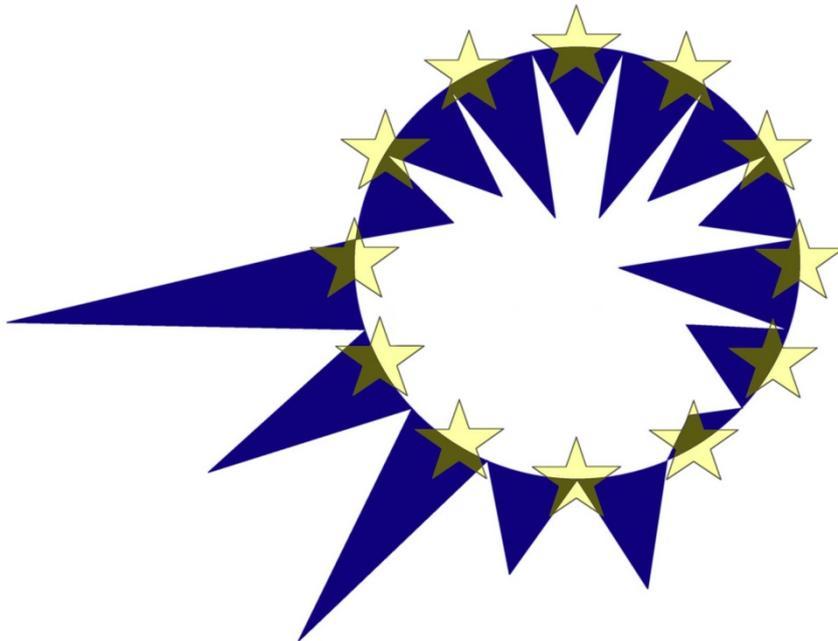


EUROMOD

COUNTRY REPORT



SPAIN (ES)

2007-2010

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EUROMOD is a tax-benefit microsimulation model for the European Union (EU) that enables researchers and policy analysts to calculate, in a comparable manner, the effects of taxes and benefits on household incomes and work incentives for the population of each country and for the EU as a whole.

A major EUROMOD development project (*EUROMODupdate*), supported by DG-EMPL of the European Commission is enlarging and updating EUROMOD to cover all 27 Member States and recent policy systems, using EU-SILC (European Union Statistics on Income and Living Conditions) data as the input database.

The work is being carried out by the EUROMOD core developer team, based mainly in ISER University of Essex, in collaboration with a group of national teams. The Spanish team would like to thank Luis Ayala, Isabela Fernández de Beaumont, Marta Gómez, Cristina Herrera, Eva Martín, Javier Martín and África Rodríguez for their help in completing important details of the National and Regional policies description.

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The results presented in this report are derived using EUROMOD version F6.0 EUROMOD is continually being improved and the results presented here may not match those that would be obtained with later versions of EUROMOD.

For more information, see: <http://www.iser.essex.ac.uk/research/euromod>

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This programme is managed by the Directorate-General for Employment, social affairs and equal opportunities of the European Commission. It was established to finally support the implementation of the objectives of the European Union in the employment and social affairs area, as set out in the Social Agenda, and thereby contribute to the achievement of the Lisbon Strategy goals in these fields.

The seven-year Programme targets all stakeholders who can help shape the development of appropriate and effective employment and social legislation and policies, across the EU-27, EFTA-EEA and EU candidate and pre-candidate countries.

PROGRESS mission is to strengthen the EU contribution in support of Member States' commitment. PROGRESS is instrumental in providing analysis and policy advice on PROGRESS policy areas; monitoring and reporting on the implementation of EU legislation and policies in PROGRESS policy areas; promoting policy transfer, learning and support among Member States on EU objectives and priorities; and relaying the views of the stakeholders and society at large

For more information see: <http://ec.europa.eu/progress>

The information contained in this publication does not necessarily reflect the position or opinion of the European Commission.

CONTENTS

BASIC INFORMATION	5
1.1 Basic figures	5
1.2 The tax-benefit system	5
1.2.1 Basic information about the tax-benefit system	7
1.3 Social Benefits	9
1.3.1 Social Benefits 2007	10
1.3.2 Social benefits 2008	13
1.3.3 Social benefits 2009	13
1.3.4 Social benefits 2010	13
1.4 Social contributions	18
1.5 Taxes	22
1.5.1 Taxes 2007	23
1.5.2 Taxes 2008	24
1.5.3 Taxes 2009	24
1.5.4 Taxes 2010	24
2. SIMULATION OF TAXES AND BENEFITS IN EUROMOD	30
2.1 Scope of simulation	30
2.2 Order of simulation and interdependencies	34
2.3 Other simulation issues	37
2.3.1 Tax evasion	37
2.3.2 Benefit take up and fraud	37
2.4 Social benefits	37
2.4.1 Unemployment benefits.	37
2.4.2 Pension benefits	42
2.4.3 Child and family benefits: National level	46
2.4.4 Child and family benefits: Regional level	51
2.4.5 Minimum Income Guarantee (<i>Ingreso mínimo de inserción o Renta mínima</i>):	65
2.5 Social contributions	82
2.5.1 Employee social contributions	82
2.5.2 Employer social contributions	84
2.5.1 Self-employed social contributions	84
2.5.2 Other social contributions	85
2.6 Personal income tax	85
2.6.1 Overview and reforms	85
2.6.2 Tax unit	85
2.6.3 Exemptions	85
2.6.4 Tax allowances	86

2.6.5	Tax base	88
2.6.6	Tax schedule	89
2.6.7	Tax credits	93
3.	DATA	118
3.1	General description	118
3.2	Sample quality and weights	119
3.2.1	Non-response	119
3.2.2	Weights	120
3.2.3	Item non-response and under-reporting	120
3.3	Data adjustment	121
3.4	Imputations and assumptions	121
3.4.1	Time period	121
3.4.2	Gross incomes	122
3.4.3	Other imputed variables	122
3.5	Updating	122
4.	VALIDATION	123
4.1	Aggregate Validation	123
4.1.1	Input data: a comparison with original EU-SILC	123
4.1.2	Simulated and non-simulated pensions and benefits	127
4.1.3	Simulated taxes and social contributions	133
4.2	Income Distribution	137
4.2.1	Income distribution	137
4.2.2	At risk of poverty rates	140
4.3	Budget constraint charts	144
4.4	Summary of “health warnings”	144
5.	REFERENCES	144

BASIC INFORMATION

1.1 Basic figures

As the figures in Table 1 show, the total population in Spain is increasing. This result is mostly pushed by the immigration phenomenon while fertility, that for a large period of time has been particularly low in Spain compared to other developed countries, is hardly increasing. In this context, there is a decline in the relative percentage of population below 18 years of age and an increase in the relative percentage of population that is over 65. In fact, this results also from the high level of life expectancy in Spain, particularly for females.

In 2009, Spain registered a decrease in GDP per head compared to 2008 as a result of the crisis. Another indicator of the large impact of the Great Depression on the Spanish economy is the rapid increase of the unemployment rate. This rate reached a 17.9 percent of the active population in 2009, a 7.5 percentage points larger than that registered just a year before. The unemployment rate has continued to increase in 2010 and 2011 up to almost a 21 percent of the active population.

Table 1. Basic figures

	Pop. (m.)	pop. < 18 (%)	pop. ≥ 65 (%)	Life expect. (years) Female/ Male	Fertility Rate (Total fertility rate)	Unemp Rate (2 nd quarter)	GDP per head (PPP)	Currency Name	exch. rate ^[1]
2005	43,038,035	17.74	16.8	83.7/77.7	1.35	9.33	23106.48	Euro	--
2006	43,758,250	17.67	16.7	84.4/77.7	1.38	8.53	24934.64	Euro	--
2007	44,474,631	17.70	16.7	84.3/77.8	1.40	7.95	26397.03	Euro	--
2008	45,283,259	17.40	16.6	84.5/78.2	1.46	10.44	26049.75	Euro	--
2009	45,828,172	17.41	16.6	84.9/78.7	1.40	17.92	24208.85	Euro	--
2010	45,989,016	--	16.8	--	1.39	20.09	24523.30	Euro	--
2011	46,152,926	--	17.1	--	--	20.89	24982.71	Euro	--

^[1] Euro exchange rate on 30th of June.

Source: For unemployment rate the source is Instituto Nacional de Estadística (Resultados Desempleo EPA, Principales series de población y Indicadores Demográficos Básicos). For Population, GDP and Fertility the source is Eurostat. For population, life expectancy and fertility (in particular: http://epp.eurostat.ec.europa.eu/portal/page/portal/population/data/main_tables) Statistics Database on line. http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database

1.2 The tax-benefit system

The tax-benefit system in Spain during the period 2005-2007 was quite balanced. Total government revenues at the beginning of the period were approximately 40% of GDP while total government expenditures were slightly below. This implied that the government budget was in good shape avoiding the accumulation of public deficit. Results in Table 2 also show that most government revenues come from tax receipts (this is including social contributions within tax receipts). In fact tax receipts increased their importance relative to GDP until 2007, moving from 36.1 to 37.6 between 2005 and 2007. Government expenditure was 38.8% of GDP in 2007, slightly over that of the previous year. During the whole period of GDP expansion only

about a half of Spanish government expenditures were dedicated to social protection, a figure that is relatively low in the European context.

Due to the strong impact of the economic crisis on the Spanish economy since 2008 total government revenue fell to 34.9 of GDP in 2009 while government expenditure increased up to 46.1% of GDP. Clearly, this has meant a sharp increase in public deficit in recent years.

In 2010 total both government revenue and government expenditure have been quite stable in figures that are very close to those for 2009.

Table 2. Tax-benefit system and government budget

	Total general government revenue % of GDP	Total tax receipts % of GDP	Total general government expenditure % of GDP	Social benefits (other than social transfers in kind) % of GDP	Social protection % of GDP
2005	39.70	36.32	38.44	11.61	19.85
2006	40.72	37.19	38.35	11.45	20.07
2007	41.13	37.58	39.21	11.65	19.98
2008	36.96	33.67	41.46	12.56	20.17
2009	35.09	31.84	46.26	14.67	--
2010	36.28	33.15	45.62	15.31	--

Source: Eurostat, Statistics Database on line. Tax receipts include social security contributions from employers and employees (including self employed and non-employed) http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database . Social Protection data exclude administrative costs.

In terms of social protection functions, government expenditures on social protection are mainly used to cover old-age and survivors (approximately a 40% of total expenditure all along the period), sickness and health care (30% of total expenditure) and unemployment (around a 12% of total expenditure). Only 6% of total expenditure is spent on family and children and about a 2% is spent on alleviating social exclusion.

Table 3. Social protection expenditure by function (as % of total social protection expenditure)

	Sickness/health care	Disability	Old age	Survivors	Family/children	Unemployment	Housing	Social exclusion
2005	30.08	7.27	37.97	2.67	5.62	12.10	0.82	1.10
2006	30.44	7.38	31.06	9.25	5.74	11.68	0.81	1.22
2007	30.46	7.40	31.12	9.15	5.85	11.39	0.88	1.27
2008	30.12	7.00	30.01	8.69	6.61	13.25	--	2.06
2009	--	--	--	--	--	--	--	--
2010	--	--	--	--	--	--	--	--

Source: (2005-2008) Eurostat Statistics Database on line. No data available for 2009 and 2010 in this database. http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database . Between 2005 and 2006 there is a change in the classification of old-age and survivors benefits. (2008 onwards) MTIN. Informe Anual. Protección social en los países de la Unión Europea. SEEPROS (PSE).

<http://www.mtin.es/estadisticas/ANUARIO2009/index.htm> . In 2008 Housing is included in the Social Exclusion function.

The Spanish tax system is divided into similar shares between direct and indirect taxes and social security contributions. Indirect taxation in 2005 is slightly higher than direct taxation (34.8% and 30.5% of total receipts respectively). One fifth of public revenue comes from income tax while the main source of government revenue comes from taxes on goods and services (mainly VAT) which are 33.8% of total tax receipts. Social contributions are approximately just above one third of total receipts (33.5%) being employers (24.3%) who contribute most importantly to this revenue.

The evolution of the different sources of tax receipts in the period show that both personal and corporate income taxes increased their relative weight until 2008 while indirect taxes and social contributions reduced their weight within total tax receipts in that period. Due to the strong impact of the economic crisis on the Spanish economy, both corporate income taxes and indirect taxes suffered a strong decrease between 2007 and 2009, reducing their relative weight in slightly more than 4 and 2.5 percentage points, respectively. However, corporate taxes also suffered from a relevant reform put in place for 2008 corporate income where small firm's marginal tax rates were reduced.

Table 4. Taxation (as % of total tax receipts)

	Personal income tax	Corporate income tax	Social security contributions		Taxes on goods and services	Other taxes
			Employees*	Employers		
2005	18.42	10.80	9.15	24.18	35.07	2.39
2006	19.33	11.33	8.89	23.64	34.48	2.40
2007	20.81	12.68	8.78	23.59	31.73	2.48
2008	21.85	8.63	10.25	26.32	30.03	2.66
2009	22.17	7.33	11.83	27.22	28.57	2.10
2010	22.25	5.57	11.22	26.00	31.84	1.96

* Includes self-employed and non employed.

Note: Total tax receipts include social security contributions from employers and employees (including self employed and non-employed).

Source: Eurostat Statistics on line.

http://epp.eurostat.ec.europa.eu/portal/page/portal/statistics/search_database (gov_a_tax_ag)

1.2.1 Basic information about the tax-benefit system

- The tax-benefit system is evolving towards a decentralized system. Most taxes are partly claimed by regions (*Comunidades Autónomas*) and partly claimed by the national government (*Estado*). The main exception is corporate tax (*Impuesto de Sociedades*) which is still a national government tax. No separate capital gains tax exists, capital gains are included in taxable income. The autonomous regions may levy a net wealth tax. Regarding the taxation of companies, companies are subject to corporate income tax and a local business tax. Spain comprises mainland Spain, the Balearic Islands and the Canary Islands, as well as the cities of Ceuta and Melilla in Northern Africa. The Basque Country and Navarra have their own tax systems. Benefits are more centralized than taxes and are generally claimed to national authorities. The main exception to this rule is the Minimum Income Guarantee Benefit or *Rentas Mínimas de Inserción* (the last social safety net) which

is handled by regional governments. Benefit eligibility conditions, benefit quantity and benefit duration differ between regions.

- The taxable period for individuals in Spain is the calendar year (1st of January to the 31st of December). Regarding companies, as a general rule, the tax year coincides with the calendar year (usually from 25th of July to the next 25th of July), but companies may file their returns with reference to their financial year. The tax year may not exceed 12 months. Corporate income tax must be computed and paid by the taxpayers under the self-assessment method. Main benefit changes may be implemented at any moment of the year.
- Spain has a minimum wage. Daily and monthly rates (in euro) for 2007 to 2010 are in the table below.

	2007	2008	2009	2010
Minimum Wage				
- Daily	19.02	20.0	20.80	21.11
- Monthly	570.6	600	624	633.3

- There is also an index used for the calculation of most social benefit: IPREM. Daily, monthly and annual rates (in euro) for 2007 to 2010 are in the table below.

