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GMS Flash Alert

2025-036 | 11 February 2025

Spain – New Social Security Solidarity Contribution to Hit Incomes Above the Cap

As of 1 January 2025, a new "additional solidarity contribution" (in Spanish: *cuota de solidaridad* or *cotización adicional de solidaridad*) has been introduced for remuneration exceeding the maximum contribution base in Spain.

Spanish Social Security contributions have been traditionally capped for both the employer and the employee at a maximum monthly contribution base that for 2025 has been set at EUR 4,909.50. That meant that any compensation received by an employee exceeding such maximum contribution base was not subject at all to Social Security contributions.

The new additional solidarity contribution applies starting 1 January 2025, to incomes over the monthly contribution base. This additional solidarity contribution will be applied progressively and will not generate additional pension rights. It will only apply to employed individuals and not, in general, to self-employed individuals. This was introduced by Royal Decree-Law 2/2023.[1, 2, 3]

WHY THIS MATTERS

The introduction of this solidarity contribution will imply an increase in the social security costs of those employees or international assignees that are subject to Spanish Social Security contributions. Note that, as a general rule, any compensation item received by employees is subject to Social Security contributions, including fringe benefits, incentive compensation, or income deriving from stock-related plans.

Furthermore, this amendment could likely imply potential administrative complexities in cases of either international assignees from Spain who apply for a certificate of coverage and maintain participation in Spain's Social Security system while they work abroad, or of those Spain-inbound assignees who might need to contribute to Spanish Social Security; in such case, the Spanish entity would need to capture and consider the assignment remuneration elements paid by the foreign entity to the assignee, even if the maximum contribution base was already exceeded due to remuneration paid by the Spanish entity – the excess over such amount will now be subject to the additional solidarity contribution.

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Background

The solidarity contribution in Spain was introduced as part of a reform of the Social Security contribution system, with the aim of increasing contributions from higher-income employees. This measure is part of Royal Decree-Law 322/2024 and seeks to gradually eliminate the maximum cap on contribution bases.

Until 2024, contributions had a maximum limit, which meant that high-income employees only contributed up to a specific threshold. Starting from 1 January 2025, this limit will begin to gradually increase, applying an additional percentage to income that exceeds the maximum contribution base.

More Details

For 2025, the additional solidarity contribution will be the result of applying a rate of 0.92 percent to the portion of monthly remuneration between EUR 4,909.50 (the maximum contribution base) and EUR 5,400.45, with 0.77 percent borne by the employer and 0.15 percent by the employee, then:

- 1 percent applicable to the portion of remuneration between EUR 5,400.46 and EUR 7,364.25, with 0.83 percent borne by the employer and 0.17 percent by the employee; and
- 1.17 percent to the portion of remuneration exceeding the previous amount, with 0.98 percent borne by the employer and 0.19 percent by the employee.

This rate will gradually increase each year, reaching up to 7 percent by 2045.

The deadline for payment of this additional solidarity contribution will be the last day of the month following the one in which the remuneration is paid.

KPMG INSIGHTS

Unlike regular Social Security contributions, the additional solidarity contribution does not increase the employee's pension base, nor does it grant any additional pension benefits.

It means an additional cost for which companies will have to (i) account in connection with their assignee population that contributes to the Spanish Social Security system and (ii) make adjustments to international assignment budgeting and payroll.

Companies may wish to consult with their global mobility provider about the procedures they will need to follow to properly review and assess items of compensation paid to employees that are covered in the base upon which the additional solidarity contribution is applied (this includes amounts paid by any related entity to the assignees contributing to Social Security in Spain) to make sure that any amount exceeding the maximum Social Securiy contribution base is subject to the solidarity contribution.

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FOOTNOTES:

1 *Real Decreto-Ley 2/2023, de 16 de marzo de medidas urgentes para la ampliación de derechos de los pensionistas, la reducción de la brecha de género y el establecimiento de un nuevo marco de sostenibilidad del sistema público de pensiones* (in Spanish) at https://www.boe.es/buscar/act.php?id=BOE-A-2023-6967.

2 *Real Decreto 322/2024, de 26 de marzo, por el que se modifican el Reglamento General de Recaudación de la Seguridad Social, aprobado por el Real Decreto 1415/2004, de 11 de junio, y el Reglamento General sobre Cotización y Liquidación de otros Derechos de la Seguridad Social, aprobado por el Real Decreto 2064/1995, de 22 de diciembre* (in Spanish) at: https://www.boe.es/diario_boe/txt.php?id=BOE-A-2024-6086.

3 *Real Decreto-Ley 1/2025, de 28 de enero, por el que se aprueban medidas urgentes en materia económica, de transporte, de Seguridad Social, y para hacer frente a situaciones de vulnerabilidad* [updating of the minimum and maximum contrubution bases for 2025] (in Spanish) at: https://www.boe.es/buscar/act.php?id=BOE-A-2025-1560.

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