

## Fixed-term contracts

Training contract:  
balancing training and  
paid employment

- For employees lacking **professional qualifications or certificates** or in case they have them, but they have not **had a previous training contract** in the same productive sector or for the same level of training.
- **Up to the age of 30** if the contract is signed with employees who are studying to obtain a **level 1 or 2 certificate** or they are involved in public or private programs of the Catalogue of training specialties from the National Employment System.
- The **activity** to be carried out in the **company** must be directly related to the **training activity**.
- The **training center** and the **company** must each **appoint a tutor**. The main function of these 2 tutors is to monitor the **individual training plan**. Coordination between the company and the training center is required.
- **Duration:** the one provided in the training program (**min. 3 months, max. 2 years**). It is possible to **use 1 unique contract for different periods on different years**. **Possibility of extension** of the duration initially provided if the duration of the contract is shorter than the 2-year limit (without having obtained the corresponding diploma).
- **1 training contract** for each **training term**. However, **several contracts may be concluded with different companies** (if each contract is related to a different activity and the total number of contracts does not exceed the 2-year limit).
- Effective **working time** cannot exceed **65%** of the statutory or the collective bargaining agreement (CBA) maximum working time during the **1st year and 85%** during **the 2nd year**.
- This type of contract cannot be used if the employee has **previously worked more than 6 months** in the **same position** and in the **same company** (under any type of contract).
- **No overtime and additional hours** are allowed. **No shift-work and night-work** are allowed unless the nature of the activity requires this type of work.
- **Part-time contracts** are allowed, and **probationary periods** are not.
- **Remuneration:** the one provided in the **CBA**, if any, or, in case there is no CBA provision to this regard, **the 60% for the 1st year and the 75% for the 2nd year** of the remuneration set for the professional group and level of compensation related to the functions performed, but in no case **less than the minimum wage** (in proportion to the time worked).

## Fixed-term contracts

Training contract:  
For obtaining  
professional  
practice adequate  
to the level of  
studies  
(former internship  
contract)

- For those employees who have a **university degree** or an **intermediate or higher degree**, a **master's degree** or a **professional training certificate** or an **artistic education or sports education certificate**.
- These contracts could be used if the employees finished their studies during the previous **3 years (or 5 years in case of disability)** and in case they have **gained professional experience or training in the same activity and in the same company, the latter cannot exceed 3 months** (training periods or internships in order to obtain the certification required to use this contract are not taken into consideration).
- Duration: **min. 6 months max. 1 year** (CBA may provide the exact duration). **Part-time contracts** are allowed.
- **It is not allowed** to hire employees **for more than 1 year** neither by the **same company nor by a different one** based on the **same professional qualification or certificate**, nor by the **same company and the same position** with a **different certificate or professional qualification**.
- **Probationary period**: no more than **1 month**, unless otherwise provided in the CBA.
- The company must have an **individual training plan** and must appoint a **trained and experienced tutor** in order to monitor the plan.
- **At the end of the internship**, the company must issue and deliver to the employee the corresponding **internship certificate**.
- **No overtime** allowed.
- **Remuneration**: the one provided in the CBA, if any, or, in case there is no CBA provision to this regard, the corresponding to the professional group and level of compensation related to the functions performed, but in no case **less than the minimum wage** (in proportion to the time worked).

## Fixed-term contracts

### General rules for training contracts

- **Social Security (SS) protective action:** employees will be fully covered; they will also be entitled to **unemployment benefits** and covered in case of **insolvency** of the company.
- The **contract could be suspended** by different **situations**, for example: temporary disability to work, parental leave, etc.
- The **individual training plan** must be **included** in the **contract** in **writing**.
- **Employee's representatives (ER)** must be informed about **educational cooperation agreements and individual training plans or programs**.
- **The sectorial CBAs may determine which job positions** could be suitable for this type of contracts.
- If the company is applying an **"ERTE" (Temporary Layoff Scheme, hereinafter referred to as "TLS")**, **fixed-term contracts** could be used provided that they are **not used to replace the employees** affected by the TLS. If the **grounds** for the **temporary** contract are however **fraudulent** or if the **company does not comply with the teaching/training obligations**, the contract will become of an **indefinite duration**.
- **The company** can request information from the **SEPE (Employment Agency)** in order to verify whether the potential new employees have been previously hired **under this type of contract and for how long**. **This information** must be sent to the **ER** and the **certificate** issued by the Employment Agency **will preclude the Labor Authorities/employees** to successfully **challenge the validity** of the training contract with regard to its maximum duration.
- Employees are **not entitled** to **severance compensation** at the time of termination.
- These new rules **will not be applicable** to the **training contracts existing** prior to this new law and until the **end of their maximum duration**.
- **"Trainee Statute"**: most representative trade unions and business organizations will be convened **within 6 months** of the entry into force of this regulation, 12/31/2021, to develop the training and professional activity of curricular or extracurricular internships provided for official studies.