	2007	2008	2009	2010
IPREM				
- Daily	16.64	17.23	17.57	17.75
- Monthly	499.2	516.90	527.24	532.51
- Annual (12 payments)	5,990.4	6,202.8	6,326.86	6,390.13
- Annual (14 payments)	6,988.8	7,236.6	7,381.33	7,455.14

- State pension age all along the 2007-2010 period was 65 years of age for both women and men. The minimum number of years of contributions to be eligible for a state pension is 15 of which at least 2 years must have been during the 15 years immediately preceding the date of retirement. The maximum pension is reached after 35 years of Social Security contributions.
- Minimum school leaving age is 16; dependent children in general are defined as aged under 18 or disabled regardless of age. In the case of legally separated spouses or *de facto* unions, dependent children belong to the family unit of the parent who they live with. Dependent children for tax purposes are defined as individuals aged under 25 years (if disabled there is no age limit), not married and with yearly income below 8,000 euro (*Real Decreto Legislativo 3/2004*).
- For benefit purposes “Large Families” (*Familias numerosas*) are defined as a one or two-parent cohabiting family with three or more dependent children (or two if a parent or one of the children is disabled). A further distinction is made within them, those with 5 or more dependent children are identified as “special large families” (*Familias numerosas de categoría especial*). Dependent children in this case are individuals who economically depend on adults’ incomes (their income is below the IPREM indicator) are under 21 years of age (or under 26 if in full-time education). There is no age limit for disabled children. (*Ley 40/2003*).
- For income tax purposes “lone Parents” (*Familias monoparentales*) are families of one adult with children under the age of 18 (or over that age if disabled).
- The Spanish income tax is an individual system. However, taxpayers may choose to file a single or a joint tax return. The family unit is the nuclear family: the married couple or single person plus any dependent children. Joint tax returns do not allow for income

splitting. The rules and amounts of most elements of the Spanish income tax are the same under individual and joint taxation.

- Different income sources are taxed differently. In the 2007-2010 period all non capital incomes are taxed progressively. Capital income before the 2007 personal income tax reform is taxed at a flat rate if benefits are obtained after one year or more since investment. After the reform capital income is taxed at a flat rate independently of when the benefits were obtained.
- Income tax withholdings are collected on a cumulative basis, i.e., the system tries to ensure withholding the exact amount due in the financial year. Spanish-source income from employment, self-employment, investment and capital gains derived by resident individuals may be subject to withholding of income tax. The tax withheld is generally treated as an advance payment and credited against the taxpayer's final tax liability. As a general rule, self-assessment of the tax is mandatory by the end of the financial year. The annual tax return must be filed and any outstanding tax paid between the 1st of May and 30th of June of the following year. If the sum of the amounts withheld and any prepayments exceed the taxpayer's final liability for the current year, the excess is refunded. In 2010 individuals who are only taxed on income from work and who earn less than **22,000 euro** and do not have more than one employer do not need to fill in a tax return. If individual earnings come from more than one employer this limit drops to **11,200 euro**.
- There is no statutory indexing regime for taxes. Since 2004 most benefits are indexed using the IPREM and not the *minimum salary* as it was usual in previous years.
- In the Cataluña region there is another indexing indicator: the IRSC (Indicador de Renda de Suficiencia de Catalunya). It's value in 2010 is **7,967.73 euro** a year, corresponding to **569.12 euro** a month.
- The means-tested benefit system assesses entitlement according to family unit income. The family unit is, in general, the nuclear family. However, note that some non-contributory benefits, such as non-contributory old-age pensions, consider other cohabiting individuals within the family unit.
- Social contributions, benefits and pensions are usually assessed and delivered on a monthly basis. Income tax liability is based on annual income and allowances and thresholds are generally referred to in annual terms.
- Different levels of disability are defined as in Law. (*Ley General de la Seguridad Social, aprobado por el Real Decreto Legislativo 1/1994, de 20 de junio, articulo148*).

1.3 Social Benefits

Social benefits can be divided into two main groups: (1) Contributory Benefits (CB) for which eligibility depends on having met certain conditions regarding social insurance contributions and certain contingencies such as old-age, widowhood, disability or unemployment. The amounts received depend on contributions and, in some cases, on a range of personal circumstances. (2) Non-contributory benefits (NCB) for which eligibility depends on certain contingencies such as old-age, widowhood, disability or unemployment and, generally, on an income test. Eligibility in this case does not require a minimum amount of contributions and most non-contributory benefits are income-tested. The test on incomes is usually related to a range of personal and family circumstances and to total individual or family incomes.

Some contributory benefits may depend on the social security regime the individual is contributing to. However, significantly more than half of total benefits are paid within the social security General Regime.

1.3.1 Social Benefits 2007

Contributory Benefits (C):

Sickness cash benefit (*Incapacidad temporal*): Compulsory social insurance scheme payable through employers that covers workers who are temporarily unable to work due to common or professional illnesses or accidents. Incapacity for work must be certified by a doctor and the worker must have paid the required contributions.

Maternity/Paternity leave benefit (*Prestación por maternidad*): Compulsory social insurance scheme payable through employers that covers the following situations: maternity, adoption and permanent or simple fosterage (according to the Civil Code or to the Autonomous Communities that regulates it), provided that in this last case, the duration is not below a year. The benefits amount to 100% of the worker's contributory base for maternity leave.

Risk during pregnancy benefit (*Prestación por riesgo durante el embarazo*): paid to expectant working mothers who are unable to continue with their normal task during their pregnancy. The benefit is payable through employers. In order to be entitled to receive the benefit the worker must have a minimum period of paid contributions. Benefits are subject to taxation and while receiving it social security contributions must be paid.

Disability pension (*Pensión contributiva por incapacidad permanente*): Compulsory social insurance scheme for employees with contribution-related benefits in case of permanent incapacity (*incapacidad permanente*). The degrees of disability are the following: Permanent and partial disability for the usual profession (*incapacidad permanente parcial para la profesión habitual*), permanent and complete disability for the usual profession (*incapacidad permanente total para la profesión habitual*), permanent and total disability for any type of working activity (*incapacidad permanente absoluta*) and severe disability (*gran invalidez*). In order to be entitled to receive the benefits the worker must have paid the required contributions. The amount of the benefit depends both on the degree of disability and on the contributory base. Benefits from permanent disability (either partial or total) for the usual occupation are taxable. Absolute permanent incapacity and severe incapacity benefits are not taxable.

Old-age pension (*Pensión contributiva por jubilación total o por jubilación parcial*): Compulsory social insurance scheme for employees that have either completely stopped working and are entitled to receive old-age benefits or workers that have decided to reduce their working hours and to combine partial old-age benefits with salaries from work. The legal retirement age in Spain is 65 years. In order to be entitled to receive the benefits the worker must have paid the required contributions. The retirement pension benefit amount is determined by the amount and number of social contributions with a minimum of 15. Taxable.

Survivor's pension (*Pensión de viudedad u orfandad a favor de familiares*): Compulsory social insurance scheme for employees. Benefits are paid in case of death of the contributing worker to widows or widowers (*pensión de viudedad*), orphans (*pensión de orfandad*) or relatives (*pensión en favor de familiares*) depending on the total contributions of the deceased person. The deceased person should be affiliated to social security scheme, must be an enjoying active contributor or have equivalent status or must have complied with the required period of paid contributions. Widows, widowers, orphans and relatives must fulfill some further requirements in order to receive the benefits. The amount of the benefit depends on the contributions paid by the deceased person and on personal circumstances of the beneficiaries (for example, it may depend on number of dependants in family unit and on the fact that orphanhood is complete).

Unemployment insurance (*Prestación por desempleo contributiva*): Compulsory social insurance scheme for employees able and available for work who have lost their job. In order to be entitled to the benefits workers must have contributed to social insurance covering unemployment and must have paid the required period of contributions.

Statutory Insurance for Old age and Disability (*Pensión del seguro obligatorio de vejez e Invalidez, SOVI*): This is a particularly old social scheme that covers workers that have covered 1800 days of contributions to the SOVI between 1940 and 1966 or were registered prior to 1940. These benefits are to disappear soon.

Contributory paternity leave benefit (*Permiso por paternidad*): Since 2007 the compulsory social insurance scheme payable through employers that covers paternity, adoption and permanent or simple fosterage, increased its duration (available for fathers and compatible with that of mothers) up to 13 days (2 of the previously existing *permiso retribuido* and 13 of the new paternity leave benefit) (2 more for each extra child if multiple birth). The benefits amount to 100% of the worker's contributory base for maternity leave. Minimum period of Social Security contributions: 180 days in last 7 years or 360 days in all working life (with a few exceptions).

Non-contributory Benefits (NC):

Unemployment assistance (*Subsidio por desempleo*): If the worker is not entitled to receive contributory benefits a non-contributory benefit is available. This is a means-tested benefit.

Income guarantee benefit (*Renta activa de inserción*): If the worker is neither entitled to contributory unemployment benefit nor to unemployment assistance the worker may claim this benefit. The benefit is income-tested, family unit income must be below 75% minimum salary (*salario mínimo interprofesional, SMI*). Other requirements are being over 45 and long term unemployed (over 12 months). The duration of the benefit is 11 months maximum and the amount of benefit is 80% of the IPREM indicator.

Non contributory old-age pension (*Prestación no contributiva por jubilación*): Social insurance scheme for people over 65 years of age, who find themselves in a state of need and lack the necessary means for subsistence. This is a family unit income-tested benefit. The amount of the benefit depends on the number of beneficiaries within the family unit. The family unit here consists of any cohabiting individuals who can be married to the beneficiary or are his/her parent, son or daughter or brother or sister. (see http://www.mtas.es/es/Guia/texto/guia_13_38_1.htm). Taxable. There are some complementary benefits to these pensions for individuals living in rented housing and who do not have a house of their own elsewhere. Further, there are some regional complementary benefits to non-contributory pensions since 1998. The detailed description of these regional complementary benefits is only partially included here, we only provide information on 2009 values of these complementary benefits hoping to find the values for previous years shortly.

Non contributory disability pension (*Prestación no contributiva por invalidez*): Social insurance scheme for people who suffer from physical or mental deficiencies, likely to be of a permanent nature, either physical or mental, whether or not they may be congenital, which nullify or modify their capacity and lack sufficient income. This is a family unit income-tested benefit. The amount of the benefit is fixed but increases by 50 per cent, when the degree of disability is equal to or higher than 75 per cent and the assistance of another person is required to carry out the most essential life actions. Taxable.

Pension complement benefit (*Complemento de mínimos*): Pensions are automatically updated every year, generally at a rate equal to the Consumer Price Index, CPI, (*IPC, Índice de Precios al Consumo*). However pension benefits, cannot exceed a maximum, neither can they be below a minimum. Subject to an income test, pensions that are below the official minimum pension are increased up to the minimum by this non-contributory benefit. Taxable.

Non-contributory Child benefit (*Prestación por hijo a cargo no contributiva*): Tax financed scheme for families with children under 18 years of age or any age if disabled. It is a non-

contributory, income-tested benefit (not income-tested in the case of disability). The amount depends on the degree of the disability and the age of the children. Not taxable. In Cataluña there is a supplementary universal child benefit since 2003. The benefit is taxable in this case.

Birth and adoption benefit: Economic benefit as a lump-sum payment at birth or adoption of third, fourth or higher order child. Not taxable.

Other child benefits: Multiple birth benefit (twins or three children born at once). Not taxable.

Non contributory maternity leave benefit (*Prestación por maternidad no contributiva*): This benefit is aimed at covering the maternity of those females who do not reach minimum contributions to Social Security to receive a contributory maternity leave benefit. The benefit amount is the value of the daily IPREM for that year during 42 days. Benefit duration will be 14 days more if baby is born in a large family or lone-parent family, multiple birth or either mother or child largely disabled. Not means-tested.

Newborn lump-sum benefit (or maternity tax credit) (*Prestación por nacimiento o adopción*): Since 1st July 2007 all mothers that give birth or adopt a child receive a lump-sum benefit of **2,500 euro**. The benefit may be obtained also as a tax credit in the corresponding year Personal Income Tax. This is applicable to the whole Spanish territories, including País Vasco and Navarra.

Newborn lump-sum benefit in País Vasco region (*Ayuda por primer hijo o primera hija*): Since 1st January 2007 all mothers that give birth or adopt a child resident in País Vasco receive a lump-sum means-tested benefit for the birth of a first child. Total income that of both parents. For incomes below 4 times the SMI: **900 euro**. For incomes from 4 to 6 times SMI: **500 euro**. For incomes more than 6 times SMI: **400 euro**.

Newborn universal benefit in País Vasco region (*Ayuda por segundo o sucesivo hijo y/o segunda o sucesiva hija*): Since 1st January 2007 all mothers that give birth or adopt a second, third or more child resident in País Vasco receive an annual non-means-tested benefit. Second child: **1,100 euro** at birth, **400 euro** at first birthday. Third child or over: **1,100 euro** at birth, **1,100 euro** up to the fourth birthday, **400 euro** at fifth and sixth birthday.

Complementary benefit to non-contributory pensions (*Complemento por alquiler*) for pensioners living in rented housing who do not own other housing elsewhere and are not family related to the house owner.

Paternity leave benefit (*Permiso por paternidad*): Since 2007 the compulsory social insurance scheme payable through employers that covers paternity, adoption and permanent or simple fosterage, increased its duration (available for fathers and compatible with that of mothers) up to 13 days (2 of the previously existing *permiso retribuido* and 13 of the new paternity leave benefit) (2 more for each extra child if multiple birth). The benefits amount to 100% of the worker's contributory base for maternity leave. Minimum period of Social Security contributions: 180 days in last 7 years or 360 days in all working life (with a few exceptions).

Long Term Care Protection System (*Sistema para la Autonomía y Atención a la Dependencia, SAAD*): Since 2007 a new system for the protection of disabilities was created in Spain. The system will provide in-kind and monetary benefits for individuals that are not autonomous in their ordinary life. Benefits are paid in order to cover the cost of services, for providing care within the family and towards the cost of external personal assistance help. The implementation of the benefits will take 7 years (until 2014). In 2007 benefits will be paid to individuals with largest disabilities (three degrees: grade I, II and III and with two levels each). The evaluation of the person in need is undertaken by regional governments using the limits imposed by the central government.

A relevant benefit that all Autonomous Communities in Spain provide is the:

Minimum Income Guarantee (*Ingreso mínimo de inserción o Rentas mínimas de inserción*): this is a non-contributory benefit to combat poverty by means of cash benefits. The benefit is income-tested.

1.3.2 Social benefits 2008

Means-tested lump-sum Child benefits payable at birth of third or further children (*Prestaciones económicas en un único pago por nacimiento o adopción de hijos y parto o adopción múltiple*). This benefit disappears in 2008.

Means-tested lump-sum Child benefits for large families, lone parents and disabled mothers (*Prestaciones por nacimiento o adopción de hijos en los supuestos de familia numerosa, monoparentales o madres discapacitadas*). New benefit in 2008. Substitutes the previous benefit when it disappeared.

1.3.3 Social benefits 2009

New Temporary Unemployment Protection Program (*Programa Temporal de Protección por Desempleo e Inserción, PRODI*). In order to protect vulnerable households from the economic crisis that largely increased Spanish Unemployment rates, the Spanish government set up a new non-contributory unemployment protection for workers that have exhausted their contributory benefit and are not eligible for the unemployment non-contributory benefit. The program consists in a benefit paid to the unemployed of 80% of IPREM (527.24 euro/month) = 421.79 euro/month during 6 months (Real Decreto Ley 10/2009, 13 de agosto, BOE 15-8-2009, Law 14/2009, 11th of November 2009). Eligibility is restricted to individuals:

- a) Who are unemployed and are registered as demanding employment in the Public Service for Employment (INEM).
- b) Who have exhausted their Unemployment Contributory benefit at any date after 1st January 2009.
- c) Whose per capita household income is below 75% of Minimum wage (624 euro /month) = 468 euro/month

1.3.4 Social benefits 2010

Elegibility reform of Temporary Unemployment Protection Program (*Programa Temporal de Protección por Desempleo e Inserción, PRODI*). The benefit structure was maintained until 16/2/2010 (*Real Decreto 133/2010*). The quantity of the benefit is maintained then until 15/8/2010 (*Real Decreto-ley 12/2010, de 20 de agosto*) but with more eligibility conditions: for unemployed below 30 years of age or over 45 years of age and those between 30 and 45 with dependants (wife, husband or children with no income).

