with other subsidies, such as employment, housing subsidies, and other public benefits.

3.2.7. *Combining benefit receipt and employment/starting a new job*

In general, this benefit is compatible with income from work (with certain exceptions), although with limits on the amount of income received. The benefit is withdrawn with respect to income from employment on a one-to-one basis.

3.2.8. *Benefit indexation*

A household is considered to lack the sufficient financial resources to cover basic vital needs when the revenues are lower than the regional Minimum Insertion Income amount. This amount is the current amount of the non-contributory social security pension on a 12-month pro rata annual basis. The monetary threshold is therefore indexed to the non-contributory social security pension, the amount of which is fixed yearly in the State General Budget Act.

3.3. *Minimum Income Guarantee in Catalonia (Renta Garantizada de Ciudadanía)*

Variable name: [\[SA\]](#)

This is a non-contributory benefit, means-tested and not taxable.

3.3.1. *Eligibility conditions*

Age: either over 23 or over 18 plus any of the following circumstances:

1. Having members of the household younger than 18 years old or with disabilities (*inTaxBEN*, *parents under the age of 23 are assumed to be eligible*).
2. Being an orphan (not modelled).
3. Being victim of gender violence (not modelled).
4. Complying with other situation or circumstance established by regulation (not modelled).

Other conditions: Effective residence in Catalonia and being legally registered in a municipality of Catalonia during the 24 months preceding the application. Having requested the Minimum Vital Income (see 3.5.) is another mandatory requirement.

3.3.2. *Benefit amount*

The maximum amount of the benefit, depending on the number of members in the household, in 2023 is the following:

Household size	Monthly amount (EUR)
1	664
2	996
3	1,096
4	1,196
5 or more	1,208

The maximum benefit before means-testing is EUR 1,208 and the minimum benefit is EUR 664.

3.3.3. *Benefit duration*

The benefit can be received as long as the requirements are fulfilled. It needs to be renewed every two years.

3.3.4. *Means test*

Qualifying households must pass an income test based on economic resources: income from work, pensions, and some benefits and subsidies of the state or any other title, in particular the new national minimum income scheme (MIS, see section 3.5.)

The actual benefit is the difference between the total household income net of social security contributions and family benefits and the maximum monthly amounts depending on household composition.

3.3.5. *Tax treatment*

Not Taxable.

3.3.6. *Interaction with other components of the tax-benefit system*

The Minimum Income Guarantee in Catalonia is complementary with other subsidies, such as employment, housing subsidies, and other public benefits.

3.3.7. *Combining benefit receipt and employment/starting a new job*

In general, this benefit is compatible with income from work (with certain exceptions), although with limits on the amount of income received. The benefit is withdrawn with respect to income from employment on a one-to-one basis.

3.3.8. *Benefit indexation*

A household is considered to lack the sufficient financial resources to cover basic vital needs when the revenues are lower than the regional Minimum Insertion Income (*Renta Garantizada de Ciudadanía de Cataluña*) which acts as a threshold. Above that amount the claimant is not eligible for the benefit. The benefit amount is indexed to the *Indicador de Renta de Suficiencia de Cataluña (IRSC)*. The IRSC is a reference index in Catalonia that is used to assess the economic and social situation of a citizen's needs in order to access and be a beneficiary of some social aid or benefits: rental aid, youth rental vouchers, etc. It is an indicator similar to the one used by the Spanish government and in other autonomous communities.

3.4. *Minimum Income Guarantee in Galicia (Renta de Inclusión Social de Galicia, RISGA)*

Variable name: [\[SA\]](#)

This is a non-contributory benefit, means-tested and not taxable.

3.4.1. *Eligibility conditions*

Age: either over 25 or over 18 plus any of the following circumstances (*not modelled*)¹⁰:

1. Having been under guardianship by the regional administration.

2. Being a person with disabilities (over 33%) with no other public benefits.
3. Being an orphan with no other public benefits.
4. Being victim of gender violence or victims of human trafficking.
5. Other circumstance established by regulation.

Other conditions: having legal residence in Galicia and being legally registered in a municipality of Galicia during the six months preceding the application.

3.4.2. *Benefit amount*

The amount of the benefit, depending on the number of members in the household, in 2023 is the following:

Household size	Monthly amount (EUR)
1	469.2
2	556.8
3	619.2
4	681.6
5	744
6	806.4

The maximum benefit with no dependent children is EUR 1,350 and EUR 1,440 with dependent children.

3.4.3. *Benefit duration*

The benefit can be received as long as the requirements are fulfilled.

3.4.4. *Means test*

Qualifying households must pass an income test based on economic resources: income from work, pensions, and some benefits and subsidies of the state or any other title in particular the new national minimum income scheme (MIS, see section 3.5.)

The actual benefit is the difference between total household income net of social security contributions and family benefits and the maximum monthly amounts depending on household composition.

3.4.5. *Tax treatment*

Not Taxable.

3.4.6. *Interaction with other components of the tax-benefit system*

The Minimum Income Guarantee in Galicia is complementary with other subsidies, such as employment, housing subsidies, and other public benefits.

3.4.7. *Combining benefit receipt and employment/starting a new job*

The benefit is withdrawn with respect to income from employment on a one-to-one basis.

3.4.8. *Benefit indexation*

The amount used as a threshold is the amount of the personal and family tranche of the regional Minimum Insertion Income (*Renta de Inclusión Social de Galicia (RISGA)*).

Above that amount the claimant is not eligible for the benefit. The benefit amount is indexed to the Public Indicator of Multiple Effect Income (*Indicador Público de Renta de Efectos Múltiples (IPREM)*).

3.5. *Minimum Income Scheme (MIS) (Ingreso Mínimo Vital)*

This is a non-contributory benefit, means-tested and not taxable.

The objective of the MIS is to offer a guaranteed minimum income to people above the age of 23¹⁰ with incomes lower than those guaranteed income. The MIS is associated with employment and social inclusion policies, to be developed in coordination with the Autonomous Communities and the City Councils. Its results are evaluable annually by the Independent Authority for Fiscal Responsibility (Airef).

3.5.1. *Eligibility conditions*

Age: recipients must be over 23 years old, or above 18 if they have dependent children or have been in a public residential home the three years prior to becoming 18 (not modelled in TaxBEN).