## Fixed-term contracts

### Grounds related to production

Due to **occasional and unforeseeable increase** in the **production**, even in the **normal course of business**, which generates a **temporary imbalance** between available employees and needed ones:

- Maximum duration of **6 months**.
- **Extendable up to 1 year** if so provided by CBA.
- **1 single extension** allowed.
- **Severance compensation** at the time of termination of **12 days or salary** per worked year.
- It can be used to **cover permanent personnel during their annual leave**.

**Occasional and foreseeable increase in the production with a short duration:**

- This contract can only be used with each employee for a **maximum of 90 days in the calendar year** (irrespective of the number of employees required)
- The 90 days in the calendar year **cannot be used continuously**.
- This type of contracts **cannot be used** to cover the needs arisen out of the **regular rendering of services for a third company/state** (subcontracting, administrative concession, etc.).
- In the **last quarter of every year**, the company must send an annual forecast regarding the use of these contracts to the **ER**.
- **Severance compensation** at the time of termination of **12 days or salary** per worked year.

### Replacement

Fixed-term contracts in order to **temporarily replace absent employees** having the right to come back to work:

- The new employee can start working **up to 15 days before** the absence of the employee being replaced.
- It can be used to **complete the reduced working time of** another employee.
- It can be used **during the selection or promotion process to fill a permanent vacancy**. The fixed-term contract cannot **exceed 3 months** in this case.
- **No severance compensation** at the contract termination.

## General rules for fixed-term contracts

- Employees who have been employed **for more than 18 months** within a **24-month period**, for the same or for a different position but for the same company or group of companies, under **2 or more contracts due to production grounds** (directly or through a temping agency) will become permanent employees in that company. In addition, employees who work or fill **positions** which have been covered with temporary contracts due to production grounds **for more than 18 months within a 24-month period** (including those through temping agencies), will become **permanent employees** as well.
- In the mentioned events, the company must provide the employee with a **document**, within **10 days since the end of the aforementioned periods**, as evidence of his/her new status as a permanent employee of the company (+ info to the ER).
- The **company** must **inform** the employees with **fixed-term contracts**, including employees with training contracts, about the existing vacancies in the company (+ info to the ER).
- **Non-compliance** with the regulation related to fixed-term contracts, especially when the company use them fraudulently, will be considered a **serious breach for each affected employee**. Consequently, the company may be **fined** from **EUR 1,000 to EUR 10,000 per breach**.
- **Fixed-term contracts of less than 30 days of duration** will have an **additional contribution to the SS to be paid by the company** at the termination date. Calculation: **multiplying by 3** the amount resulting from applying the general contribution rate payable by the company (to cover sick leave) to the minimum daily contribution base of group 8 of the General Social Security Scheme for sick leave.
- These **new rules** will **not be applicable to the fixed-term contracts existing prior to this labor reform** (the former contracts for a specific project or service or due to production grounds) **until the expiration of their maximum duration**.
- **Assessment of fixed-term employment**: the Government will analyze all data related to **fixed-term and contracts of indefinite duration** in **January 2025**. Main goal: **reducing the fixed-term contracts rate**. As a result of this assessment, the Government will consider whether additional measures are needed in order to improve the results, and they will be discussed with **trade unions and employers' organizations**. This evaluation will take place **every 2 years**.

## Permanent seasonal contracts

- **Seasonal nature of work or seasonal** productive activities, on a **discontinuous basis** but certain periods (determined or not).
- They can be used to cover the needs arisen out of the **regular and foreseeable rendering of services for a third company/state** (subcontracting, administrative concession, etc.). The **inactive periods cannot last more than 3 months**, unless otherwise provided in the CBA.
- The **temping agencies** can also hire employees under this type of contract, so they can later put these employees to disposal of a third party/company.
- Employees hired under this type of contract **have to be called in writing** (or by other means) with **clear indications** regarding his/her **incorporation** and with **appropriate notice**.
- The company must also inform the ER, prior to the start of the business year, about the annual or half-year **forecasts** regarding the **calls** of these employees **and** about the **actual number of calls** when they take place.
- **Sectorial employment pool:** sectorial CBAs may provide an employment pool so that employees, during inactive periods, can have access to other types of contracts or to training, despite the fact that they would still be entitled to come back to the company when they are called.
- Sectorial CBA **may also** provide **(i)** the possibility of having **part-time** permanent seasonal employees and/or **(ii)** that companies must have an **annual list of** permanent seasonal employees. They may also provide a **minimum period to be annually called** and a **compensation for the termination of a working period** when it is in line with the **termination of the activity and there is no new call**.
- **Seniority:** it will be calculated with the **full employment relationship** and not only with the specific periods of services actually rendered.
- It is mandatory for the company to **inform permanent seasonal employees** and the ER about regular **permanent vacancies** in the company.

