

The Spanish social security authorities' interpretation concerning contributions for various items following amendment of article 109 of the General Social Security Law

Royal Decree-Law 16/2013, of December 20, 2013, on measures to encourage stable hiring and improve the employability of workers, was published in the Official State Gazette on December 21, 2013, and amended the computable items in the contribution base under the general social security regime as set out in article 109 of the General Social Security Law.

In a recent ruling, the Spanish social security authorities gave their view in reply to a request on various interpretation issues concerning the contributions for certain items. The main conclusions in the ruling are summarized below:

- As a starting premise, they reiterated that all salary items not expressly listed among those not subject to contributions in article 109 of the General Social Security Law must be included in the contribution base.
- In scenarios where the employment relationship has been temporarily interrupted under a collective layoff procedure, the company must continue making contributions for as long as the employee receives the related unemployment benefit. The contribution bases already include the contributions for the insurance premiums under policies companies may have taken out for employers and are computable in the contribution base, such as medical, accident or life insurance policies.
- Contributions relating to the cafeteria and restaurant service subcontracted by the company must be made on the difference between the amount the company agrees to pay or subsidize with respect to the normal selling price for those using it who are not company personnel; whereas, in the case of company canteens, contributions will be made on the cost each meal entails for the company and only for employees who use the canteen and by reference to the number of days they use it.
- Contributions must also be made on: (i) the provision of meal vouchers to employees who must leave the workplace without having to travel to a municipality other than that of their place of work or residence; (ii) length of service bonuses; (iii) retirement bonuses and incapacity indemnities, both distributed on a pro rata basis over the twelve months immediately preceding the payment date; (iii) life or medical insurance policies taken out by the company that are kept on for a period of time after the employment relationship has ended, distributed on a pro rata basis over the twelve months preceding the end of the employment relationship.
- The contributions, if any, on severance payments have not changed, although it has been clarified that, where severance payments exceed the exempt amounts, the contributions will be distributed on a pro rata basis over the months of the year that have already run when the employment relationship is terminated.

- Contributions on annual bonuses paid in the fiscal year following the year in which they are earned must be made when the bonus is received, although the required additional settlements of contributions in the year in which the bonus was earned will have to be made.

The full wording of the ruling can be found in Spanish [HERE](#).