Legal and effective residence in Spain: at least one year uninterrupted stay immediately prior to application (except for victims of gender violence, trafficking and sexual exploitation).

Household composition: at least six months of same household composition immediately prior to application.

Employability requirement: There is no employability assessment as part of the eligibility conditions for MIS beneficiaries. MIS beneficiaries who are not working are automatically registered as jobseekers with the Public Employment Service (with some exceptions, such as carers, students, etc.). Then, the process for assessing employability is the same as any other registered jobseeker, and it is performed by PES. But this assessment does not affect eligibility for MIS or determines the MIS benefit

3.5.2. *Benefit amount*

The benefit amount is the difference between the guaranteed income and the total household income (as long as it is over 10 Euros per month). The benefit is paid on a monthly basis and the guaranteed income varies by type of household, with a bonus for single parent households.

the Royal Decree-Law 11/2022, of 25th of June, adopted an increase of 15% of the amount of the MIS as a measured to protected people from the consequences of the Russian war of aggression against Ukraine. This increase was originally approved for six months, but it has been extended in December 2022 for the whole of 2023.

¹⁰ Individuals receiving a retirement pension may not receive the MIS, but the minimum pension is equivalent to the MIS.

	No children	One child	Two children	Three children	Four or more children
Single adult household	565.37	859.37	1028.98	1198.60	1368.21
Couple household	734.99	904.60	1074.21	1243.83 (3 or more children)	

3.5.3. *Benefit duration*

As long as entitlement conditions hold.

3.5.4. *Means test*

Households qualify not only on the basis of their income, but also their wealth:

- Total household income (net of social security contributions and income tax) must be below guaranteed income by household size.
- Total household wealth (excluding main residence) must be below three times the annual guaranteed income for a single member household, with an incremental threshold per type of household (see below for more detail).

In order to calculate the total amount of household income, all household income will be taken into account with the exception of:

- The regional minimum income schemes or similar social assistance aids granted by the autonomous communities
- Other social economic benefits covering specific needs, such as scholarships, some extraordinary public subsidies or redundancy payments, among others
- Payment of child support or alimony (not modelled).
- Some tax-exempt income regulated in the Spanish income tax¹¹ (not modelled).

As a general principle, the income of the previous year is used to qualify in the program. However, current year incomes can also be taken into account to qualify for the MIS (upon request by the applicant). To qualify for this, previous year income must be below 1.5 the guaranteed income by household size, and wealth must be below 0.5 the regular wealth threshold.¹²

Asset and wealth test

The wealth test affects eligibility only. In particular, a household is not eligible if the net wealth, i.e. asset minus liability (both corporate and non-corporate, excluding the main residence, see below) have a monetary value equal or above three times the income

¹¹ The tax-exempt sources of incomes are: benefits for people affected by HIV, benefits for victims of the Spanish Civil War (1936/1939), compensation for civil liability or for accident insurance, benefits for people with disabilities or for fostering of people with disability under 18 or over 65 years old, scholarships, unemployment benefits received in a single payment for the purpose of starting or participating in a business, as regulated in the Royal Decree 1044/1985, compensation for damages from the Public Administration, benefits for burial or funeral costs, benefits for people who contracted hepatitis due to a medical intervention, as regulated by Law 14/2002, benefits from insurance against mortgage increases, benefits for carers of family dependants, regional Minimum Income schemes and other social assistance for emergency situations, as well as benefits for victims of gender violence or sexual crimes.

¹² TaxBEN computes the eligibility on the basis of current income.

threshold for the MIS eligibility. A household is also not eligible if the monetary value of their combined non-corporate assets (see below) is equal or above six times the income threshold for the MIS eligibility.

The institution responsible for the assessment of the wealth test is the same that checks all eligibility requirements: the National Institute of Social Security (Instituto Nacional de Seguridad Social, INSS), which is responsible for the management of the MIS. The information used for the wealth test is provided by the Tax Agency (Agencia Tributaria, AEAT).

There is no discretion in the wealth test assessment.

For the wealth test, the following assets and liabilities are included in the computation:

- Net corporate wealth, including all shares owned by the claimant or their household members. The net corporate wealth shall be valued, for each of the members of the household, applying the percentages of participation in the capital of the companies not included in the non-corporate wealth, to the value of the equity of those companies recorded in the last tax returns for which the tax year for all taxpayers has ended.
- Net non-corporate wealth, including:
 - Immovable properties owned by the claimant or their household, excluding the main residence. Residential real estate will be valued in accordance with the market reference value referred to in Article 3.1 and the third final provision of the consolidated text of the Real Estate Land Register Law, approved by Royal Legislative Decree 1/2004, of 5 March, and, in the absence of this value, by the cadastral value of the property. The rest of the real estate, either of an urban nature, or of a rustic nature, will be valued according to the cadastral value of the properties.
 - Bank accounts and deposits, valued at 31 December as recorded in the latest available tax returns for which the statutory reporting period has expired at the time of filing the application.
 - Financial assets in the form of securities, insurance and income and holdings in Collective Investment Institutions, valued at 31 December as recorded in the latest available tax returns for which the statutory reporting period has expired at the time of filing the application.
 - Savings for private pension plans and similar systems, valued at 31 December as recorded in the latest available tax returns for which the statutory reporting period has expired at the time of filing the application.

3.5.5. Tax treatment

Not taxable and not subject to social security contributions.