Reform of the Regional Child Benefit in Extremadura (*Ayudas económicas a las familias residentes en Extremadura como medida de conciliación de la vida familiar y laboral*). The existing universal benefit is converted into a means-tested benefit with a limit related to the IPREM in 2010. The benefit is 1,200 euro for all newborns in two payments: 600 euro the first year of life and another 600 euro the second year.

Reform of the Regional Means-tested child benefit for children under 3 years of age or 6 years of age if in large families in Cantabria (*Subvención para las madres con hijos/as menores de 3 años o menores de 6 si en familia numerosa*). The existing means-tested benefit is changed and income limits are strongly reduced in order to be eligible for the benefit. The benefit amount is still 100 euro/month, even if from 2010 onwards if three or more children in the household qualify for the benefit the quantity increases to 200 euro/month. The income

assessment is that both parents general tax base is below 18,000 euro (both individual and joint scheme). The reform is applicable from 1st December 2010 onwards.

Universal lump-sum benefit at birth in Madrid disappears in 2010. After a reform in 2009 the benefit is no longer available in 2010.

Means-tested benefit at birth in Asturias disappears in 2010. After a reform in 2009 this benefit disappears in 2010.

- Scope and scale

Table 5. Social benefits: number of recipients

	2007	2008	2009	2010
CONTRIBUTORY BENEFITS				
Sickness benefits (1)	8,040,800	7,694,819	6,988,208	6,041,399
Maternity benefit, mothers (2)	326,438	353,585	334,786	326,752
Maternity benefit, mothers and fathers (2)	331,642	358,160	340,512	332,557
Paternity benefit	173,161	279,756	273,024	275,637
Risk during pregnancy benefits (3)	--	11,846	14,017	16,971
Disability pension (4)	888,780	906,830	920,860	933,730
Old-age pension (4)	4,863,300	4,936,800	5,038,861	5,140,550
Survivor's pension (4)				
Widow's pension	2,225,500	2,249,900	2,270,283	2,290,090
Orphan's pension	258,100	259,400	264,197	268,970
Other relative's pension	38,300	37,800	37,730	37,680
Unemployment insurance (4)	780,205	1,100,879	1,624,792	1,471,826
Total SOVI (Statutory insurance for old age and invalidity) (4)	434,78	431,960	430,440	427,170
Civil servants pensions (5)	593,700	592,625	590,636	593,482
NON CONTRIBUTORY BENEFITS				
Unemployment assistance (4)	575,675	646,186	960,888	1,445,228
Income guarantee benefit (4)	65,600	67,567	95,543	125,680
Temporary Unemployment Protection Program (6)	--	--	214,705	249,902
NC disability benefit (4)	203,401	199,410	197,126	196,160
NC old age pension (4)	270,980	265,314	260,908	257,136
Pension complements to: (7)				
Disability pension	50,409	57,575	73,250	90,069
Old age pension	1,311,789	1,332,032	1,361,992	1,385,023
Widow's pension	737,394	745,957	755,663	767,614
Orphan's and Other relative's pension	136,986	140,584	145,346	148,467
Orphan's pension	119,390	--	--	--
Other relative's pension	17,943	--	--	--
Means-tested National Child benefit (8)				
Without disability	728,751	778,964	851,617	964,525
With disability	228,926	236,109	245,919	255,478
Birth/adopt. Universal benefit (2,500 euro) (7)	--	483,307	447,343	454,752
Other birth and adoption benefits (7)	--	9,687	9,001	8,468
Other child benefits for large households, lone parents and disabled mothers (7)	--	14,763	21,145	22,439
Regional Child Benefits (9)	411,227	477,896	427,211	428,534
NC maternity	--	--	--	--
Minimum Income Guarantee (10)	103,071	114,257	156,858	193,633
LISMI (4)	48,877	43,891	39,317	34,687
Phasing out benefits (4)				

Other NC disability benefits	19,852	17,487	15,480	13,699
Other NC old-age benefits	4,430	3,589	2,940	2,490

Notes: (1) Estimated number of procedures (prevalence + incidence). Prevalence: the number of live procedures at the end of the year t. Incidence: number of new procedures in the year t+1 (monthly mean multiplied by 12) Source: MTIN. Estadísticas Seguridad Social. http://www.seg-social.es/Internet_1/Estadistica/Est/Otras_Prestaciones_de_la_Seguridad_Social/Incapacidad_Temporal/index.htm

(2) Source: MTIN. Estadísticas Seguridad Social. http://www.seg-social.es/Internet_1/Estadistica/Est/Otras_Prestaciones_de_la_Seguridad_Social/Maternidad/index.htm

(3) Risk during pregnancy benefits: Social Security Statistics for 2008 and 2009. Link for 2009: http://www.seg-social.es/Internet_1/Estadistica/Est/Otras_Prestaciones_de_la_Seguridad_Social/Riesgo_durante_el_embrazo/index.html

(4) MTIN. Boletín de Estadísticas Laborales.

http://www.mtin.es/estadísticas/bel/PEN/pen1_top_EXCEL.htm

(5) Ministerio de Economía y Hacienda.

<http://www.clasespasivas.spgp.pap.meh.es/sitios/clasespasivas/ES/EstadisticasInformes/Paginas/EstadisticasInformes.aspx>

(6) Information for December 2009 from the Servicio Público de Empleo Estatal (SPEE) <http://www.mtin.es/estadísticas/BEL/PRD/indice.htm> Table PRD-1. Numbers in previous months were: August 4,774, September 28,629, October 59,630, November 151,703.

(7) Source: Anuario MTIN.

http://www.mtin.es/estadísticas/ANUARIO2009/PEN/pen1_top_EXCEL.htm

(8) Causantes (number of children receiving benefit, not receivers).

http://www.mtin.es/estadísticas/ANUARIO2009/PRF/prf02_top_EXCEL.htm

(9) The information here comes from a variety of sources and from different Regions, readers should take into account that numbers are only an approximation to real figures.

(10) Source: Ministerio de Sanidad y Política Social. Subdirección General de Programas Sociales. Informe sobre Rentas Mínimas 2009. This refers to the number of individuals receiving the benefit on behalf of the whole household. In fact, the number of dependants receiving the benefit in 2009 adds 265,349 individuals to this figure.

Table 6. Social benefit: expenditure (in millions of euro)

Annual Expenditure (Mill. euro)	2007	2008	2009	2010
CONTRIBUTORY BENEFITS				
Sickness benefits (1)	7,254	7,534	7,176	7,373
Maternity benefit, mothers and fathers (2)	1,589	1,857	1,839	1,821
Paternity benefit (3)	123.2	212.2	220.1	225.54
Risk during pregnancy benefits (4)	71.77	177.17	221.18	238.68
Disability pension (5)	9,466	10,175	10,720	11,109
Old-age pension (5)	51,746	56,295	60,253	63,624
Survivor's pension (5)				
Widow's pensions	15,526	16,663	17,605	18,330
Orphan's pensions	1,087	1,180	1,257	1,319
Other relative's pensions	213	227	236	242
Unemployment insurance (5)	8,033.1	12,409.9	18,923.3	17,358.13
Total SOVI (Statutory insurance for old age and invalidity) (5)	1,939.6	2,033.5	2,105.1	2,150.0
Civil servants' pensions (6)	9,060	9,570	10,700	10,500
NON CONTRIBUTORY BENEFITS				
Unemployment assistance (7)	2,690.48	2,769	3,091	4,895
Income guarantee benefit (7)	315	332	443.28	465
Temporary Unemp. Protection Program (PRODI)	--	--	193.66	1,277.52**
NC disability benefit (8)	890	917	928	933
NC old age pension (8)	1,185	1,220	1,228	1,223

Pension complements to: (9)

Disability pension	83	104	145	100
Old age pension	3,021	3,427	3,702	3,945
Widow's pension	1,924	2,132	2,367	2,566
Orphan's pension	140	174	194	211
Other relative's pension	24	27	28	39

Means-tested National Child benefit (8)

Without dissability (8)	204	238	262	320
With dissability (8)	724	811	855	888
Birth/adopt. Universal benefit (2,500 euro) (8)	--	1,208.42	1,121.30	1,136.90
Other birth and adoption benefits (8)	--	21.8	22.9	22.5
Other child benefits for large households, lone parents and disabled mothers (8)	--	16.5	21.7	22.8
Regional Child Benefits (10)	255.91	325.92	281.59	325.34
NC Maternity	0.36	0.63	2.38	1.42
Minimum Income Guarantee (11)	417.54	441	619.27	766.73
LISMI (11)	75.14	65.28	56.63	48.48

Phasing out benefits (11)

Other NC disability benefits	41.65	36	31.5	28.7
Other NC old-age benefits	9.29	6	4.3	5.2

(*) This information for 2009 comes from the Informe sobre Rentas Mínimas (MTIN). Page 239.

(**) We have calculated this quantity by using data on benefit recipients each month and multiplying them by the monthly payment of the benefit.

(1) Source: MTIN. Estadísticas de la Seguridad Social. http://www.seg-social.es/Internet_1/Estadistica/PresupuestosyEstudi47977/Presupuestos/PresupuestosdeLaSeguridadSocial2011/Informacioncomplementaria/Informeeconomicofinanciero/index.htm . Cuadro IV.3

(2) Source: MTIN. Estadísticas de la Seguridad Social. http://www.seg-social.es/Internet_1/Estadistica/Est/Otras_Prestaciones_de_la_Seguridad_Social/Maternidad/index.htm

(3) Source: MTIN. Estadísticas de la Seguridad Social. . http://www.seg-social.es/Internet_1/Estadistica/Est/Otras_Prestaciones_de_la_Seguridad_Social/Paternidad/index.htm

(4) Source: MTIN. Presupuestos Generales de la Seguridad Social. Informe Económico y Financiero. PGSS/ Informe Económico-Financiero Cap. IV.73.

(5) Source: MTIN. Boletín de Estadísticas Laborales. http://www.mtin.es/estadisticas/bel/PEN/pen1_top_EXCEL.htm .PRD-12. We consider the mean of the gross daily contributory benefit times 30 days per month and 14 payments a year (daily wages used include the worker's social security contributions). We then multiply this mean gross annual contributory benefit by the mean number of recipients of contributory unemployment benefits in Table 5. Quantities are plausible given their similarity to the figures on expenditure on monetary contributory benefits in Cuadro 2 "Prestaciones por desempleo" at Informe Económico y Financiero del Estado, published annually by the Ministry of Economy and Finance in 2005 and all other years, see

<http://www.sgpg.pap.meh.es/sitios/sgpg/es-ES/Presupuestos/InformeEconomicoFinanciero/Paginas/InformeEconomicoFinanciero.aspx>

(6) Source: Ministerio de Economía y Hacienda, <http://www.clasespasivas.sgpg.pap.meh.es/sitios/clasespasivas/es-ES/EstadisticasInformes/Paginas/EstadisticasInformes.aspx>

(7) Source: Ministerio de Economía y Hacienda. Presupuestos Generales del Estado/Informe <http://www.sgpg.pap.meh.es> . Presupuesto aprobado/ serie amarilla7 Informe E-F/ Tabla Prestaciones desempleo. <http://www.mtin.es/es/estadisticas/contenidos/anuario.htm>, the Unemployment assistance and Income Guarantee Benefit expenditures are only available summed up as means-tested unemployment benefits and include in kind benefits which are in approximately a 11% of total expenditure in unemployment benefits. Thus we have preferred to use (already for 2005) data from

http://www.sgpg.pap.meh.es/sitios/sgpg/es-ES/Presupuestos/InformeEconomicoFinanciero/Documents/Informe%20economico%20financiero%202009%20v3%20CON%20NIPO_Reducido.pdf which includes only monetary payments. Data including in kind benefits can be found in <http://www.mtin.es/estadisticas/ANUARIO2009/index.htm> , see SEEPROS, CPS-11. Since 2009 the amounts of NC disability benefits and NC old age pensions were obtained with the number of pensions and the year amount (month amount*14). In 2009 the amounts have been

obtained from the total monthly amount multiplied by 12.

(8) Source: Anuario MTIN.

http://www.mtin.es/estadisticas/ANUARIO2009/PNC/pnc01_top_EXCEL.htm . in Child benefits: Causantes.

(9) Source: Seguridad Social.

(10) The information here comes from a variety of sources and from different Regions, readers should take into account that numbers are only an approximation to real figures.

(11) Source: Ministerio de Sanidad y Política Social. Subdirección General de Programas Sociales. Informe sobre Rentas Mínimas 2009.

- Simulation

Table 7. Simulation of benefits

	Treatment	Why not fully simulated (EU-SILC variable)?
Sickness benefits	I	Due to lack of data on contribution history and sickness. EU-SILC variable PY120
Maternity benefit	I	Due to lack of data on contribution history and maternity. EU-SILC variable HY050
Risk during pregnancy benefits	I	Due to lack of data on contribution history and maternity. EU-SILC variable HY050
Disability pension	I	Due to lack of data on contribution history. EU-SILC variable PY130
Old-age pension	I	Due to lack of data on contribution history. EU-SILC variable PY100
Survivor's pensions		
Widow's pension	I	Due to lack of data on contribution history. EU-SILC variable PY110
Orphan's pension	I	Due to lack of data on contribution history. EU-SILC variable PY110
Relative's pension	I	Due to lack of data on contribution history. EU-SILC variable PY110
Unemployment insurance	PS	Eligibility taken from data due to lack of data on contribution history and unemployment spell.
Statutory Insurance for Old age and Disability	I	Due to lack of data on contribution history. EU-SILC variable included in old age and disability benefits
Unemployment assistance	PS	Eligibility taken from data due to lack of data on contribution history and unemployment spell.
Income guarantee benefit	PS	Due to lack of data on contribution history and unemployment spell. EU-SILC data doesn't distinguish this benefit from other unemployment benefits. Since the benefit amount is the same, the simulation assumes that recipients receive unemployment assistance instead.
NC Old-age pension	S	
NC Disability benefit	I	EU-SILC data doesn't allow us to distinguish between contributory and non contributory disability benefits EU-SILC variable PY130
Non-contributory complement to pensions		
Disability pension	I	EU-SILC data doesn't allow us to distinguish between contributory and non contributory disability benefits EU-SILC variable PY130
Old-age pension	S	
Widow's pension	S	
Orphan's pension	I	EU-SILC variable PY110
Relative's pension	I	EU-SILC variable PY110
Child benefit		
Without disability	S	
With disability	PS	There is no information on disability for individuals below 16 years of age in the data.
Birth and adoption benefits	I	
Other child benefits	I	
Minimum Income Guarantee	PS	Policies are implemented but "switched off" as the simulated number of recipients is much higher (almost 7 times as high as) than the number effectively reported in official statistics.
Phasing out benefits		
<i>Pensiones asistenciales</i>	I	Included as part of old-age or disability pensions
LISMI	I	Included as part of old-age or disability pensions

Notes: "-": policy did not exist in that year; "E": excluded from the model as it is neither included in the micro-data nor simulated; "I": included in the micro-data but not simulated; "PS" partially simulated as

some of its relevant rules are not simulated; “S” *simulated* although some minor or very specific rules may not be simulated.