**TLS  
(Reduction of the  
working time  
and contract  
suspension)  
Article 47 of the  
Employment Act  
(EA)**

**“ETOP” TLS  
due to  
economic,  
technical,  
organizational  
and  
production  
grounds**

- The **consultation period (CP)** shall not exceed **7 days** in those **companies with less than 50 employees**.
- A maximum of **5 days** to **set up** the **representative committee** (for the negotiation), unless one of the affected workplaces **does not have ER**, in which case the time will increase to a total of **10 days**.
- The Labor Authority (LA) will **request a report from the Labor Inspection (LI)** that it will have to be delivered **within 15 days** after the notification of the end of the CP to the LA.
- At the **end of the CP**, the company must **inform** employees and the LA of its decision on the suspension/reduction of the working time, including the period during which the measures will apply.
- If the measure is challenged in a court of law and it is **declared unjustified** or **null and void**, the company will have to **pay back the SS the differences in the SS contributions**.
- **Extension** of the ETOP TLS: a **new CP** of no more than **5 days** must be initiated, and the decision must be communicated to the **LA within 7 days**. The extension will be effective as of the day after the end of the initial contract suspension/reduction of the working time.

<p style="text-align: center;"> <b>TLS</b>  <b>(Reduction of the working time and contract suspension)</b>  <b>Article 47 of the Employment Act (EA)</b> </p>	<p style="text-align: center;"> <b>Force Majeure (FM) TLS</b> </p>	<ul style="list-style-type: none"> <li>• Procedure to be followed: the one established in <b>article 51.7 of the EA</b>.</li> <li>• Company will have to file a <b>petition</b> before the corresponding <b>LA</b>, attaching any appropriate <b>evidence</b> and the <b>simultaneous communication to the ER</b>.</li> <li>• <b>LA</b> will have to <b>verify within 5 calendar days</b> whether the alleged <b>FM exists</b> (a previous <b>mandatory report from LI</b> is required). Afterwards, the company will be the one to decide about the measure to be implemented: reduction of the working time or/and suspension of the contracts. The measure will be effective as of the date when the FM began and until the date indicated in the LA's resolution. The lack of response in a timely manner from the LA <b>shall be understood as affirmative</b>. A new petition will have to be filed before the LA in case the FM persists at the end of the provided termination date.</li> </ul>
	<p style="text-align: center;"> <b>TLS based on temporary restrictions or limitations of the company's activity</b> </p>	<ul style="list-style-type: none"> <li>• A <b>decision taken by the competent authority</b> that results in temporary restrictions and/or limitations to the regular business activity.</li> <li>• Same procedure as the one described for FM TLS. However, in this case, the LI's report is not mandatory.</li> </ul>



**TLS**  
**(Reduction of the working time and contract suspension)**  
**Article 47 of the Employment Act (EA)**

General rules applicable to all TLS

- **Reduction of the working time** between **10%** and **70%**.
- The company must **inform the LA** (through the available electronic proceedings) about: **i)** the period during which the measure is going to be applied, **ii)** identification of the affected employees, and **iii)** the specific measures to be applied for each affected employee (including the maximum % of reduction of the working time or the maximum number of days of contract suspension for each employee).
- During the corresponding TLS, the company may **include or remove employees** from the TLS depending on the variation of the circumstances that justified the application of the TLS; the **ER** and the **Employment Agency** will have to be **previously informed** about these variations.
- During the application of a TLS, **no overtime, no outsourcing and no new hiring are allowed, unless** employees affected by the TLS do not have the qualification required for those positions, in which case, outsourcing or new hiring is allowed (but the ER has to be previously informed).

**RED Mechanism for  
Employment Flexibility and  
Stability (article 47 bis of the  
EA)**

Companies can voluntarily request the LA, **once the Red Mechanism has been activated by the Council of Ministers**, the reduction of the working time or the suspension of the contracts, for any of their workplaces, while the Red Mechanism is active.

The company will initiate the proceeding by filing the **petition** before the competent LA and by simultaneously informing the ER (the procedure of article 47.7 of the EA applies)

The LA must send the content of the company's petition to LI and ask for the **mandatory report within 7 days**.

The LA will **publish its decision within 7 calendar days** from the notification of the end of the CP, where it will establish whether the requirements for the requested measures are met. The lack of response from the LA shall be understood as affirmative. If the CP ends with an agreement, the LA will have to authorize the measures.