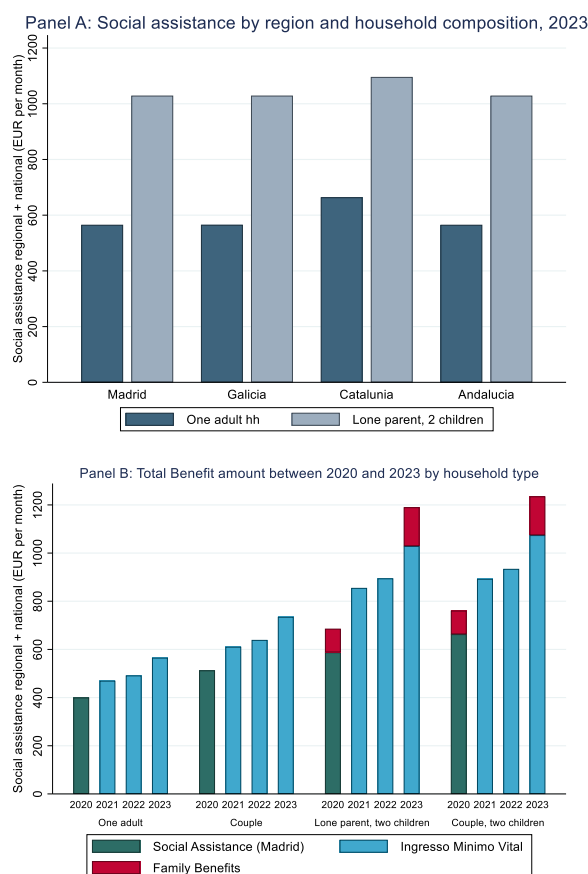
3.5.6. Interactions with other components of the tax-benefit system

The MIS is compatible with other social economic benefits, as long as total household income does not exceed the guaranteed income thresholds established by type of household. Moreover, the autonomous communities may complement the MIS both in terms of coverage and generosity within the framework of their competences. In particular, the regional social assistance benefits are not counted for the means-test of

the IMV, which can lead to differing total benefit entitlements across regions, see Figure 1.

As of the 1st of June 2020, the old means-tested family allowance *prestaciones familiares* has been subsumed into the new Minimum Income Scheme, and closed for new applications (except for children with disabilities). Figure 1 shows total benefit entitlements for different household types in the old (regional social assistance in Madrid and family benefits) and new (new national MIS) regime.

Figure 1. Interaction of the new MIS with regional social assistance and family benefits



Note: All households are assumed to not be entitled to unemployment benefits. Panel B shows 2020 social assistance entitlements for Madrid (the TaxBEN default region).

Source: OECD TaxBEN model, 2023.

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

The MIS is compatible with employment. As of the 1st of January 2023, a new into-work incentive has been introduced, regulated by the Royal Decree 789/2022, of 27 of September. It will benefit MIS/IMV recipients who increase their working hours or who take up a job, and is designed to guarantee that income increases with working hours, at least in the first year after an increase in labour supply.

The basic design is as follows: if a recipient's income increase – as compared to the previous year – is below 60% of their MIS/IMV entitlement, they receive the full amount of their net earnings as a work incentive. Thus, effectively, earnings below 60% of the MIS/IMV entitlement do not count towards the means-test. Earnings increases

between 60% and 100% of the previous MIS/IMV entitlement partially add to the work incentive depending on the household composition of the recipient household, and whether the earnings increase is due to a new job (extensive margin) or an increase in working hours (intensive margin).

The taper rates (share of increases in earned income recipients can keep for income increases between 60 and 100% of their previous MIS entitlement) are as follows:

	Extensive margin (new job)	Intensive margin (increase in working hours)
Able bodied adults living without children	30%	20%
Couples with at least one child	35%	25%
Single parents / disabled adults	40%	30%

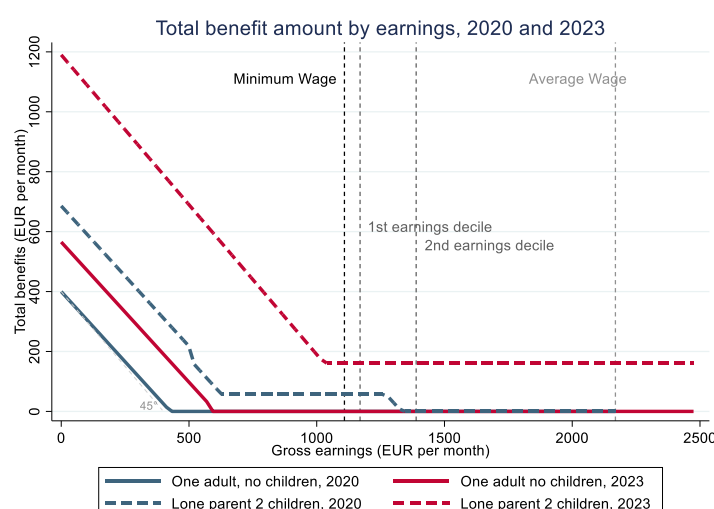
Jobless recipients have to register as jobseekers, and individualized “inclusion itineraries” have been introduced to harness social inclusion and labour market participation.

3.5.8. Benefit indexation

There is no automatic indexation for the MIS/IMV. The update of the benefit amounts is regulated in the seventh final disposition of the IMV law (Law 19/2021), where it establishes that the Ministry of Inclusion, Social Security and Migrations can propose to the Government the change in the amounts of the benefit and the thresholds for the eligibility, depending on the evolution of social and economic situation and the vulnerability of the population.

In practical terms, in the last three years, the MIS has been updated yearly, at the beginning of each year, and the amount of the benefit for a single person household (that acts as the reference value for the rest of the amounts) has been linked with the amount of the Non-contributory Minimum Pension. There has been one additional update, in June 2022, of 15% increase, in order to address the increase in prices due to Russian war of aggression against Ukraine. The latest update of the MIS has been on January 1st, 2023, with an increase of 15%.

Figure 2. Combining benefit receipt and earnings, 2020 and 2023



Note: Regional Social Assistance Benefit in Madrid; total benefit payments are the regional and national Minimum Income Schemes and family allowances for 2020.

Source: OECD TaxBEN model, 2023.

3.6. *Housing Benefit*

The State Plan for Access to Housing 2022-2025¹³ is the main instrument through which the state housing policy is articulated, the subsidies are established to meet the housing needs of the most vulnerable social groups and the requirements are established. In addition, specific support measures have been provided for family units in a situation of special vulnerability, and those who have difficulties paying their mortgage or lease debt and are in a situation of eviction from their habitual residence. The State Plan for Access to Housing 2022-2025 entered into effect since the 1st of January 2022.

The State Plan for Access to Housing 2022-2025 includes several measures. Among those, the measure included in TaxBEN are the following:

1. The Housing rental aid programme (*Programa de ayuda al alquiler de Vivienda*), which is a means-tested rent subsidy programme.
2. Programme to help young people and to contribute to the demographic challenge (*Programa de ayuda a las personas jóvenes y para contribuir al reto demográfico*), which includes two programmes targeted at young adults (aged less than 36 years old), of which the TaxBEN model covers the “Rent subsidy”.