1.4 Social contributions

Social insurance contributions (*cotizaciones a la Seguridad Social*) finance pensions and other contributory benefits in Spain. Conditions regarding contributions made in the past determine eligibility and amount of contributory benefits. There are different types of contributions for employees in the private sector, self-employed and civil servants.

The main social insurance contributions system in Spain is the so-called General Regime. In 2005, more than 75% of total contributions in Spain were made by workers under this regime. Another 16 percent of contributions were made under the self-employed regime and a further 5 percent of contributions were made by workers, both employees and self-employed, who work in the agrarian sector and must contribute to a special regime. There are another 4 special regimes of contribution with a very limited quantitative importance. These special regimes are related to particular activities and each of them has different contribution rules. Unemployed workers also contribute to social insurance.

Civil servants have a particular contributory regime divided into three, a main civil servants regime (MUFACE) and some special regimes for military forces and judges. However we should note that public sector employees holding private contracts and many regional civil servants contribute to the General Regime.

General Regime (*Régimen General*): most Spanish employees make their social insurance contributions under this regime. There are special rules for particular groups such as part-time workers, trainees, artists, football players, etc.

Self-employed Regime (*Régimen Especial de los Trabajadores Autónomos*): The social insurance contribution for self-employed workers has some degree of flexibility. The worker can choose between two different contributory rates (either including or not including temporary sickness or invalidity benefits). The contributory base is also flexible. The worker can choose his/her particular amount of contribution within a limited range, never below a certain minimum and never over a certain maximum.

Agrarian Regime (*Régimen Especial Agrario*): for employees and self-employed who work in the agricultural sector. This Regime is divided into different groups of contribution, according to the workers' occupation. Each occupation has a fixed contributory base. The contribution rate for employers and for employees is the same for all groups. The agricultural self-employed social insurance contribution, in practice, works as a lump-sum contribution, since the rate is flat and the base is fixed. In 2008 the agrarian self-employed are integrated into the self-employed regime.

Unemployed workers (*Desempleados*): Those unemployed receiving unemployment insurance must pay a social security contribution. The contributory base is the individual's previous earnings just before the unemployment spell. The rate of contribution is flat. The social security system complements the individual's contribution to the social insurance system during the period of unemployment insurance payments.

Other regimes:

Coal-mining Regime (*Régimen Especial para la Minería del Carbón*): All employees working in coal mining activities must contribute to this regime.

Sea workers Regime (*Régimen Especial de los Trabajadores del Mar*): All employees and self-employed working in sea activities must contribute to this regime.

Housemaids Regime (*Régimen Especial de los Empleados de Hogar*): All domestic employees and self-employed must contribute to this regime. There are two different ways of contributing to this regime depending on the number of hours of work for the same employer:

- Permanent Domestic Employees, working more than 20 hours a week for the same employer: the contribution is divided in two, a contribution made by the employer (responsibility of the head of the household) and a contribution made by the employee.
- Intermittent Domestic Employees, working less than 20 hours a week for the same employer: the contribution is only made by the employee.
 - Scope and scale

Table 8. Social contributions: number of contributors

	2007	2008	2009	2010
Number of Social Contributions				
General regime	14,706,800	14,526,000	13,538,700	13,271,800
Self-employed regime	3,121,700	3,377,900	3,213,800	3,126,000
Agrarian regime	968,900	744,500	802,200	818,800
Coal-mining regime	8,600	7,900	7,400	7,400
Sea workers regime	70,700	69,200	66,600	64,700
Housemaid regime	275,500	280,000	288,000	293,100
Unemployed workers (1)	780,205	1,100,879	1,624,792	1,471,826
Civil Servant contributions	893,838	925,366	953,741	971,540

Notes: Number of contributors to each regime is measured as a mean of the year.

(1) Number of workers receiving contributory unemployment benefits that year (a mean value of monthly receivers within the year). Source: Ministerio de Trabajo e Inmigración: Media anuales en el Anuario <http://www.mtin.es/estadisticas/ANUARIO2010/welcome.htm> (medias anuales) y dato referenciado a final de cada mes en Series principales <http://www.mtin.es/series/>.

For unemployed workers: Instituto Nacional de Empleo, INEM, Estadísticas de Prestaciones.

http://www.inem.es/inem/cifras/datos_estadisticos/index.html ; MUFACE, Memoria 2007

<http://www.mpr.es/muface/muface/memorias/common/memoria2007.pdf> , Memoria 2008 (Tabla 3.1.1),

Memoria 2009 (Tabla 3.1.3)

http://www.mpt.es/muface/muface/memorias/common/memoriaweb_2009.pdf .

Table 9. Social contributions: revenue (in millions of euro)

	2007	2008	2009	2010
Social contributions (Mill. of euro)	103,725.11	108,102.95	112,436.60	107,376.63
without Civil Servants				
General regime	75,925.72	78,919.43	82,364.79	75,849.83
Self-employed regime(1)	9,896.03	10,624.39	10,799.89	10,491.51
Agrarian regime (1)	1,404.85	975.15	1,001.42	1,025.89
Coal-mining regime	195.50	195.76	208.24	199.56
Sea workers regime	304.73	302.67	324.75	286.20
Housemaid regime	490.05	500.09	537.33	552.31

EUROMOD Country Report – SPAIN

Unemployed workers	7,257.31	8,466.31	8,370.48	11,333.00
Total:	95,474.19	99,983.80	103,606.90	99,738.30
Work accidents and prof. illnesses	8,250.89	8,119.15	8,829.70	7,638.33
Student's regime (<i>seguro escolar</i>)	--	--	--	--
Total Civil Servants' contributions (2)	2,373.02	2,429.56	2,522.13	2,599.06
Civil servants health contributions	320.40	313.49	355.08	363.53
Civil servants old-age contributions	937.62	986.75	1,058.05	1,109.48
State contributions towards health for Civil servants	1,115.00	1,129.32	1,109.00	1,126.05

Notes: (1) Since 2008 (Ley 18/2007), contributions of self employed workers within the agrarian regime are included within the self-employed contributions and not within the agrarian regime contributions. Source: Seguridad Social. Presupuesto de ingresos, Serie histórica por rúbricas económicas homologadas a la estructura presupuestaria de 2009, http://www.seg-social.es/Internet_1/Estadistica/Est/Presupuesto_aprobado/Ingresos/index.htm; MUFACE, Memoria 2007, Memoria 2008 (Tabla 6.1) <http://www.mpr.es/muface/muface/memorias/common/memoria2008.pdf>, Memoria 2009 (Tabla 7.3.1) http://www.mpt.es/muface/muface/memorias/common/memoriaweb_2009.pdf
(2) Civil servants contributions here include their contributions towards health assistance and old age pensions. See this document for information on old age contributions of civil servants as employees http://www.spgp.pap.meh.es/Presup/PGE2009Ley/MaestroDocumentos/PGE-ROM/doc/1/2/1/2/1/N_09_E_R_2_101_1_2_198_1_101_1.PDF

Table 10. Social contributions: employers (in millions of euro)

	2007	2008	2009	2010	
Social contributions (Mill. of euros)					
tscer	All regimes	63,167.75	65,993.01	68,522.97	63,356.32
	General regime	62,309.10	65,104.11	67,595.90	64,445.16
	Coal-mining regime	71.26	72.01	75.07	71.49
	Sea workers regime	217.30	216.06	231.11	203.69
	Housemaid regime	288.36	308.06	327.84	338.02
tscager	Agrarian regime	281.73	292.78	293.04	297.96
tscuner	Unemployed workers	6,753.90	4,880.15	7,336.48	9,343.58
	State Civil servants' contributions towards health	1,115.00	1,129.32	1,109.00	1,126.05
	State Civil servants' <i>imputed</i> contributions towards old-age pensions (1)	8,122.38	8,583.25	9,641.95	9,390.52

Notes: (1) These contributions are calculated as the total expenditure on Civil servant's current pensions in Table 6 minus Civil servant's (employee) payments towards old-age pensions in Table 11.

Table 11. Social contributions: employee (in millions of euro)

	2007	2008	2009	2010	
Social contributions (Mill. of euros)					
tscee	All regimes but self-employed	15,153.13	15,344.32	15,913.56	13,646.31

EUROMOD Country Report – SPAIN

	General regime	13,616.63	14,224.46	14,768.89	12,493.51
	Coal-mining regime	124.25	127.73	133.17	128.07
	Sea workers regime	87.44	87.54	93.64	82.51
	Housemaid regime	201.70	196.84	209.49	214.29
	Agrarian regime (1)	1,123.12	707.74	708.38	727.93
tscse	Self-employed regime (1)	9,896.04	10,624.39	10,799.89	10,491.51
tscunee	Unemployed workers	503.41	687.81	1,034.00	1,989.42
	Civil servants' contributions towards health	313.49	320.4	355.08	363.53
	Civil servants' contributions towards old-age	937.62	986.75	1,058.05	1,109.48
	Total Civil servants' Employee contributions	1251.11	1307.15	1413.13	1473.01

- Simulation

Table 12. Simulation of social contributions

	Treat. In Euromod 2005	Why not fully simulated?
General Regime	S	part-time specific contributions are taken into account
Coal-miner regime	PS	Due to lack of data this regime is taken as part of the general regime
Agrarian Regime	S	
Sea worker regime	PS	Due to lack of data this regime is taken as part of the general regime
Housemaid regime	PS	Due to lack of data this regime is taken as part of the general regime
Self-employees	S	
Unemployed workers	S	
Student's regime (<i>seguro escolar</i>)	E	No information available
Civil servants' regime	PS	Civil servants may have a contract contributing to the General Regime. Due to lack of data this regime is taken as part of the general regime
Military forces' regime	PS	Civil servants may have a contract contributing to the General Regime. Due to lack of data this regime is taken as part of the general regime
Judges' regime	PS	Civil servants may have a contract contributing to the General Regime. Due to lack of data this regime is taken as part of the general regime

Notes: “-”: policy did not exist in that year; “E”: *excluded* from the model as it is neither included in the micro-data nor simulated; “I”: *included* in the micro-data but not simulated; “PS” *partially simulated* as some of its relevant rules are not simulated; “S” *simulated* although some minor or very specific rules may not be simulated.

1.5 Taxes

According to Table 4, the Spanish tax system is divided into similar shares between direct and indirect taxes. However, in previous years the weight of indirect taxation has increased and, in 2007, its weight in percentage of GDP is just below four points higher than that of direct taxation.

Personal Income Tax (*Impuesto sobre la renta de las personas físicas, IRPF*): progressive tax levied on the worldwide income of resident individuals. The base of the income tax is relatively broad. The main exceptions are social security pensions for disabled individuals (*gran incapacidad, incapacidad permanente and incapacidad absoluta*), child benefit and child support (the parent who pays the support must pay income tax for it). It is levied on behalf of the State and the autonomous regions. It is generally charged at the individual level, but *family units* (single-parent or couples and children under 18) can choose to be taxed jointly.

Personal Income Tax for Non-Residents (*Impuesto sobre la renta de las personas físicas de no residentes, IRPNR*): progressive tax levied on the income gained in Spanish territories by non-resident individuals.

Corporate Income Tax (*Impuesto de Sociedades, IS*): fixed rate tax levied on the worldwide benefits of corporations whose main business is obtained in Spanish territories or whose headquarters are located in Spain.

Net Wealth Tax (*Impuesto sobre el patrimonio, IP*): this tax is levied on the worldwide assets of resident individuals and charged through a progressive tax schedule. The taxable base (net wealth) is calculated by aggregating all his/her assets and deducting the appropriate liabilities. The aggregate burden of income tax and net wealth tax due by a resident taxpayer cannot exceed 60% of his/her total taxable income for income tax purposes. Net wealth below a certain limit is exempt; this limit is larger if asset is main residence.

Inheritance tax (*Impuesto sobre sucesiones y donaciones, ISD*): this tax is levied on behalf of the 17 autonomous regions on property passing to individuals by way of gift or on death. It is charged using a progressive tax schedule. There are many exemptions and tax-credits related to the type of relationship the individual has/had with the previous owner and the nature of the donation or bequest.

Value Added Tax (*Impuesto sobre el valor añadido, IVA*): Spanish value added tax (IVA) taxes supplies of goods and services in mainland Spain and the Balears Islands, thus excluding the Canary Islands and the Spanish cities in Northern Africa: Ceuta and Melilla, as well as the importation of goods into that any of these territories. There are basically, three different rates: 4% for basic necessities; 7% (8% since 2010) for food, dwellings, transport, tourism, etc; and the 16% standard rate (18% since 2010) for other goods and services. The Canary Islands levy a type of value added tax (IGIC) on taxable supplies of goods and services within the Canary Islands.

Excise duties (*Impuestos especiales, IE*): These are charged on alcohol and alcoholic beverages, beer, tobacco, fuel, some transports and electrical energy. Excise duties are detailed in Law 38/1992 of 28 December 1992 and comprise: (common) excises on manufacture (*Impuestos Especiales de Fabricación, IEF*) and an excise on certain means of transport (*Impuesto Especial sobre determinados Medios de Transporte, IEMT*).

-IEFs are levied at lump-sum rates. In general on a single stage with respect to the manufacture in, and importation to, Spain of alcoholic drinks and products; hydrocarbons and manufactured tobacco products (combined for cigarettes with ad valorem rates).

-IEMT is levied at ad valorem rates (in addition to 16% VAT (or 18% since 2010) in mainland Spain and 13% IGIC in the Canary Islands) on a single stage with respect to the first

final registration in Spain of (new or used) means of transport, domestically manufactured or imported. The rates are: 7% or 12% in mainland Spain and the Balearic Islands; and 6% or 11% in the Canary Islands. The first rate applies to means of transport of less than 1,600 cc (2,000 cc for diesel engines) and the second rate otherwise.

Other Direct Taxes:

Real Estate Tax (*Impuesto sobre bienes inmuebles, IBI*): this tax is levied on an annual basis by local authorities on the possession of property in the local territory. The taxable base is the cadastral value, which is usually well below properties' market price even if its value is usually adjusted every 8 years. The general tax rates are 0.4% for urban property and 0.3% for rural property.

Urban Real Estate Value Tax (*Impuesto sobre el incremento del valor de los terrenos de naturaleza urbana, IVTNU*): this tax is levied by local authorities on the increase in the value of urban properties in the local territory when the property is transacted between individuals or firms.

Local Business Tax (*Impuesto sobre actividades económicas, IAE*): this tax is levied on a quarterly basis by local authorities on all individuals that have a business activity in the local territory.

Vehicles Tax (*Impuesto sobre vehículos de tracción mecánica, IVTM*): this tax is levied on an annual basis by local authorities on the possession of vehicles.

Other Indirect Taxes:

Property Transaction Tax (*Impuesto sobre Transmisiones Patrimoniales y Actos Jurídicos Documentados, ITPAJD*): this tax is levied by regional authorities (Comunidades Autónomas) on the transaction of properties between individuals or firms and also on any juridical act.

Constructions, Instalments and Reforms Tax (*Impuesto sobre Construcciones, Instalaciones y Obras, ICIO*): this tax is levied by local authorities on any construction, reform or work undertaken within the local territory.

Custom duties (*Rentas de Aduanas*): this tax is levied upon goods and merchandise imported or exported to and from the Spanish territories.

1.5.1 Taxes 2007

According to Table 4, between 2006 and 2007 personal income tax and corporate income tax weight increased in relation with other receipts. In contrast with previous years taxes on goods and services significantly reduced their weight. Social security contributions decreased once more their relative importance within total receipts.