Within **1 month** since the notification of the LA's decision, the company will have to **inform the Employment Agency** about the employees affected, so they can receive the corresponding **unemployment benefits**. Failing to do so in a timely manner, will result in the company having to pay the unemployment benefits (out of its pocket) for the days of delay.

**Cyclical**

- **General economic conditions** that make the adoption of such measures advisable.
- Maximum duration: **1 year**.

**Sectorial**

- When **permanent changes** arise in a particular sector that require retraining and requalification of its personnel.
- Maximum initial duration of **1 year**. Nonetheless, **2 extensions of 6 months each** are allowed.
- The petition must be filed together with a **professional retraining plan** for those employees affected by the measures.

**(Voluntary) Social Security Exemptions when applying a TLS or a RED Mechanism**

Exemptions apply to social security contributions regarding employees affected by the aforementioned measures.

Companies applying those exemptions must retain the affected employees for at least 6 months after the end of the TLS/Red Mechanism and must comply with the mandatory training activities. Failing to do so will result in the company having to reimburse the SS the exemption applied + surcharges and interest on arrears (the exemptions related only to the employee in question, not all exemptions applied).

However, if the employee in question is terminated due to the expiration of the duration of his/her contract, to fair disciplinary dismissal, resignation, death, retirement or total and absolute permanent disability or major disability, the retainment obligation would not be breached. Seasonable employees ending the period of services in question, will neither be construed as a breach.

**Exemptions to be applied to the employer's SS contribution:**

a) **20%** for ETOP TLS.

b) **90%** for FM TLS.

c) **90%** for TLS based on restrictions and limitations

d) RED Mechanism (Cyclical): **60%**, from the date on which the activation takes place, by agreement of the Council of Ministers, and **until the last day of the 4th month after the activation date; 30%**, during the **4 months after the end** of the period mentioned before; **20%**, during the **4 months** after the end of the period mentioned before. **40%** will apply to sectorial RED Mechanism.

**Applicable only** if companies **carry out the provided training actions**. In addition, companies will be entitled to **receive an upgrade of the credit for the financing of training actions**. Depending on the size of the company, the credit will amount to: **i)** from 1 to 9 employees, EUR 425 per employee; **ii)** from 10 to 49 employees, EUR 400 per employee and **iii)** from 50 or more employees, EUR 320 per employee.

## Collective Bargaining Agreements

- Application of the company CBA prevails over the sectorial one, **except with regard to salary**. Consequently, the applicable salary will be the one provided in the corresponding **sectorial CBA**.
- ❖ **CAVEAT:** The previous provision will also be applicable to those company CBAs published prior to this reform once **they cease to be expressly in force** and, at the latest, **within 1 year of the publication of this new regulation** in the Official State Gazette. The company will not be able to **compensate** the salaries provided in the sectorial CBA with other higher salaries that employees were already receiving. **Once this regulation enters into force**, companies will have a **period of 6 months** to adapt their company CBAs to the salary conditions provided in the sectorial CBA.
- The negotiati parties (ER/Trade Unions + Company) **will have to go to mediation**, after **1 year since** one of the parties communicated the other its **intent of changing the CBA**, in case they do not reach an agreement about the new CBA. In the absence of an agreement within the aforementioned 1 year, **the old CBA will remain in force**, i.e., old CBA will rule the employment relationships until a new CBA is agreed.
- If one of the parties communicated the other its intent of having a new CBA prior to Dec 31, 2021, the corresponding old CBA will remain in force until a new one is agreed.

## Miscellaneous

- This labor reform **comes into force Dec 31, 2021**. However, the **new fixed-term contracts** and the new regulation of the **permanent seasonal contracts** will be first applicable **as of March 30, 2022** (or March 31, according to the LA).
- New (old) **fixed-term contracts** for a **specific work or service** and former **fixed-term contracts** based on **market circumstances** can still be signed **from Dec 31, 2021, and until March 30, 2022**, but their **duration cannot not exceed 6 months** and they will be subject to the former regulation.
- For the calculation of the **number of allowed fixed-term contracts, periods**, etc. to determine the existence of a permanent position in the company, **only the current** (but not previous) **fixed-term contract** will be taken into consideration.
- The **applicable CBA to contractors and subcontractors** will be the **sectorial CBA** of the **sector of the activity carried out during the performance of the contract**, regardless of the corporate purpose or legal form of the contractors/subcontractors, unless a different sectorial CBA is applicable. However, when the contractor or subcontractor has **its own CBA**, it will be applicable in the **terms provided** in the **new article 84 of the EA**, i.e., it will prevail over the sectorial one, except in terms of salary, where the ones provided in the sectorial CBA will prevail).
- The **former TSL** due to **restrictions or limitations** provided in article 2 of Law 18/2021 will continue to be governed by this law until **February 28, 2022**.
- The **minimum wage** for **2022** amounts to EUR 13,510/year.