Then, the government provides an additional subsidy programme for young adults (younger than 36 years old) called “Youth Rental Bond”¹⁴ (*Bono alquiler joven*), which is also covered by TaxBEN. This programme also entered into effect since the 1st of January 2022.

For additional information on other programmes included in the State Plan for Access to Housing 2022-2025 but not covered by the TaxBEN model, please see: Annex: Other benefits and direct taxes.

3.6.1. *Eligibility conditions*

To be eligible to the Housing rental aid programme all the following conditions must be fulfilled:

- The claimant must have at least one source of income (unemployment benefits and social assistance qualify as sources of income, besides earnings).
- The total sum of the annual income of the persons who have their habitual and permanent residence in the rented dwelling, whether or not they are registered as holders of the rental contract, must be below 3 times the IPREM. This threshold is increased to 4 times the IPREM in the case of large families in the general category or people with disabilities and 5 times the IPREM in the case of large families in the special category or people with more severe disabilities.
- The rent must be equal to or below EUR 600 per month. In the case in which the claimant is renting a single room, the rent must be equal to or below EUR 300 per month (TaxBEN assumes that an apartment/house is rented).

¹³ Source: <https://www.mitma.gob.es/vivienda/plan-estatal-de-vivienda/plan-2022-2025/objetivos-a-corto-plazo#pagina-menu-interior>

¹⁴ Source : [Bono alquiler joven | Ministerio de Transportes, Movilidad y Agenda Urbana \(mitma.gob.es\)](https://www.mitma.gob.es/bono-alquiler-joven)

- Moreover, the claimant must not be an owner of another dwelling in Spain, nor it must be related to or the partner of the person renting them the apartment (always assumed to be respected in TaxBEN).

A large family is defined as such when it falls under one of the following cases:

- a family including of one or two parents and three or more children (modelled),
- a family formed by one or two parents with two children provided that at least one of the children has a disability greater than 33% (not modelled),
- a family with one or two parents with disabilities and with two children, when one of the parents has a total degree of disability equal to or greater than 65%, or both a degree of disability greater than 33% (not modelled),
- a separated or divorced parent, with three or more children even if they are in different family units (modelled),
- a father or mother with two children, when the other parent has died (not modelled),
- two or more siblings orphaned by a father and mother under guardianship, in foster care or guardianship, but who are not under the expense of the guardian, foster parent or guardian (not modelled),
- three or more siblings orphaned by both parents, over 18 years of age, or two if one of them is disabled, who live together and are economically dependent on each other (not modelled).

A special large family is a large family with five or more children, or with four children of which at least three come from multiple births, adoption or fostering (not modelled).

To be eligible to the Programme to help young people and to contribute to the demographic challenge the claimant must satisfy the previously mentioned conditions in place for the Housing rental aid programme while also being aged 35 years old or younger.

To be eligible to the Youth Rental Bond the claimant must have a stable source of income, their resources must be equal to or below 3 times the IPREM, and they must be aged 35 years old or younger. Moreover, the rent must be equal to or less than 600 euros per month. The rent does not include the amount that may correspond to annexes such as parking spaces, storage rooms or similar. In the case of room rental, the rent must be equal to or less than 300 euros per month (TaxBEN assumes that an apartment/house is rented).

3.6.2. *Benefit amount*

The Youth Rental Bond monthly amount is EUR 250, however, if the monthly rent is below this level, then the benefit amount cannot be higher than the monthly rent.

For the Housing rental aid programme, the monthly benefit amount is 50% of the monthly rent payment.

For the Programme to help young people and to contribute to the demographic challenge, the monthly benefit amount is 60% of the monthly rent payment.

In the case of compatibility with the Youth Rental Subsidy, the amount of the aid will be up to 40% of the difference between the monthly rent and the amount of 250 euros per month corresponding to the Youth Rental Bond. In any case, the sum of the Youth Rental Bond subsidy and the rental or transfer subsidy regulated in this programme may not exceed 75% of the amount of the rent.

3.6.3. *Benefit duration*

The Housing rental aid programme and the Programme to help young people and to contribute to the demographic challenge can be received for up to 5 years.

The Youth Rental Bond can be received for up to 2 years.

3.6.4. *Means-test*

The eligibility to the three housing benefit programmes is described in section 3.6.1. , once eligibility is established the benefit amounts are not affected by the income of the household. The household resources compared to the thresholds mentioned include all sources of income.

In the OECD tax-benefit model, the resources considered to establish eligibility are the following:

- Gross earnings of the principal (and of the spouse if present),
- Unemployment benefit received (both UI and UA),
- Social assistance benefit (both national and local).
- Family benefits.

3.6.5. *Tax treatment*

All the aforementioned benefits are taxable.

3.6.6. *Interactions with other components of the tax-benefit system*

The Housing rental aid programme cannot be combined with any other benefit under the State Plan for Access to Housing 2022-2025, such as the Programme to help young people and to contribute to the demographic challenge. Recipients of non-contributory Social Security benefits or recipients of the Minimum Vital Income can cumulate their benefits with the Housing rental aid programme.

The Programme to help young people and to contribute to the demographic challenge can be cumulated with the Youth Rental Bond (see section 3.6.2.). Both these programmes can be received alongside non-contributory Social Security benefits or the Minimum Vital Income.

The three housing benefits mentioned are not included in the resources considered for the means-testing of the local and national Social Assistance benefits.

3.6.7. *Combining benefit receipt and employment / starting a new job*

No interaction.

3.6.8. *Benefit indexation*

All three programmes are linked to the indexation of the IPREM, as it is the amount used to determine the eligibility to the scheme. The IPREM in 2023 is EUR 8,400.

4. Family benefits

Variable name: **[FB]**

As of the 1st of June 2020, the means-tested family allowance *prestaciones familiares* has been subsumed in the new national Minimum Income Benefit Scheme *Ingreso*

Mínimo Vital (see Section 3.5.). Transitional provisions, as well as special provisions for families with disabled children remain. These provisions are not modelled in TaxBEN, as the model assumes new applicants and does not model provisions for disabled children.