Personal Income Tax (*Impuesto sobre la renta de las personas físicas, IRPF*): a significant reform of the personal Income tax was undertaken for incomes gained in 2007. (Ley 35/2006 de reforma del Impuesto sobre la Renta de las Personas Físicas, 28 de noviembre de 2006). The main changes introduced were:

- 1) **Changes in the tax schedule:** reduction from 5 to 4 income brackets. Reduction in the rate for the last income bracket from 45 to 43%. Increase in bracket's limits.
- 2) **Changes in family allowances:** the existing dependent children allowance is changed to a dependent children tax credit.

- 3) **Changes in special tax rate:** All incomes from capital gains are now taxed at a rate of 18% instead of distinguishing between those rights that are owned from less than a year and more than a year and taxing them at the marginal rate or at a 15% respectively.

For the first time an autonomous community (*Comunidad de Madrid*) decided to fix a different tax schedule to the rest.

1.5.2 Taxes 2008

Personal Income Tax (*Impuesto sobre la renta de las personas físicas, IRPF*): major changes are the following:

- 1) **New 400 euro annual tax credit (*Deducción de 400 euros anuales*):** In order to foster economic activity the Spanish government created a new tax credit in the Personal Income Tax taxing incomes gained during 2008. (Real Decreto-ley 2/2008, de 21 de abril, de medidas de impulso a la actividad económica). All taxpayers with income from work, unemployment, pensions or self-employment may benefit from a 400 euro tax credit.
- 2) **New main residence rent tax credit (*Deducción por alquiler de vivienda habitual*):** In order to foster home rent in 2008 there is a new tax credit for taxpayers with tax base below 24,020 euro who live in rented housing. Tax credit base is expenditures on rent. If taxpayer's tax base is 12,000 euro or less the tax credit base limit is 9,015 euro. If tax base between 12,000.01 and 24,020 euro the limit is (9,015 euro – 0.75 (tax base -12,000 euro)). After calculating the tax base using expenditures on rent and taking limits into account, the tax credit is a 10.05 percent of the tax credit base.
- 3) **Tax schedules:** Tax schedules' income brackets are increased by a 2% in order to account for inflation (avoiding at least part of the fiscal drag). Comunidad de Madrid and La Rioja have changed the autonomous (*escala complementaria*) tax Schedule. Cataluña and Illes Balears have changed the main residence mortgage tax credit (*Deducción por inversion en vivienda habitual*).

1.5.3 Taxes 2009

Personal Income Tax (*Impuesto sobre la renta de las personas físicas, IRPF*):

No relevant changes this year.

1.5.4 Taxes 2010

Personal Income Tax (*Impuesto sobre la renta de las personas físicas, IRPF*): major changes are the following:

- 1) **Reform of the 400 euro annual tax credit (*Deducción de 400 euros anuales*):** This tax credit was reformed and only taxpayers with tax base (sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) below 12,000 euro that obtain income from work, unemployment, pensions or self-employment may benefit from this tax credit. The tax credit has two different values depending on the tax base level:

Tax base limit (euro per year)	Tax credit
8,000	400 euro
8,001-12,000	400-0.1(tax base – 8,000)

- 2) **New child tax credits in Madrid region (Mínimo personal y familiar – Comunidad de Madrid):** In 2010 this region increased the child tax credits for children for taxpayers with three or more children to 4,039.2 euro for the third child and 4,600 euro for any additional child.
- 3) **Tax schedules:** Three regions Comunidad de Madrid, La Rioja and Comunidad Valenciana have a different autonomous region (*escala complementaria*) tax Schedule from the rest.
- 4) **New schedule of capital income:** The savings tax base includes income from capital gains that is subject to tax. The rate has changed in 2010 and is slightly progressive: a 19% for tax bases equal or below 6,000 euro and a 21% for those over. Half of this tax payment goes for the State and half for the Autonomous Region of taxpayer residence e.g. in the first case, 9.5% for the State and 9.5% for the Region.

- Scope and Scale

Table 13: Taxes: taxpayers

	2007	2008	2009	2010
Direct taxes: Personal Income Taxpayers				
Total Personal Income Tax payers (All regions, including P.Vasco and Navarra)	19,832,119	20,890,443	--	--
All regions but P. Vasco and Navarra	18,702,875	19,388,981	19,315,353	--
P. Vasco	1,129,244	1,171,082	--	--
Navarra	327,180	330,380	--	--
Total Personal Income Tax payers (All regions but P. Vasco and Navarra)	18,702,875	19,388,981	19,315,353	--
Individual taxpayers	13,989,468	14,722,533	14,718,539	--
Joint taxpayers	4,713,407	4,666,448	4,596,814	--
Navarra				
Individual taxpayers	184,481	185,429	--	--
Joint taxpayers	142,699	144,951	--	--
País Vasco				
Individual taxpayers	854,007	905,618	--	--
Joint taxpayers	275,237	265,464	--	--

Notes: Taxpayers are number of individuals or couples who report on personal income tax. A significantly larger amount of individuals pay income tax through withholdings of incomes along the year even if they do not report to the Tax Agency.

Source: BADESPE, Base de datos del Sector Público Español, Instituto de Estudios Fiscales. Ministerio de Economía y Hacienda. Memoria Tributaria 2008. Ministerio de Economía y Hacienda. Secretaria de Estado de Hacienda y Presupuestos. Dirección General de Tributos. Recaudación y Estadística del Sistema Fiscal Español. Informe Anual Integrado de la Hacienda Vasca, Anexo I de la Actividad normativa de las haciendas forales 2005-2009. Departamento de Economía y Hacienda. Gobierno Vasco. Departamento de Economía y Hacienda del Gobierno de Navarra.

Table 14. Taxes: revenue (in millions of euro) including País Vasco and Navarra

	2007	2008	2009	2010*
Annual revenue (Millions of Euro)				
(All regions including P. Vasco and Navarra)				
Direct taxes				
Personal Income Tax	77,963.8	76,956.0	68,884.8	72,082.46
Corporate Income Tax	47,450.6	29,412.9	21,832.7	17,373.53
Personal Income Tax (Non-residents)	2,613.7	2,461	2,465.9	2,704.23
Net Wealth Tax	2,056.7	2,412.5	90.4	92.25
Inheritance tax	2,931.4	2,915.0	2,657.2	111.00
Other direct Taxes	1	-0.2	-0.5	--
Total Direct Taxes	133,017.2	114,157.4	95,930.6	92,363.50
Indirect taxes				
Value Added tax	61,858.3	53,185.8	37,992.3	54,626.43
Excise Duties	21,677.3	21,403.8	21,163.5	21,609.13
Custom Duties	1,720.4	1,566.1	1,318.5	1,866.21
Insurance tax	1,591	1,599	1,497.6	1,530.84
Other indirect taxes	18,443.2	11,268.8	9,164.4	150.00
Total Indirect Taxes	105,290.2	89,023.5	71,136.3	79,782.70

Source: Ministerio de Economía y Hacienda. Ministerio de Economía y Hacienda. Dirección General de Tributos. Recaudación y Estadística del Sistema Fiscal Español. <http://www.meh.es/Documentacion/Publico/Tributos/Recaudación%20y%20Estadísticas%20del%20Sistema%20Tributario%20español/RESTE%201999-2009.pdf> . *Data obtained adding information from Gobierno de Navarra: Recaudación Líquida 2010 y País Vasco: Recaudación de las diputaciones forales por tributos concertados.

Table 15. Taxes: revenue (in millions of euro) excluding País Vasco and Navarra

	2007	2008	2009	2010*
Annual revenue (Millions of Euro)				
(All regions excluding P. Vasco and Navarra)				
Direct taxes				
Personal Income Tax	72,614.26	71,341.17	63,856.88	66,977.00
Corporate Income Tax	44,823.18	27,301.40	20,188.45	16,198.00
Personal Income Tax (Non-residents)	2,427.29	2,262.13	2,341.62	2,564.00
Net Wealth Tax	1,840.46	2,164.87	37.59	--
Inheritance tax	2,811.89	2,785.31	2,539.17	--
Other direct Taxes				88.00
Total Direct Taxes	124,517.07	105,854.88	88,963.71	85,827.00

Indirect taxes				
Value Added tax	55,850.66	48,020.78	33,566.70	49,086.00
Excise Duties	19,786.47	19,569.95	19,349.07	19,806.00
Custom Duties	1,720.40	1,566.10	1,318.50	1,522.00
Insurance tax	1,491	1,502	1,406	1,435
Other indirect taxes	17,727.35	10,799.72	8,769.36	44
Total Indirect Taxes	96,576.19	81,458.24	64,409.71	71,893.00

Source: Ministerio de Economía y Hacienda. Ministerio de Economía y Hacienda. Dirección General de Tributos. Recaudación y Estadística del Sistema Fiscal Español. <http://www.meh.es/Documentacion/Publico/Tributos/Recaudación%20y%20Estadísticas%20del%20Sistema%20Tributario%20español/RESTE%201999-2009.pdf> . *Data from Table 1.4 Informe Anual de Recaudación Tributaria. AEAT.

Table 16. Personal income Tax: taxpayers by concepts (excluding País Vasco and Navarra)

		2007	2008	2009	2010
tin	Taxpayers (common territories)	18,702,875	19,388,981	19,315,353	n/a
tinty	Taxable income	18,702,875	19,388,981	19,315,353	n/a
ty_wk	Work	16,224,932	16,859,055	16,750,585	n/a
ty_kt	Capital				
ty_kt	<i>Mobiliario</i>	16,393,633	17,111,911	16,958,758	n/a
ty_iy					
ty_pp					
ty_pr	<i>Inmobiliario</i>	1,451,932	1,514,173	1,544,765	n/a
ty_se	Net Self-employment	3,133,773	3,101,782	3,013,395	n/a
	Self employment income	3,133,773	3,101,782	3,013,395	n/a
ilsicse	Self employment contributions				
	<i>Régimen de atribución de rentas</i>				
ty_ii	Imputed income	4,852,036	5,155,486	5,420,410	n/a
ty_pg	Property gain or loss	2,820,793	2,370,738	1,871,538	n/a
tintafa	Mínimo personal y familiar	18,692,672	19,384,451	19,312,941	n/a
	Reducciones por circunstancias laborales, personales y familiares				
tintaee	Por rendimientos del trabajo	16,865,042	17,531,721	17,455,581	n/a
	Other				
	Reducciones por aportaciones y contribuciones a sistemas de previsión social	4,362,889	4,325,023	4,218,705	n/a
	Reducciones por pensiones compensatorias y anualidades por alimentos	65,998	66,269	67,591	n/a
tintb	Tax base	18,006,946	18,670,540	18,490,900	n/a
	Gross income tax				
	Especial				
tingt	total	14,334,817	15,085,894	14,699,558	n/a
	Tax credits				
tintcmg	Mortgage*	6,520,707	6,515,767	6,182,855	n/a
	Other**		15,226,520	15,013,525	n/a

tin	Final income tax	18,587,222	19,252,353	19,084,496	n/a
tintrch	Working mother tax credit	764,678	826,515	843,851	n/a

Source:*Information coming from BADESPE <http://www.ief.es/destacados/badespe.aspx> (IRPF. Declaraciones. Con deducciones en la cuota. Vivienda. Adquisición, rehabilitación vivienda habitual. Construcción o ampliación vivienda habitual. Total). ** This number includes the information on taxpayers with tax credits related to income from work or economic activities and regional tax credits). Agencia Tributaria, Memorias y Estadísticas Tributarias. Total Tax credits include Central State and Regional tax credits. n/a: Results for 2010 still not available at april 2012. http://www.aeat.es/AEAT.internet/Inicio_es_ES/La_Agencia_Tributaria/Memorias_y_estadisticas_tributarias/Estadisticas_tributarias/Publicaciones/Estadistica_de_los_declarantes_del_IRPF/Publicaciones/Publicaciones.shtml

Table 17. Personal income Tax: total revenue by concepts (excluding País Vasco and Navarra) (in millions of euro)

		2007	2008	2009	2010
tinty	Taxable income	360,175	390,154	403,153	n/a
ty_wk	Work	298,543	325,175	324,276	n/a
	Capital	27,876	34,152	51,420	n/a
ty_kt	<i>Mobiliario</i>	19,895	25,823	25,436	n/a
ty_iy					
ty_pp					
ty_pr	<i>Inmobiliario</i>	7,981	8,329	7,984	n/a
ty_se	Net Self-employment	31,794	28,553	24,936	n/a
	Self employment income				
ilsicse	Self employment contributions				
	<i>Régimen de atribución de rentas</i>				
ty_ii	Imputed income	1,962	2,274	2,521	n/a
ty_pg	Property gain or loss	30,662	16,571	12,280	n/a
tintafa	Mínimo personal y familiar	124,814	131,848	131,769	n/a
	Reducciones por circunstancias laborales, personales y familiares	--	--	--	
tintaee	Por rendimientos del trabajo	48,266	50,913	50,910	n/a
	Other	--	--	--	
	Reducciones por aportaciones y contribuciones a sistemas de previsión social	6,765	6,083	5,814	n/a
	Reducciones por pensiones compensatorias y anualidades por alimentos	418,686	440,821	463,040	n/a
tintb	Tax base	325,301	350,306	345,670	n/a
	Gross income tax	63,459	68,758	67,629	n/a
	Especial	8,276	6,773	5,975	n/a
tingt	total	71,735	75,531	73,604	n/a
	Tax credits	6,650	12,196	11,640	n/a
tintcmg	Mortgage*	5,024	5,226	4,876	n/a
	Other**	1,433	5,589	6,476	n/a
tin	Final income tax	65,384	63,585	62,133	n/a

tintrch Working mother tax credit 697 752 771 n/a

Source:*Information coming from BADESPE <http://www.ief.es/destacados/badespe.aspx> (IRPF. Montante de deducciones en la cuota. Vivienda. Adquisición, rehabilitación vivienda habitual. Construcción o ampliación vivienda habitual. Total). ** This number includes the information on taxpayers with tax credits related to income from work or economic activities and regional tax credits). Agencia Tributaria, Memorias y Estadísticas Tributarias. Total Tax credits include Central State and Regional tax credits

n/a: Results for 2010 still not available at april 2012.

http://www.aeat.es/AEAT.internet/Inicio_es_ES/La_Agencia_Tributaria/Memorias_y_estadisticas_tributarias/Estadisticas_tributarias/Publicaciones/Estadistica_de_los_declarantes_del_IRPF/Publicaciones/Publicaciones.shtml

- Simulation

Table 18. Simulation of taxes

	Treatment	Why not fully simulated?
Direct taxes		
Personal Income Tax	S	Some exemptions, small allowances and special treatment of some capital and self-employment incomes are ignored. Income tax rules of Basque country and Navarra are assumed to be the same as the other regions.
Corporate Income Tax	E	No information available.
Net Wealth Tax	E	No information available
Inheritance Tax	E	No information available
Other direct taxes	E	No information available
Indirect taxes		
Value Added Tax	E	No information available
Excise Duties	E	No information available
Other Indirect Taxes	E	No information available

Notes: “-”: policy did not exist in that year; “E”: *excluded* from the model as it is neither included in the micro-data nor simulated; “I”: *included* in the micro-data but not simulated; “PS” *partially simulated* as some of its relevant rules are not simulated; “S” *simulated* although some minor or very specific rules may not be simulated.