4.1. Childhood Support Aid (CSA) (*Ayuda para la Infancia*)

In 2021, a new Childhood Support Aid (CSA) has been launched, as a supplement to the Minimum Income Benefit Scheme (MIS) for families with children under age. It can also be perceived by families that don't qualify for MIS, as long as they are below the income and wealth limits. It is in force since February 1, 2022.

4.1.1. Eligibility conditions

Households with children under 18 years of age.

4.1.2. Benefit amounts

The benefit is paid on a monthly basis and varies by the age of the children. It is 115 euros for each child under 3 years; 80,50 euros for each child between 3 and 6 years; and 57,50 euros for each child over 6 years.

4.1.3. Benefit duration

As long as entitlement conditions hold.

4.1.4. Means test

The means-test determines the eligibility to the benefit, the benefit amount is fixed. Households qualify in basis of their income the previous year and wealth:

- Total household income (net of social security contributions and income tax) the previous year must be below three times the guaranteed income of MIS by household size.
- Total household wealth (excluding main residence) must be below 150% the limit established for MIS (three times the annual guaranteed income for household).

In order to calculate the total amount of household income, all household income will be taken into account with the exception of:

- The regional minimum income schemes or similar social assistance aids granted by the autonomous communities
- Other social economic benefits covering specific needs, such as scholarships, some extraordinary public subsidies or redundancy payments, among others
- Some tax exempt income regulated in the Spanish income tax.

4.1.5. Tax treatment

Not taxable and not subject to social security contributions.

4.1.6. Interactions with other components of the tax-benefit system

CSA is incompatible with the economic aid for caring children without disabilities or disability level below 33% (*prestaciones familiares*).

4.1.7. *Combining benefit receipt and employment/starting a new job*

CSA is compatible with employment.

4.1.8. *Benefit indexation*

There is no automatic indexation for the CSA. The update of the benefit amounts is regulated in the seventh final disposition of the MIS/IMV law (Law 19/2021), where it establishes that the Ministry of Inclusion, Social Security and Migrations can propose to the Government the change in the amounts of the benefit and the thresholds for the eligibility, depending on the evolution of social and economic situation and the vulnerability of the population.

On January 1st, 2023, the amount of the CSA benefit has been increased by 15% with respect to the previous year.

5. Net costs of Early Childhood Education and Care

The **reference date** for the policy rules described in this section is **1 January 2023**.

Early childhood education is for children from 0 to 6 years and it is divided into two three-year stages: from 0 to 2 years old, and from 3 to 5 years old. Both stages are a part of the same programme with an integrated curriculum. The majority of the schools provide only one stage, but some schools provide both stages. There is also care provision for children outside the education system. Compulsory schooling starts at age 6 in the first grade of primary education.

5.1. *Gross childcare fees*

Variable name: `[SPcc_cost]`

The second stage of early childhood education in public and government dependent private schools for children from 3 to 5 years (including) is free of charge.

As for the centres for children under 3 years old, the situation varies across autonomous and local administrations. Almost all the Autonomous Communities have a specific allocation of subsidized public places. The fees usually depend on various criteria: level of income, number and ages of children in care, lone-parent status, both parents in work, etc.

TaxBEN implements the rules applicable in the *Comunidad de Madrid*: since September 2019, parents of children enrolled in Nursery Schools of the public network in the Comunidad de Madrid do not pay any fee for schooling. Education from 0 to 2 years is free. Only dining service fee and prolongation of schedule are charged.¹⁵

The general dining fee in the centres of the public network of Early Childhood Education in the *Comunidad de Madrid* is EUR 96 per month. The general schedule in Nursery Schools is between 9 am and 4 pm. The prolongation of day for half hour (or less) per day adds EUR 10.83 to the monthly fee. The schedule extension in the Schools is considered to be from 7:30 am to 9 am hours and from 4 pm and 5:30 pm hours. This fee is fixed and is not a function of family income, only recipients of the regional

¹⁵ DECREE 28/2019, 9th April, of the Governing Council, which regulates the financing of the first cycle of Early Childhood Education in the *Comunidad de Madrid*.

Minimum Insertion Income and the national Minimum Income Scheme are exempt from this fee.

Parents of children enrolled in private schools supported by public funds that teach the first cycle of Early Childhood Education will not pay any fee for schooling. In these schools, contributions from families may be received for extended hours and school meals, and their amounts will be the same as those provided for schools in the public network of the *Comunidad de Madrid*.

5.1.1. Discounts for part-time usage

Not applicable.

5.1.2. Benefit indexation

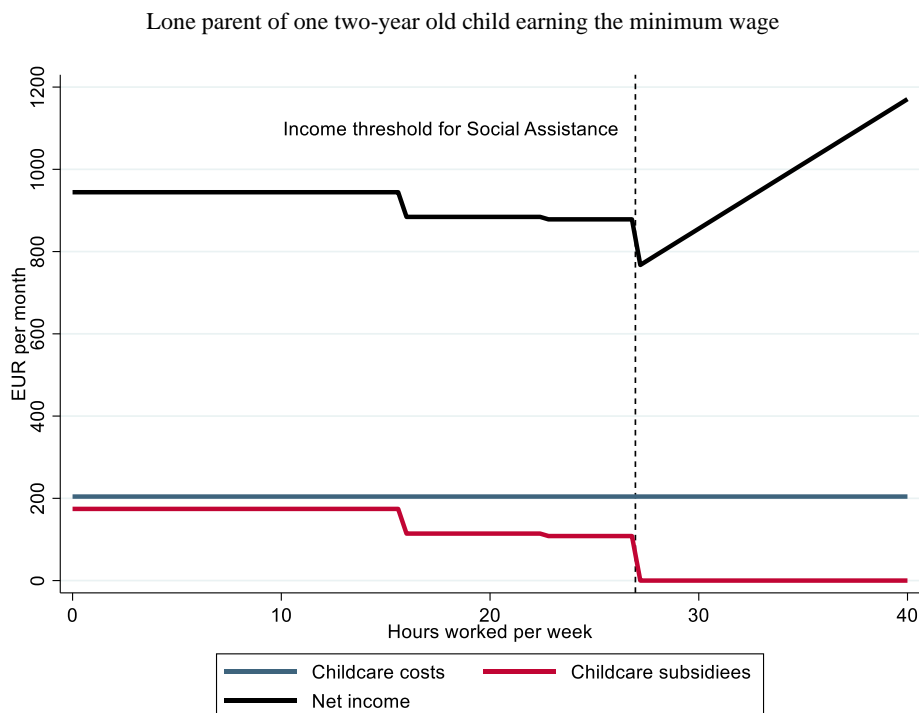
No indexation.