2. SIMULATION OF TAXES AND BENEFITS IN EUROMOD

2.1 Scope of simulation

Table 19. Simulation of benefits in EUROMOD

	Variable name(s)	Treatment in Euromod				Why not fully simulated (EU-SILC variable)?
		2007	2008	2009	2010	
Sickness benefits	bhl	I	I	I	I	Due to lack of data on contribution history and sickness. EU-SILC variable PY120
Maternity benefit	bma	I	I	I	I	Due to lack of data on contribution history and maternity. Taken as part of EU-SILC variable HY050
Risk during pregnancy benefits	bmapr	I	I	I	I	Due to lack of data on contribution history and maternity. Taken as part EU-SILC variable HY050
Disability pension	bdict	I	I	I	I	Due to lack of data on contribution history. EU-SILC variable PY130
Old-age pension	poa00	I	I	I	I	Due to lack of data on contribution history. EU-SILC variable PY100
Survivor's pensions						
Widow's pension	psuwd	I	I	I	I	Due to lack of data on contribution history. Taken as part EU-SILC variable PY110
Orphan's pension	psuwd	I	I	I	I	Due to lack of data on contribution history. Taken as part EU-SILC variable PY110
Relative's pension	psuwd	I	I	I	I	Due to lack of data on contribution history. Taken as part EU-SILC variable PY110
Unemployment insurance	bunct_s	PS	PS	PS	PS	Eligibility taken from data due to lack of data on contribution history and unemployment spell.
Statutory Insurance for Old age and Disability		I	I	I	I	Due to lack of data on contribution history. EU-SILC variable included in old age and disability benefits
Unemployment assistance	bunnc_s	PS	PS	PS	PS	Eligibility taken from data due to lack of data on contribution history and unemployment spell.
Income guarantee benefit	bunnc_s	PS	PS	PS	PS	Due to lack of data on contribution history and unemployment spell. EU-SILC data doesn't distinguish this benefit from other unemployment benefits. Since the benefit amount is the same, the simulation assumes that recipients receive unemployment assistance instead.
NC Old-age pension	poanc_s	PS	PS	PS	PS	Eligibility taken from data due to (apparently) non take up.
NC Disability benefit		I	I	I	I	EU-SILC data doesn't allow us to distinguish between contributory and non contributory disability benefits EU-SILC variable PY130
NC complement to pensions	poacm	PS	PS	PS	PS	

EUROMOD Country Report – SPAIN

NC Disability pension	poacmdi	I	I	I	I	EU-SILC data doesn't allow us to distinguish between contributory and non contributory disability benefits EU-SILC variable PY130
NC Old-age pension	poacm_s	S	S	S	S	
NC Widow's pension	psuwdc_m_s	S	S	S	S	
NC Orphan's pension		I	I	I	I	EU-SILC variable PY110
NC Relative's pension		I	I	I	I	EU-SILC variable PY110
Child benefit						
Without disability	bch_s	S	S	S	S	
With disability	bch_s	PS	PS	PS	PS	There is no information on disability for individuals below 16 years of age in the data.
Birth and adoption benefits	bchba_s	S	S	S	S	
Other child benefits	bchbarg_s	S	S	S	S	
Minimum Income Guarantee	bsarg_s	PS	PS	PS	PS	Policies are implemented but “switched off” as the simulated number of recipients is much higher (almost 7 times as high) than the number effectively reported in official statistics.
Phasing out benefits						
<i>Pensiones asistenciales</i>		I	I	I	I	Included as part of old-age or disability pensions
LISMI		I	I	I	I	Included as part of old-age or disability pensions

Notes: “-”: policy did not exist in that year; “E”: *excluded* from the model as it is neither included in the micro-data nor simulated; “I”: *included* in the micro-data but not simulated; “PS” *partially simulated* as some of its relevant rules are not simulated; “S” *simulated* although some minor or very specific rules may not be simulated.

Table 20. Simulation of taxes and social contributions in EUROMOD

Variable name(s)	Treatment in Euromod				Why not fully simulated (EU-SILC variable)?
	2007	2008	2009	2010	
Social Contributions					
General Regime	S	S	S	S	Part-time specific contributions are taken into account
Coal-miner regime	PS	PS	PS	PS	Due to lack of data this regime is taken as part of the general regime
Agrarian Regime	S	S	S	S	
Sea worker regime	PS	PS	PS	PS	Due to lack of data this regime is taken as part of the general regime
Housemaid regime	PS	PS	PS	PS	Due to lack of data this regime is taken as part of the general regime
Self-employees	S	S	S	S	
Unemployed workers	S	S	S	S	
Student's regime (<i>seguro escolar</i>)	E	E	E	E	No information available
Civil servants' regime	PS	PS	PS	PS	Civil servants may have a contract contributing to the General Regime. Due to lack of data this regime is taken as part of the regime
Military forces' regime	PS	PS	PS	PS	Civil servants may have a contract contributing to the General Regime. Due to lack of data this regime is taken as part of the regime
Judges' regime	PS	PS	PS	PS	Civil servants may have a contract contributing to the General Regime. Due to lack of data this regime is taken as part of the regime
Direct taxes					
Personal Income Tax	S	S	S	S	Some exemptions, small allowances and special treatment of some capital and self-employment incomes are ignored. Income rules of Basque country and Navarra are assumed to be the same as the other regions.
Corporate Income Tax	E	E	E	E	No information available.
Net Wealth Tax	E	E	E	E	No information available
Inheritance Tax	E	E	E	E	No information available
Other direct taxes	E	E	E	E	No information available
Indirect taxes					
Value Added Tax	E	E	E	E	No information available
Excise Duties	E	E	E	E	No information available
Other Indirect Taxes	E	E	E	E	No information available

Notes: “-” policy did not exist in that year; “E” policy is *excluded* from the model’s scope as it is neither included in the microdata nor simulated by EUROMOD; “PS” policy is *partially simulated* as some of its relevant rules are not simulated; “S” policy is *simulated* although some minor or very specific rules may not be simulated.

2.2 Order of simulation and interdependencies

The following table shows the order in which the main elements of the Spanish system are simulated.

Order of simulation in 2007

We first simulate employees and employers social contributions. Then we simulate the contributory unemployment insurance benefit. Given that unemployment insurance benefits are also taxable we then simulate the income tax. The five means-tested benefits, Unemployment Assistance Benefit, Income Guarantee Benefit, NC Old-age pensions, Pension Complements and Child Benefits. We finally simulate the last social safety net, the Autonomous Communities Minimum Income Guarantee.

Table 2.3 EUROMOD Spine: order of simulation, 2007

Policy	Description	Main output
Employee Social Insurance Contribution	This is the employee contribution to pensions and unemployment benefits	tscee_s
Employer Social Insurance Contribution	This is the employer contribution to pensions and unemployment benefits	tscer_s
Unemployment Insurance Benefit	Contributory unemployment benefits - <i>Prestación por desempleo</i>	bunct_s
Income Tax	Personal income tax liability	tinit_s
Unemployment Assistance Benefit	Non Contributory unemployment benefit - <i>Subsidio por desempleo</i>	bunnc_s
Income Guarantee Benefit	Non Contributory unemployment complementary benefit - <i>Renta Activa de Inserción</i>	bunnc_s
Non-contributory Old-age Pensions	Non-contributory pension - <i>Pensiones no contributivas por jubilación</i>	poanc_s
Old-age Pension Complement	Non-contributory pension complementary benefit - <i>Complemento de mínimos por jubilación</i>	poacm_s
Widowhood Pension complement	Non-contributory pension complementary benefit for widow-widower - <i>Complemento de mínimos por viudedad</i>	psuwcm_s
Child Benefit	Non-contributory child benefit - <i>Prestación no contributiva por hijo a cargo</i>	bch_s
Minimum Income Guarantee	Non-contributory low income benefit - <i>Rentas mínimas</i>	bsarg_s

Order of simulation in 2008

We first simulate employees and employers social contributions. Then we simulate the contributory unemployment insurance benefit. Given that unemployment insurance benefits are also taxable we then simulate the income tax. The five means-tested benefits, Unemployment Assistance Benefit, Income Guarantee Benefit, NC Old-age pensions, Pension Complements and Child Benefits. We finally simulate the last social safety net, the Autonomous Communities Minimum Income Guarantee.

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Income Guarantee Benefit	Non Contributory unemployment complementary benefit - <i>Renta Activa de Inserción</i>	bunnc_s
Non-contributory Old-age Pensions	Non-contributory pension - <i>Pensiones no contributivas por jubilación</i>	poanc_s
Old-age Pension Complement	Non-contributory pension complementary benefit - <i>Complemento de mínimos por jubilación</i>	poacm_s
Widowhood Pension complement	Non-contributory pension complementary benefit for widow-widower - <i>Complemento de mínimos por viudedad</i>	psuwpcm_s
Child Benefit	Non-contributory child benefit - <i>Prestación no contributiva por hijo a cargo</i>	bch_s
Minimum Income Guarantee	Non-contributory low income benefit - <i>Rentas mínimas</i>	bsarg_s

Order of simulation in 2009

We first simulate employees and employers social contributions. Then we simulate the contributory unemployment insurance benefit. Given that unemployment insurance benefits are also taxable we then simulate the income tax. The five means-tested benefits, Unemployment Assistance Benefit, Income Guarantee Benefit, NC Old-age pensions, Pension Complements and Child Benefits. We finally simulate the last social safety net, the Autonomous Communities Minimum Income Guarantee.

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Old-age Pension Complement	Non-contributory pension complementary benefit - <i>Complemento de mínimos por jubilación</i>	poacm_s
Widowhood Pension complement	Non-contributory pension complementary benefit for widow-widower - <i>Complemento de mínimos por viudedad</i>	psuwpcm_s
Child Benefit	Non-contributory child benefit - <i>Prestación no contributiva por hijo a cargo</i>	bch_s
Minimum Income Guarantee	Non-contributory low income benefit - <i>Rentas mínimas</i>	bsarg_s

Order of simulation in 2010

We first simulate employees and employers social contributions. Then we simulate the contributory unemployment insurance benefit. Given that unemployment insurance benefits are also taxable we then simulate the income tax. The five means-tested benefits, Unemployment Assistance Benefit, Income Guarantee Benefit, NC Old-age pensions, Pension Complements and Child Benefits. We finally simulate the last social safety net, the Autonomous Communities Minimum Income Guarantee.

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Non-contributory Old-age Pensions	Non-contributory pension - <i>Pensiones no contributivas por jubilación</i>	poanc_s
Old-age Pension Complement	Non-contributory pension complementary benefit - <i>Complemento de mínimos por jubilación</i>	poacm_s
Widowhood Pension complement	Non-contributory pension complementary benefit for widow-widower - <i>Complemento de mínimos por viudedad</i>	psuwpcm_s
Child Benefit	Non-contributory child benefit - <i>Prestación no contributiva por hijo a cargo</i>	bch_s
Minimum Income Guarantee	Non-contributory low income benefit - <i>Rentas mínimas</i>	bsarg_s

2.3 Other simulation issues

2.3.1 Tax evasion

Under-reporting of income for tax evasion in Spain is believed by the Tax Agency (Agencia Tributaria, www.aeat.es) to be important for some income sources mainly related to self-employment income, earnings from professional activities and capital income. These income sources appear to be also under-reported in surveys and, in general, given that some empirical work for the nineties (see Sanz, B., 1996) checked that survey incomes did not sum up to National Accounts numbers. In contrast under-reporting of labour income is regarded to be low mainly related to compulsory withholdings of salaries.

The Spanish Tax Agency has established a Tax Evasion Observatory and designed a particular plan (*Plan de Prevención del Fraude Fiscal*) in 2005 and continued in a revision in 2008. However, there are no official estimates even if some studies have been done. Most recent information on the matter is available from the yearly survey undertaken by the Instituto de Estudios Fiscales called *Barómetro Fiscal* where the attitudes and opinions of Spaniards on tax evasion and its importance are analysed.

It is difficult to discuss the need to correct data or the way policies are simulated due to evasion given that under-reporting may be found both in tax revenues and in survey individual income information.

2.3.2 Benefit take up and fraud

A question arising in the case of benefit simulation is whether individuals do take-up the benefits which they are entitled to. In Spain this appears as a relevant issue even if unfortunately few studies have been done on the matter.

On benefit fraud it appears that some unemployment benefit recipients are found to be working in the informal economy while receiving the benefit. This may be the case also in other benefit recipients.

2.4 Social benefits

2.4.1 Unemployment benefits.

2.4.1.1 Unemployment insurance benefit (*Prestación por desempleo*):

Unemployment insurance scheme is available to all employees who have lost their job and reach a minimum time of contribution to the Social Security system.

- Definitions

Dependent children: cohabiting children below 26 years of age (or older if disabled) whose incomes are below the minimum wage (*Salario Mínimo Interprofesional, SMI*) considering 12 monthly payments. In 2010: (12 x 633.30 euro per month) = 7,599.6 euro a year. See table below for all years:

Year:	2007	2008	2009	2010
Income limit (euro per year):	6,847.2	7,200	7,488	7,599.6

- Eligibility conditions

In order to be entitled to receive the benefits the individuals must be over 16 years of age and registered at the employment office as actively seeking employment. The minimum period of

contributions to be eligible for the benefit is 360 days during the 6 years immediately before unemployment.

- Income assessment

There is no income assessment.

- Benefit amount

The benefit amount will depend on the average daily contributory base (*base reguladora, contingencias comunes*), strongly related to the individual wage level. The average is calculated on contributions made during the 180 days that precede the legal situation of unemployment. All payments for overtime work are excluded. The amount to be received will be:

During the first 180 days, 70 per cent of the average daily contributory base.

As from the 181st day onwards, 60 per cent of the average daily contributory base.

The benefit cannot be below a minimum:

If the worker has no dependent children, the minimum benefit is 80% of the monthly IPREM, increased by 1/6. In 2010: $(1+1/6) \times (0.8 \times 532.51 \text{ euro}) = 497.01 \text{ euro}$ per month
See table below for all years:

Year:	2007	2008	2009	2010
Benefit amount (euro per month):	465.92	482.44	492.09	497.01

If the worker has at least one dependent child, the minimum benefit is 107% of monthly IPREM, increased by 1/6. In 2010: $(1+1/6) \times (1.07 \times 532.51 \text{ euro}) = 664.75 \text{ euro}$ per month
See table below for all years:

Year:	2007	2008	2009	2010
Benefit amount (euro per month):	623.16	645.26	658.16	664.75

The benefit cannot be over a maximum:

If the worker has no dependent children, the maximum benefit is 175% of the monthly IPREM, increased by 1/6. In 2010: $(1+1/6) \times (1.75 \times 532.51 \text{ euro}) = 1,087.21 \text{ euro}$ per month
See table below for all years:

Year:	2007	2008	2009	2010
Benefit amount (euro per month):	1,019.20	1,055.33	1,076.44	1,087.21

If the worker has dependent children:

- One child, the maximum benefit is 200% of monthly IPREM, increased by 1/6. In 2010: $(1+1/6) \times (2 \times 532.51 \text{ euro}) = 1,242.52 \text{ euro}$ per month. See table below for all years:

Year:	2007	2008	2009	2010
Benefit amount (euro per month):	1,164.8	1,206.1	1,230.22	1,42.52

- Two or more children, the maximum benefit is 225% of the monthly IPREM, increased by 1/6. In 2010: $(1+1/6) \times (2.25 \times 532.51 \text{ euro}) = 1,397.84 \text{ euro}$ per month. See table below for all years:

Year:	2007	2008	2009	2010
Benefit amount	1,310.4	1,356.86	1,383.99	1,397.84

(euro per month):

In the case of becoming unemployed while at a part time job, the maximum and minimum limits of the benefit will be calculated as a proportion of the full-time working day.

Benefit duration depends on the total contribution period over the preceding 6 years:

Period of work for which contributions have been made during the last 6 years	Duration of the benefit being paid
Between 360 days and 539 days	120 days
Between 540 days and 719 days	180 days
Between 720 days and 899 days	240 days
Between 900 days and 1,079 days	300 days
Between 1,080 days and 1,259 days	360 days
Between 1,260 days and 1,439 days	420 days
Between 1,440 days and 1,619 days	480 days
Between 1,620 days and 1,799 days	540 days
Between 1,800 days and 1,979 days	600 days
Between 1,980 days and 2,159 days	660 days
2,160 days or more	720 days

- **Compatibilities**

Benefits are not compatible with any full-time employment except some particular cases. However, they are compatible with carrying out a part-time activity as employee.

Accumulation with social security pensions or cash benefits is not possible unless these had been compatible with the professional activity from which the unemployment benefit derived. Accumulation is possible with pensions which are compatible with work.

- **Taxation and income testing**

Taxable. Benefits are included in the income test of other social benefits.

2.4.1.2 Unemployment assistance benefit (*Subsidio por desempleo*):

This is a means-tested benefit which is generally available to workers whose unemployment insurance has expired.

- **Definitions**

Dependent individual: spouse any age or child under twenty-six years of age (older if disabled) whose personal income does not exceed 75 per cent of the minimum wage considering 12 monthly payments. In 2010: $0.75 \times (12 \times 633.3 \text{ euro per month}) = 5,669.7$ a year (see table below for following years):

Year:	2007	2008	2009	2010
(euro per year):	5,135.4	5,400.0	5,616.0	5,669.7

- **Eligibility conditions**

Unemployed individuals are eligible if having exhausted their contributory unemployment benefit, family unit income is below the income test and they are over 45 years of age or have dependants. Workers with dependants who were not entitled to contributory unemployment benefit due to shortage of contributions but have, at least, 3 months of contributions to the Social Security system are also eligible. Further, workers without dependants who were not entitled to contributory unemployment benefit due to shortage of contributions but have, at least, 6 months of contributions are also eligible.

- **Income assessment**

Individual level: individual income must be below 75% of the minimum wage (*Salario Mínimo Interprofesional, SMI*) considering 12 monthly payments. In 2010: $0.75 \times (12 \times 633.3 \text{ euro per month}) = 5,669.7$ per capita a year (see table below for following years):

Year:	2007	2008	2009	2010
(euro per year):	5,135.4	5,400.0	5,616.0	5,669.7

Family level: Per capita household income from all sources¹ must be below 75% of the minimum wage (*Salario Mínimo Interprofesional, SMI*) considering 12 monthly payments. In 2010: $0.75 \times (12 \times 633.3 \text{ euro per month}) = 5,669.7$ per capita a year (see table below for following years):

Year:	2007	2008	2009	2010
(euro per year):	5,135.4	5,400.0	5,616.0	5,669.7

• **Benefit amount**

Year:	2007	2008	2009	2010
Benefits amount to 80% of the IPREM. (euro per month):	399.368	413.52	421.79	426.01

Long-term unemployed over 45 years of age, who have exhausted a contributory benefit received for 720 days, have a special 6-months allowance according to the number of dependant family members.

With no dependants or just one: 80% IPREM, in 2010: **426.01 euro** (see table below for following years):

Year:	2007	2008	2009	2010
Benefit amount (euro per month):	399.36	413.52	421.79	426.01

With two dependants: 107% IPREM, **569.79 euro** (see table below for following years):

Year:	2007	2008	2009	2010
Benefit amount (euro per month):	534.14	553.08	564.15	569.79

With three or more dependants: 133% IPREM, **708.24 euro** (see table below for following years):

Year:	2007	2008	2009	2010
Benefit amount (euro per month):	663.94	687.48	701.23	708.24

The duration of the benefit is normally 6 months with the possibility of extension up to a maximum of 18 months. The benefit may be extended until retirement age for workers over 52 years of age under certain conditions.

• **Compatibilities**

Benefits are not compatible with any full-time employment except some particular cases.

¹ There are a few exemptions, including child benefit and refundable working mother tax credit (*deducción por maternidad*).

- Taxation and income testing

Taxable. Benefits included in the income test of other social benefits.

2.4.1.3 Income Guarantee benefit (*Renta Activa de Inserción*)

This means-tested benefit aims to cover unemployed individuals with dependants and particularly large difficulties to find a job. The worker must follow a “back to work” scheme aimed at improving his/her possibilities of finding a job.

- Definitions

Dependent individual: spouse any age or child under twenty-six years of age (older if disabled) whose personal income does not exceed 75 per cent of the minimum wage considering 12 monthly payments. In 2010: $0.75 \times (12 \times 633.3 \text{ euro per month}) = 5,669.7$ a year. (see table below for following years):

Year:	2007	2008	2009	2010
(euro per year):	5,135.4	5,400.0	5,616.0	5,669.7

- Eligibility conditions

Unemployed individuals over 45 years of age with dependants who are not eligible or have exhausted contributory and non contributory unemployment benefit while family unit income is below the income test.

- Income assessment

Per capita household income from all sources² must be below 75% of the minimum wage (*Salario Mínimo Interprofesional, SMI*) considering 12 monthly payments. SMI was 633.3 euro per month in 2010, so the actual limit is 474.9 euro per capita a month (5,669.7 euro a year) in 2006 (see table below for following years):

Year:	2007	2008	2009	2010
(euro per year):	5,135.4	5,400.0	5,616.0	5,669.7

- Benefit amount

Benefits amount to 80% of the IPREM ($0.8 \times 532.5 \text{ euro} = 426.01 \text{ euro per month}$). The INEM pays the individual’s contributions to the Social Security system for medical assistance and family protection. The duration of the benefit is 11 months.

Year:	2007	2008	2009	2010
Benefit amount (euro per month):	399.28	413.52	421.79	426.01

- Compatibilities

Benefits are compatible with full-time employment if individuals qualify for the program. In this case the benefit will only be 1/4 of that which would be obtained if not in full-time work. Duration in this case will drop to 6 months.

- Taxation and income testing

² There are a few exemptions, including child benefit and refundable working mother tax credit (*deducción por maternidad*).

Taxable. Benefits included in the income test of other social benefits.

2.4.2 Pension benefits

2.4.2.1 Non Contributory old-age pension benefits (Prestaciones no contributivas por jubilación total o por jubilación parcial):

This means-tested old-age benefit is aimed at all Spanish citizens and nationals from other countries, with legal residence in Spain, over 65 years of age, who find themselves in a state of need and lack the necessary means for subsistence, even when they have never contributed to the Social Security scheme.

- Definitions

Family unit: spouse and up to second-degree relatives (i.e., grandparents, siblings, grandchildren)

- Eligibility conditions

All individuals over 65 years of age legally resident in Spain are eligible.

- Income assessment

Family unit total yearly income, except child benefits, must be below:

One member family unit: the annual amount of the benefit in 2010: **4,775.80 euro**.

More than one member family unit:

- No children or parents of the recipient: the annual amount of the benefit plus 70 percent more for each additional member. Thus the limit is $(1 + (0.7 \times (\text{number of members} - 1))) \times 4,775.80$ euro in 2010.

Some are children or parents of the recipient: the previous limit is multiplied by 2.5: $2.5 \times ((1 + (0.7 \times (\text{number of members} - 1))) \times 4,775.80$ euro) in 2010.

Year:	2007	2008	2009	2010
(euro per year):	4,374.02	4,598.16	4,708.62	4,755.80

- Benefit amount

The annual amount for the year 2010 is **4,775.80 euro**. The total amount will be divided into 14 payments corresponding to each month of the year and two extra payments in the months of June and November.

In the case more than one person in the economic unit is entitled to the benefit, the amount increases by 70 percent for each additional beneficiary and the resulting amount is equally shared across claimants.

In the case the pensioner earns other incomes that are over 25 percent of the total annual pension (in 2010 this amounts to $0.25 \times 4,775.80$ euro = **1,188.95 euro**), the non-contributory pension will be reduced in the amount over which other incomes exceed this limit. (see table below for following years):

Year:	2007	2008	2009	2010
Benefit amount	4,374.02	4,598.16	4,708.62	4,775.80
(euro per year):				

- Taxation and income testing

Taxable. Benefits included in the income test of other social benefits.

- Regional complementary benefits

Most regions increase non-contributory old-age pension benefits with a further complementary benefit. Not all regions began to complement non-contributory pensions in the same year. Andalucía was the first region to do it in 2000 (the complement was of 9,395 pesetas per pensioner in 2000).

Details by Autonomous Communities:

Region	Amount			
	2007	2008	2009	2010
Andalucía	89.95 euro/year	95.34 euro/year	102.96 euro/year	107.80 euro/year
Aragón	88.16 euro/year	92 euro/year	92 euro/year	92 euro/year
Asturias: Difference between Non contributory old-age pension and Basic Social Income in Asturias (SSBA).	SSBA= 396.67 euro/month	SSBA= 413.33 euro/month	SSBA= 432.09 euro/month	SSBA= 436.41 euro/month
Illes Balears		210 euro/year	210 euro/year	210 euro/year
Cantabria	311 euro/year	319 euro/year	319 euro/year*	No paga complementaria
Castilla-La Mancha		15% annual non-contributory pension amount	15% annual non-contributory pension amount 706.29 euro/year 2 payments a year (353.15 €paga)	15% annual non-contributory pension amount 706.293 euro/year 2 payments a year (353.15 €paga)
Cataluña	25% annual non-contributory pension amount 91.13 euro/month 12 payments a year	25% annual non-contributory pension amount 95.79euro/month 12 payments a year	25% annual non-contributory pension amount 98.10 euro/month 12 payments a year	25% annual non-contributory pension amount 98.10 euro/month 12 payments a year
Galicia		200 euro/year	200 euro/year**	206 euro/year
Navarra Increasing non-contributory pensions' income up to a percentage of the Minimum Wage (SMI).	1 person: 80% 2 persons: 95% 3 persons: 105%	1 person: 85% 2 persons: 105% 3 persons: 105%	1 person: 90% 2 persons: 110%	100% SMI 633.30€
País Vasco: Álava	113.86 euro/month (1 person) and 96.18 euro/month in 14 payments a year	113.86 euro/month (1 person) and 96.18 euro/month in 14 payments a year (if two	113.86 euro/month (1 person) and 96.18 euro/month in 14 payments a year (if two persons	113.86 euro/month (1 person) and 96.18 euro/month in 14 payments a year (if two persons in family

	(if two persons in family eligible)	persons in family eligible)	in family eligible)	eligible)
País Vasco: Guipúzcoa and Vizcaya	51.33 euro/month 14 payments a year	51.33 euro/month 14 payments a year	51.33 euro/month 14 payments a year	51.33 euro/month 14 payments a year

** Decreto 412/2009

2.4.2.2 Old-age pension complement (Complemento de mínimos por jubilación):

This means-tested benefit is a complementary benefit paid to all contributory pensions that are below the official minimum pension (*pension mínima*) yearly fixed by the government.

- Definitions

Dependent spouse (*cónyuge a cargo*): the pensioner has a dependent spouse if cohabiting with an adult individual who does not receive any pension and total net earnings of both the previous year is below **8,076.80euro** in 2010 (see table below for following years);

Year:	2007	2008	2009	2010
(euro per year):	7,576.84	7,887.49	8,076.80	8,076.80

- Eligibility conditions

All contributory pension benefits receivers must pass the income test.

- Income assessment

Total individual net earnings the previous year must be below the amount of the contributory pension benefit plus **6,923.90 in 2010** (see table below for following years):

Year:	2007	2008	2009	2010
(euro per year):	6,495.29	6,761.61	6,923.90	6,923.90

- Benefit amount

If the beneficiary only receives one pension, the amount of the non-contributory complement will be the difference between the amount of the pension officially acknowledged and the minimum pension that year. In 2006 the minimum pension was:

Without a dependant spouse:

If 65 years of age or over: In 2010: **8,229.20 euro/year** (see table below for following years):

Year:	2007	2008	2009	2010
(euro per year):	6,905.08	7,399.7	7,861.7	8,229.20

If below 65 years of age: In 2010: **7,697.20 euro/year** (see table below for following years):

Year:	2007	2008	2009	2010
(euro per year):	6,433.98	6,895.98	7339.92	7,697.20

With a dependant spouse:

If 65 years of age or over: In 2010: **10,152.80 euro/year** (see table below for following years):

Year:	2007	2008	2009	2010
(euro per year):	8,484.84	9,222.5	9,746.66	10,152.80

If below 65 years of age: In 2010: 9,515.80 euro/year (see table below for following years):

Year:	2007	2008	2009	2010
(euro per year):	7,929.74	8,619.24	9,122.82	9,515.80

If the beneficiary has more than one pension, the amount of the non-contributory complement to make up the minimum will only be acknowledged if the sum of all pensions is below the highest minimum pension, according to the annual computation.

- Taxation and income testing

Taxable. Benefits included in the income test of other social benefits.

2.4.2.3 Complementary benefit to non-contributory pensions due to housing rent (*Complemento por alquiler*):

All pensioners living in rented housing who do not own other housing elsewhere and are not family related to the house owner will receive a complementary benefit if they pay housing rent. The annual quantity of this benefit is 525 euro/year.

Year:	2007	2008	2009	2010
(euro per year):	350	357	525	525

See for detailed reference: *REAL DECRETO 1400/2007, de 29 de octubre, por el que se establecen normas para el reconocimiento del complemento a los titulares de pensión de jubilación e invalidez de la Seguridad Social, en su modalidad no contributiva, que residan en una vivienda alquilada.*

Real Decreto 1371/2009, de 13 de agosto, por el que se modifica el Real Decreto 1400/2007, de 29 de octubre, por el que se establecen normas para el reconocimiento del complemento a los titulares de pensión de jubilación e invalidez de la Seguridad Social, en su modalidad no contributiva, que residan en una vivienda alquilada, prorrogando su vigencia para el año 2009.

2.4.2.4 Widow-widower's pension complement (*Complemento de mínimos por viudedad*):

This means-tested benefit is paid to widows or widowers receiving a contributory pension from deceased partner that are below the official minimum pension (*pension de viudedad mínima*) yearly fixed by the government.

- Definitions

Dependant relatives (*cargas familiares*): individuals under 26 years of age (or older if disabled) are considered dependant relatives if per capita household income does not exceed 75 per cent of the minimum wage considering 12 monthly payments. In 2010: $0.75 \times (12 \times 633.3 \text{ euro per month}) = 5,669.7 \text{ euro}$ a year (see table below for following years):

Year:	2007	2008	2009	2010
(euro per year):	5,135.4	5,400.0	5,616.0	5,669.7

- Eligibility conditions

All contributory pension benefits receivers that comply the income test.