5.2. Fee discounts and free provision

In the *Comunidad de Madrid*, there are reductions in the price of school lunches for certain groups, in particular:

1. School lunch price: 1€ per day, for the following:
 - beneficiaries of regional Minimum Income
 - those that used to be beneficiaries of regional Minimum Income that are now beneficiaries of the Ingreso Mínimo Vital
 - beneficiaries of Ingreso Mínimo Vital that have an income per capita below 3,000€ (reference year: two years before the start of the school year)
2. School lunch price: 3€ per day, for the following:
 - Families with income per capita below 4,260€ (reference year: two years before the start of the school year)
 - Beneficiaries of Ingreso Mínimo Vital that have income per capita between 3,000€ and 4,260€ (reference year: two years before the start of the school year)

Figure 3 shows monthly childcare costs (dining fee and prolongation fees for childcare over seven hours per day), childcare subsidies (reduction in dining fees) as a function of hours worked per week.

Figure 3. Childcare costs, childcare subsidies and net income by working time

Note: TaxBEN models childcare costs and subsidies in the *Comunidad de Madrid*. The lone parent is assumed to receive the new national MIS as long as their earnings are below the threshold. Childcare subsidies include the reduction in dining fees. Recipients of social assistance are not be liable for the fees for childcare above 7 hours a day. Childcare is assumed to be used for 40 hours per week.

Source: OECD TaxBEN model, 2023.

5.3. Child-care benefits for formal centre-based care

Variable name: `[cc_benefit]`

There are no special childcare benefits to parents of children in public kindergartens.

5.4. Child care allowance for children not using child care centers

None.

5.5. Tax concessions for childcare expenditures

In the Comunidad de Madrid, there is a deduction of up to EUR 1,463 for each child in private school provided that school fees are met by private funds (amounts paid by public funds or by funds authorized by the Administration are not deductible; not modelled in TaxBEN). The deduction of school fees, in general, will be 1,463 euros, at a rate of 133 euros for each of the months included in the period from September 2022 to July 2023, both inclusive. To be a beneficiary of these deductions, the family income per capita may not exceed the limit of EUR 35,913. Applications will be scored based on the following criteria: family income, composition of the family unit, employment status of the parents, and socio-family situation. In the event of a maximum score in the section relating to family income (Annual per capita income up to EUR 1,811.00), the amount of the scholarship will be EUR 1,760 at a rate of EUR 160 for each of the months from September 2022 to July 2023, both inclusive.

5.5.1. Indexation

No automatic indexation.

6. In-work benefits

OECD note: This section provides information on employment-conditional (“in-work”) benefits for employees, i.e. benefits whose eligibility is conditional on the following key requirements: 1) being regularly employed (in either the private or public sector); 2) working a certain number of hours and/or earning more than a certain minimum. This definition notably excludes ‘workfare’ programmes and related ‘work-first’ policies that make out-of-work benefits conditional on participation in work activities.

Based on this definition, Spain does not have an “in-work” benefit programme.

7. Social security contributions and payroll taxes

7.1. Contributions by employees (*Cotizaciones sociales de los empleados*)

Variable names: **[SOCSEC_p; SOCSEC_s]**

Social Security contributions are assessed on the basis of employees’ gross earnings taking into account certain ceilings of gross employment income:

- Lower ceiling: EUR 15,120
- Upper Ceiling: EUR 53,946

These ceilings are based on a full-time job. For part-time workers, ceilings are proportional to the real hours worked.

The following rates apply:

- 4.7% for pensions/sickness and invalidity, common contingencies
- 1.55% for unemployment (general rate)
- 0.1% for training.
- 0.1% for intergenerational equity mechanism

7.1.1. Rates indexation

The Social Security contributions are not subject to automatic indexation. Nevertheless, the lower and upper ceilings for gross earnings (máximo y mínimo de las bases de cotización) are updated annually. The updating rules for those ceilings are:

- Lower ceiling: as the interprofessional minimum wage (updated annually in January);
- Upper ceiling: as the CPI index plus 1.2% until 2050.

7.2. Contributions by benefit recipients (*Cotizaciones sociales de los beneficiarios de prestaciones sociales*)

Variable names: **[SOCSEC_p; SOCSEC_s]**

a. Contributions during unemployment benefit

For a person on unemployment insurance, the total social security contributions amount of 4.7% of reference earnings,¹⁶ with the same lower and upper ceilings (as for employees).

The remaining social security contributions for pensions and sickness are paid by the Public Service of Public Employment (*Servicio Público de Empleo Estatal, SEPE*). This public body also pays contributions for individuals on unemployment assistance. Contributions are not payable on family benefits and social assistance. Contributions paid by SEPE on behalf on unemployment benefit recipients are not included in the model.

b. Contributions during temporary incapacity, risk during pregnancy, risk during breastfeeding, maternity and paternity benefits (not modelled in TaxBEN).

1. The obligation to contribute remains during situations of temporary incapacity, risk during pregnancy, risk during breastfeeding and while receiving maternity or paternity benefit, even if these represent a cause for suspension of the employment relationship.

2. In the situations indicated in the previous section, the contribution base of the month prior to the start of the benefit will be applicable during these situations.

c. Contributions during compatibility of retirement benefit and work (not modelled in TaxBEN).

During the period of compatibility of retirement benefit and work, employers and workers will contribute to the General Scheme only for temporary disability and professional contingencies. They also have to pay a special solidarity contribution of 9 percent on the basis of contribution for common contingencies, not computable for benefit purposes, which will be distributed among them (7% by the employer and 2% by the worker).

7.2.1. Rates indexation

Same as for 7.1.1.

7.3. Contributions by employers (*Cotizaciones de los empleadores*)

Variable names: [SSCR_p; SSCR_s]

Employers are liable to pay the following contributions (with the same lower and upper ceilings (as for employees):

- Old age pension/sickness and disability: 23.6%
- Unemployment (general rate): 5.50%
- Wages fund: 0.2%
- Professional Training: different for each economic activity with a minimum of 1.5%. In average 2,25%.
- Intergenerational equity mechanism: 0.5%

7.3.1. Rates indexation

Same as for 7.1.1.

¹⁶ This implies that social security contributions rise with previous income even for previous incomes beyond the maximum unemployment benefit.

8. Taxes

As a rule, the tax unit is the individual. Nevertheless, families have the options of being taxed:

- As married couples filing jointly on the combined income of both spouses and dependants;
- As heads of households (only unmarried or separated individuals with dependents).

8.1. *Personal income tax (Impuesto sobre la renta de las personas físicas, IRFP)*

Variable name: **[IT]**

8.1.1. *Tax allowances*

Basic tax allowance: Married couples filing jointly may claim an allowance of EUR 3 400. This figure amounts to EUR 2 150 for heads of single-parent households.

Tax allowance for social security contributions: All social security payments are fully deductible.

Other expenses allowance: is up to EUR 2 000. It may be increased by the same amount in case of accepting a job in a different location implying a change of residence (*not modelled*).

Employment related allowance: Net employment income (i.e. gross income less employee social security contributions) may be reduced according to the following rules:

- Taxpayers with net employment income less than or equal to EUR 14 047.5 per year: EUR 6 498.
- Taxpayers with a net employment income between EUR 14 047.5 and 19 747.5: EUR 6 498 less the result of multiplying by 1.14 by the difference between the net employment income and EUR 14 047.5.

Disabled workers allowance: an allowance of EUR 3 500 for disabled salary earners. Those with reduced mobility may claim an augmented allowance of EUR 7 750. (*not modelled*)

8.1.2. *Tax base*

The tax base is defined as taxable income minus social insurance contributions and tax allowances. Taxable income includes income from employment and taxable unemployment benefits.

8.1.3. *Income tax schedule*

Central government

The central government income tax is calculated according to the following tax schedule:

Taxable income (EUR)	Tax at the lower limit (EUR)	Tax rate on taxable income in excess of the lower limit (%)
0–12 450	0	9.50
12 450–20 200	1 182.75	12.00
20 200–35 200	2 112.75	15.00
35 200–60 000	4 362.75	18.50
60 000–300 000	8 950.75	22.50
Over 300 000	62 950.75	24.50

The Autonomous Communities (Regional Governments) are liable to set up their own personal income tax schedule to tax the general income tax base. In 2023, those tax rate schedules vary from five to ten brackets and their marginal rates from 8.5 to 29.5%.

Regional taxes

Up to 2009, the regional share of the tax on the general tax base was determined by applying a progressive tax schedule with default values. However, the Autonomous Communities were allowed to modify these values under certain limitations. The default tax scale was removed in 2010. From that moment on, the regional tax schedule became increasingly different. These differences have grown since 2015, coinciding with the entry into force of the income tax reform. Since 2016, each Autonomous Community applies a different tax scale, with currently only one matching the Central Government tax scale.

Because of these dramatic changes, the TaxBEN model switched from the Central Government tax schedule to the tax schedule of Madrid (Madrid Region) in 2016. This is the default tax schedule in TaxBEN. Since 2020, regional taxes for the regions Andalucía, Catalonia and Galicia are also implemented in TaxBEN.

Madrid

Madrid Schedule for general tax base in 2023

Taxable income (EUR)	Tax at the lower limit (EUR)	Tax rate on taxable income in excess of the lower limit (%)
0–12 450	0	8.50
12 450–17 187 074 33.20	1 058 101.2564	10.70
17 187 074 33.20–33 340 073 60.2050	1 620 687.7722	12.80
33 340 073 60.2050–53 554 075 96.2090	3 579 725.1791	17.40
Over 53 554 075 96.2090	7 128 421.7704	20.50

Andalucía (since 2022)

Taxable income (EUR)	Tax at the lower limit (EUR)	Tax rate on taxable income in excess of the lower limit (%)
0–13 000.00	0.00	9.50
13 000.00– 21 100.00	1 235.00	12.00
21 100.00 – 35 200.00	2 207.00	15.00
35 200.00 - 60 000.00	4 322.00	18.50
60 000.00 and over	8 910.00	22.50

Catalonia (since 2022)

Taxable income (EUR)	Tax at the lower limit (EUR)	Tax rate on taxable income in excess of the lower limit (%)
0 – 12 450.00	0.00	10.50
12 450.00 – 17 707.20	1 307.25	12.00
17 707.20 – 21 000.00	1 938.11	14.00
21 000.00 – 33 007.20	2 399.10	15.00
33 007.20 – 53 407.20	4 200.18	18.80

Galicia (since 2022)

Taxable income (EUR)	Tax at the lower limit (EUR)	Tax rate on taxable income in excess of the lower limit (%)
0–12 985.35	0.00	9.00
12 985.35–21 068.60	1 168.68	11.65
21 068.60 – 35 200.00	2.110.38	14.90
35 200.00 – 60 000.00	4 215.96	18.40
60 000.00 and over	8 779.16	22.50

8.1.4. Central government tax credits

Maternity tax credit: This is a non-refundable tax credit for working women with children under 3 years of age up to EUR 1 200. Since 2018 it may be increased by EUR 1 000 where the taxpayer has incurred qualifying expenses related to nursery schools/kindergartens.

Tax credit for large families: This tax credit is for large families (3 or more children) or families with dependent family members with disabilities. It is refundable up to the total amount of social security contributions. The amount is up to EUR 1 200, in general, or EUR 2 400 for special large families, with 5 or more children. It can also be claimed by single-parent households with two children. Since 2018 it has been raised by EUR 600 for each child exceeding the minimum number of children required for all large families types listed above.

Other tax credits:

- The base amount is EUR 5 550 per taxpayer. The same amount is granted for family units filing jointly.
- Dependent children (under 25 years or of any age if disable): EUR 2 400 for the first dependent child; EUR 2 700 for the second; EUR 4 000 for the third, and EUR 4 500 for any additional child.
- Childcare allowance: an additional allowance of EUR 2 800 for each of the above dependent children under 3 years of age.
- There are additional tax credits for elderly and workers with disabilities (*not modelled*).

Child allowances have to be shared equally between spouses when they file separately.

These allowances are tax credits calculated in the following way: all the applicable amounts are summed up, then the tax rate is applied to the sum according to the tax schedule. The obtained result is deducted from the tax.

8.1.5. Regional tax credits

Several regional tax credits are outside the scope of TaxBEN. This section lists the regional tax credits that are implemented in the model.

Madrid

Tax credit for low-income families with two or more children (Deducción para familias con dos o más descendientes e ingresos reducido). For parents of two or more children qualifying for child allowance. The sum of the ordinary and savings tax base must not exceed EUR 24 000 (sum of two parents tax bases if in individual scheme). The value of this tax credit is 10% of the Autonomous Community tax bill after deduction of all other tax credits.

Andalucía

Lone parent tax credit (*deducción para el padre o madre de familia monoparental y en su caso, con ascendientes mayores de 75 años*). EUR 100 for lone parents of children under the age of 18 with a taxable income below EUR 80 000 (individual filers) or 100 000 (joint filers). In case of two or more tax payers, the credit is shared equally between them. Non-refundable.

8.1.6. Benefit indexation

No automatic indexation.

Selected output from the OECD tax-benefit model (TaxBEN)

This section shows selected output of the TaxBEN model for Spain 2023 (Figure 1). TaxBEN by default produces the following output: net household incomes (**black line**) and its subcomponents (**coloured stacked areas**) for selected family and individual circumstances.

The model and the related web calculator is accessible from the [project website](#). Figure 1 shows outputs for four scenarios:

- By percentage of the average wage (**Panel A**);
- By unemployment duration (in months) for a jobseeker claiming unemployment benefits (**Panel B**);
- By previous gross earnings levels for a jobseeker claiming unemployment benefits (**Panel C**);
- By previous employment record, for a jobseeker claiming unemployment benefits (**Panel D**).¹⁷

The stacked areas shows the following household income components: **GROSS** = gross earnings; **SSC** = social security contributions; **IT** = income tax; **FB** = family benefits; **HB** = housing benefits; **SA** = social assistance; **IW** = in-work benefits. Note that each component may contain more than one benefit or tax.

Results in Figure 1 refer to a two-adult family with two children. Adults are both 40 years old whereas children are 4 and 6 years old respectively. Social assistance and housing benefit supplements are assumed to be available in all the four scenarios provided that the necessary income and eligibility requirements are met. Where receipt

¹⁷ Note that the minimum contribution period has been suspended temporarily in the context of the COVID-19 pandemic.

of social assistance or other benefits is subject to activity tests (such as active job-search or being available for work), these requirements are assumed to be met.

Figure 1. Selected output from the OECD tax-benefit model, 2023

Couple with two children.



Notes: In Panel A, the first adult is employed full-time and full-year. The second adult is out of work and not eligible for unemployment benefits, e.g. because they have expired (the same is assumed for the first adult when earnings are zero). In Panels B to D, the first adult is out of work and claiming unemployment benefits, whereas the second adult is out of work and not eligible to unemployment benefits. Previous earnings of the first adult equal to the Average Wage. In Panels B and C, the first adult is assumed to have a 'long' employment record of 264 consecutive months before the job loss. Panels C and D refer to the 2nd month of unemployment benefit receipt.

Source: Calculations based on the OECD tax-benefit model.

Annex: Other benefits and direct taxes

This section provides a brief description of other cash benefits and taxes on employment incomes in Spain that are relevant for some members of the population below the statutory retirement age, but which are not included in the OECD tax-benefit model.

Benefit for birth or adoption (Ayuda por nacimiento o adopción)

This is a one-off lump-sum economic benefit (EUR 1 000) for birth or adoption in the following cases: large families, lone-parent families or disabled mothers. The same income test as for the family allowance is applied (see Section 4.1.4.).

Benefit for multiple births or adoption (Ayuda por parto o adopción múltiple)

This is a one-off lump sum economic benefit for multiple births or adoption:

- 2 children: 4 times the monthly amount of the minimum wage
- 3 children: 8 times the minimum wage
- 4 children and more: 12 times the minimum wage.

Additional programmes under the State Housing Plan 2022-2025 not covered by TaxBEN

Program 3: Aid program for victims of gender violence, people evicted from their habitual residence, homeless people and other especially vulnerable people.

The aim of this programme is to facilitate an immediate housing solution for victims of gender violence, people evicted from their habitual residence, homeless people and other especially vulnerable people.

Beneficiaries: Victims of gender violence, people who have been evicted, homeless people and other especially vulnerable people at the discretion of the Autonomous communities.

Amount of aid: Direct rental assistance of up to €600/month (in some cases up to €900/month) and up to 100% of the rent.

Direct aid for maintenance, community and basic supplies expenses of up to €200/month and up to 100% of the expenses.

Benefit duration: The aid may be granted for a period of up to 5 years.

Program 4. Aid program for tenants in a situation of sudden vulnerability.

Beneficiaries: Tenants of habitual residence in the event of sudden vulnerability.

Amount of aid: Direct rental assistance of up to €900/month (in some cases for a higher amount with the prior agreement of the Ministry of Transport, Mobility and Urban Agenda-Regional Authorities monitoring commission) and up to 100% of the rent.

Requirements: Sudden vulnerability in the previous 2 years. After becoming vulnerable: Income limit of the coexistence unit: 3 times the IPREM. Income reduction: Minimum 20%. The effort to pay the rent must be above 30% of the net income of the coexistence unit. The income limit (before becoming vulnerable) must have been equal to or below 5 times the IPREM, 5.5 times the IPREM for general large family and people with

disabilities, or 6 times the IPREM for special large family and people with severe disabilities.

Benefit duration: The aid may be granted for a period of up to 2 years.

Program 5. Program to help young people and to contribute to the demographic challenge.

This programme includes two schemes, a rent aid and home purchase scheme. The rent aid is covered by the TaxBEN model and it is described in section 3.6. .

Home purchase scheme:

Beneficiaries: Young people up to 35 years of age (inclusive).

Type of housing: Habitual and permanent residence.

Income limit of the coexistence unit: General family 3 times the IPREM. 4 times the IPREM for general large family and people with disabilities, 5 times the IPREM for special large family and people with severe disabilities).

Amount of aid/requirements: Up to €10,800 with a limit of 20% of the purchase price.

Acquisition price: Less than €120,000. Habitual and permanent residence for 5 years. Municipalities or towns equal to or less than 10,000 inhabitants.