- Income assessment

Total individual yearly earnings the previous year must be below the amount of the contributory pension benefit plus **6,923.9 euro** in 2006 (see table below for following years):

Year:	2007	2008	2009	2010
(euro per year):	6,495.29	6,761.61	6,923.90	6,923.90

- **Benefit amount**

If the beneficiary only receives one pension, the amount of the non-contributory complement will be the difference between the amount of the pension officially acknowledged and the

In 2007:

Year:	2007
With dependant relatives	6,905.08
With disability (65% or more)	6,905.08
65 or over	6,905.08
Between 60-64	6,433.98
Below 60	5,134.36

In 2008:

Year:	2008
With dependant relatives	8,619.24
With disability (65% or more)	7,399.70
65 or over	7,399.70
Between 60-64	6,895.00
Below 60	5,134.36

In 2009:

Year:	2009
With dependant relatives	9,122.82
With disability (65% or more)	7,861.70
65 or over	7,861.70
Between 60-64	7,339.92
Below 60	5,899.74

In 2010:

Year:	2010
With dependant relatives	9,515.80
With disability (65% or more)	8,229.20
65 or over	8,229.20
Between 60-64	7,697.20
Below 60	6,228.60

- **Taxation and income testing**

Taxable. Benefits included in the income test of other social benefits.

2.4.3 Child and family benefits: National level

These benefits aim either for the general maintenance of families welfare or, in particular in some cases, for the alleviation of the poverty situation of households with children.

2.4.3.1 Child benefit (*Prestación no contributiva por hijo a cargo*):

- Definitions

Dependent child: individual under 18 (or older if affected by a disability of a degree equal to or higher than 65 percent). In Spain individuals may work if between 16 and 18 years of age, they continue to qualify as dependent children if their annual earnings are below the minimum wage (*salario mínimo*) in 2006 and after that moment, below 75% of the minimum wage. Thus the child's annual earnings must be below:

Year:	2007	2008	2009	2010
(euro per year):	5,135.4	5,400.0	5,616.0	5,669.7

- Eligibility conditions

The benefit is received by an adult individual cohabiting with the dependent child. In case of nullity, legal separation or divorce of the parents the beneficiary should be the parent that is in charge of the child. All benefit receivers must pass the income test.

- Income assessment

Family unit yearly income must be below **11,264.01 euro** in 2010, see table below for following years:

Year:	2007	2008	2009	2010
(euro per year):	9,328.39	11,000	11,264.01	11,264.01

This amount is increased by 15% for each extra dependent child.

In the case of belonging to a large family (recall definition in section **1.2.1**) with three dependent children the income test is **16,953 euro** in 2010, see table below for following years:

Year:	2007	2008	2009	2010
(euro per year):	15,903.65	16,555.70	16,953.05	16,953.05

This amount will increase for other large families in **2,754.93 euro** in 2010 (for each dependent child from the fourth onwards).

Year:	2007	2008	2009	2010
(euro per year):	2,575.95	2,681.56	2,745.93	2,745.93

The benefit is not income tested when children are disabled.

- Benefit amount
- For children under 18 without disabilities:

Year:	2007	2008	2009	2010
(euro per year):				
<3	291	500	500	
3-18	291	291	291	
<5				500
5-18				291

Note: age limits changed in 2010

For children under 18 with a degree of disability of 33% or more: **1,000 euro** per year in 2010 (see below table for following years):

Year:	2007	2008	2009	2010
(euro per year):	581.66	1000	1000	1000

For children over 18 with a degree of disability of 65% or more: **4,076.40 euro** per year in 2010 (see below table for following years):

Year:	2007	2008	2009	2010
(euro per year):	3,749.16	3,941.28	4,035.96	4,076.40

For children over 18 with a degree of disability of 75% or more: **6,115.20 euro** in 2010 (see below table for other years):

Year:	2007	2008	2009	2010
(euro per year):	5,623.80	5,911.92	6,054.00	6,115.20

- **Compatibilities**

This benefit is compatible with national or regional lump-sum child benefits.

- **Taxation and income testing**

Not taxable and not included in the income test of other benefits.

2.4.3.2 National lump-sum Child benefits

2.4.3.2.1 Means-tested lump-sum Child benefits payable at birth of third or further children (*Prestación económica por nacimiento o adopción del tercer hijo o sucesivos*)

These benefits are payable once at child's birth if net household income below the income test. This benefit disappears in 2008 and is converted in another for any newborn child for particular households (large households, lone-parents and disabled mothers)

- **Elegibility conditions**

The benefit is received by a cohabiting parent at child's birth of third or more children or multiple births. In case of nullity, legal separation or divorce of the parents the beneficiary should be the parent that is in charge of the child.

- **Income assessment**

Family unit yearly income must be below **9,091.99 euro** in 2006, see table below for following years:

Year:	2006	2007
(euro per year):	9,091.99	9,328.39

This amount is increased by 15% for each extra dependent child (from second onwards).

In the case of belonging to a large family (recall definition in section **1.2.1**) with three dependent children the income test is **15.500 euro** in 2006, see table below for following years:

Year:	2006	2007
(euro per year):	15,500	15,903.65

This amount will increase for other large families in **2,510.67 euro** in 2006 (for each dependent child from the fourth onwards).

Year:	2006	2007
(euro per year):	2,510.67	2,575.95

If household income is over the corresponding limit but within the following limits, the benefit will be the difference between the maximum value that year and yearly household income.

Year:	2006 (Min-Max)	2007 (Min-Max)
Three children	11,819.59- 12,619.84	12,126.91-12.504.92

Four children	13,183.39 -14,250.39	13,526.17 – 13.879.93
Five children	14,547.19 -15,880.94	14,925.43 -15.254.94
Six children	15,910.99 -17,511.49	16,324.69 -16.629.95
Seven children	17,274.79 - 19,142.04	17,723.95-18.004.96
Eight children	18,638.59- 20,272.59	19,123.21- 19.379.97
Nine children	20,002.39- 22,403.14	20,522.47-20.754.98
Ten children	21,366.19- 24,033.69	21,921.73- 22.129.99

- Benefit amount

Year:	2006	2007
(lump-sum payment in euro):	450.76	450.76

- Compatibilities

This benefit is not compatible with any other regional or local benefit of the same type.

- Taxation and income testing

Not taxable and not included in the income test of other benefits.

2.4.3.2.2 Lump-sum Child benefits for multiple birth or adoption (*Prestación por parto o adopción múltiple*)

These benefits are payable once at multiple children's birth.

- Benefit amount

The benefit amount is different according to the number of children born and is a number of times the minimum salary:

Year:		2007	2008	2009	2010
2 Children	4 times SMI	2,282.40	2,400.00	2,496.00	2,533.20
3 Children	8 times SMI	4,564.80	4,800.00	4,992.00	5,066.40
4 Children or more	12 times SMI	6,847.20	7,200.00	7,488.00	7,599.60

- Compatibilities

Non taxable. This benefit is compatible with any other child benefits.

2.4.3.2.3 Universal lump-sum child benefit or maternity tax credit (*Prestación por nacimiento o adopción de hijos en caso a no tener derecho a deducción del IRPF*)

Since 1st July 2007 all mothers that give birth or adopt a child receive a lump-sum benefit of 2,500 euro (the mother must have been resident in Spain for at least two years at child's birth). The benefit may be obtained also as a tax credit in the corresponding year Personal Income Tax. This is applicable to the whole Spanish territories, including País Vasco and Navarra.

Year:	2008	2009	2010
(euro per year):	2,500	2,500	2,500

This benefit is available for all children born until the 31st of January 2011 and disappears from then onwards.

- Compatibilities

This benefit is compatible with any other child benefits.

- Taxation and income testing

Not taxable and not included in the income test of other benefits.

2.4.3.2.4 Means-tested lump-sum child benefit for large families, lone parents and disabled mothers (*Prestación por nacimiento o adopción de hijos en los casos de familia numerosa, monoparentales o madres discapacitadas igual o más del 65%*)

This is a new benefit in 2008. The benefit is payable to some household types (large households, lone-parents and disabled mothers) at a child’s birth if net household income is below the income test.

- Eligibility conditions

The benefit is received by a cohabiting parent of these household types at child’s birth.

- Income assessment

Family unit yearly income must be below **11,264.0 euro** in 2010 in the case of one child, see table below for minimums for other number of children which is a result of (**11,264.0 + (number of children) x 1,689.60 euro**) and maximums which is the result of summing **1,000 euro** to the minimum and deducting **24.25 euro** per child.

Year:	2009 (Minimum)	2009 (Maximum)	2010 (Minimum)	2010 (Maximum)
One child	11,264.01	12,239.76	11,264.01	12,239.76
Two children	12,953.61	13,905.11	12,953.61	13,905.11
Three children	14,643.21	15,570.46	14,643.21	15,570.46
Four children	16,332.81	17,235.81	16,332.81	17,235.81
Five children	18,022.41	18,901.16	18,022.41	18,901.16
Six children	19,712.01	20,566.51	19,712.01	20,566.51
Seven children	21,401.61	22,231.86	21,401.61	22,231.86
Eight children	23,091.21	23,897.21	23,091.21	23,897.21
Nine children	24,780.81	25,562.56	24,780.81	25,562.56
Ten children	26,470.41	27,227.91	26,470.41	27,227.91

In the case of belonging to a large family (recall definition in section **1.2.1**) with three dependent children the income test is **16,953.05 euro** in 2010:

Year:	2008	2009	2010
(euro per year):	16,555.70	16,953.05	16,953.05

This amount will increase for other large families in **2,745.93 euro** in 2010 (for each dependent child from the fourth onwards).

Year:	2008	2009	2010
(euro per year):	2,681.56	2,745.93	2,745.93

Large families:

Year:	2009 (Minimum)	2009 (Maximum)	2010 (Minimum)	2010 (Maximum)
Three children	16,953.05	17,880.3	16,953.05	17,880.3
Four children	19,698.98	20,601.98	19,698.98	20,601.98
Five children	22,444.91	23,323.66	22,444.91	23,323.66
Six children	25,190.84	26,045.34	25,190.84	26,045.34
Seven children	27,936.77	28,767.02	27,936.77	28,767.02
Eight children	30,682.7	31,488.7	30,682.7	31,488.7
Nine children	33,428.63	34,210.38	33,428.63	34,210.38
Ten children	36,174.56	36,932.06	36,174.56	36,932.06

- Benefit amount

Year:	2008	2009	2010
(lump-sum payment in euro):	1,000	1,000	1,000

If household income is over the corresponding limit but within the maximum limit, the benefit will be the difference between the maximum value that year and yearly household income.

- Compatibilities

This benefit is not compatible with any other regional or local benefits of the same type.

- Taxation and income testing

Not taxable and not included in the income test of other benefits.

2.4.4 Child and family benefits: Regional level

These benefits aim either for the general maintenance of families welfare or, in particular in some cases, for the alleviation of the poverty situation of households with children. In general regions aim to cover that missing at a national level or complement national level policies.

2.4.4.1 Andalucía

Means-tested child benefit for families when a third child is born they accumulate two children under 3 (*Ayuda económica por tercer hijo y parto múltiple*). This benefit is available since 2002. Payable until third birthday per child under 3 (given that two children are under three and household has three or more children). The income assessment is that net yearly family income is below the following:

	Number of minimum wages			
1 member	3			
2 members	4.8			
3 members	6			
4 members	7			
5 members	8			
Add 1 minimum salary by member	...			
Annual amount:				
Year:	2007	2008	2009	2010
Child under 3	600	600	600	600

Lump-sum payment at birth in case of multiple birth:

Number newborn	Amount
2 children	1,200
3 children	2,400
4 children	3,600
5 children	4,800

Legal reference: *BOJA 11 de mayo de 2002, ORDEN de 6 de mayo de 2002, por la que se regulan ayudas económicas por menores y partos múltiples.*

2.4.4.2 Aragon

No benefit

2.4.4.3 Asturias:

2008:

Universal lump-sum benefit at birth. (*Cheque bebé asturiano*). In 2008, and only in 2008, all mothers resident in Asturias that give birth or adopt a child receive a further lump-sum benefit (summed to the national one) of **500 euro**.

Legal references: *BOPA 6 de marzo de 2008, Resolución de 4 de marzo de 2008, de la consejería de bienestar social, por la que se aprueban las bases reguladoras de la concesión de ayudas por nacimiento o adopción de hijos.*

BOPA 6 de marzo de 2008, Resolución de 4 de marzo de 2008, de la consejería de bienestar social, por la que se aprueba la convocatoria de ayudas por nacimiento o adopción de hijos.

2009:

Means-tested benefit at birth. In 2009, the universal lump-sum benefit changed to a means tested benefit. All mothers resident in Asturias that give birth or adopt a child receive a benefit (summed to the national one) up to **500 euro**. Income assessment: Family unit income should be below **45,000 euro**.

Legal references: *Resolución de 5 de agosto de 2009, de la Consejería de Economía y Hacienda, por la que se aprueba la convocatoria de ayudas por nacimiento o adopción de hijos.*

2010:

Means-tested benefit at birth. In 2010, the universal lump-sum benefit in Asturias disappears.

2.4.4.4 Illes Balears

No benefit

2.4.4.5 Canarias

No benefit

2.4.4.6 Cantabria

Means-tested child benefit for children under 3 years of age or 6 years of age if in large families (*Subvención para las madres con hijos/as menores de 3 años o menores de 6 si en familia numerosa*).

Available since 2002. There is a required minimum period of residence in Cantabria of three months until 2007 and twelve months since 2008. The benefit amount is **100 euro/month**. The income assessment is that the mother's net yearly family income (tax base minus personal and family allowance) is below **42,000 euro** (individual scheme) or **72,000 euro** (joint scheme).

After 1st December 2010:

The benefit amount is **100 euro/month** per child. If three or more children in the household qualify for the benefit the quantity increases to **200 euro/month** per child. The income assessment is that both parents general tax base is below **18,000 euro** (both individual and joint scheme). The reform is applicable from 1st December 2010 onwards.

Monthly amount:

Year:	2010
Child under 3 or 6 if large family	100
Child under 3 or 6 if large family if more than 3 children qualify	200

BOC de 18 de noviembre 2010, Decreto 77/2010, de 11 de noviembre, por el que se modifica el Decreto 153/2007, de 22 de noviembre, por el que se establece y regula la concesión de subvenciones para el fomento de la natalidad.

BOC de 4 de noviembre 2008, DECRETO 106/2008 de 23 de octubre de 2008 por el que se modifica el Decreto 153/2007 de 22 de noviembre de 2007, por el que se establece y regula la concesión de subvenciones para el fomento de la natalidad.

BOC de 28 de noviembre de 2007, DECRETO 153/2007 de 22 de noviembre, por el que se establece y regula la concesión de subvenciones para el fomento de la natalidad.

Orden HAC/20/2006, de 20 de noviembre, por la que se regula la concesión de ayudas para las madres con hijos menores de tres años y, en determinados casos, a madres con hijos menores de seis años, durante el año 2007.

2.4.4.7 Castilla - La Mancha

Means-tested child benefit for children under 18 in large-families (*Ayuda económica a familias numerosas con hijos menores de edad*). Available since 2007.

The income assessment is that both gross yearly family income (tax base minus personal and family allowance) and wealth are below the following limits:³

	Net income	Wealth
	Times the IPREM	Times the IPREM
1 or 2 children	5	20
3 children (or 2 if 1 disabled) ⁴	6	25
4 children (or 3 if 1 disabled)	7	30
5 children (or 4 if 1 disabled)	8	35
6 children (or 5 if 1 disabled)	9	40
7 children (or 6 if 1 disabled)	10	45
8 children (or 7 if 1 disabled)	11	50

Benefit amount per month:

³ Wealth test is not applied in simulation due to lack of data on assets.

⁴ Disabled children cannot be identified in the data.

Year:	2007	2008	2009	2010
Child under 18	32	35	35	35

Legal references: *DOCM de 9 de enero de 2008, Orden de 28 de diciembre de 2007 de la Consejería de Bienestar Social, de actualización de cuantías de las ayudas económicas a familias numerosas reguladas por el Decreto 126/06, de 26 de diciembre y a personas en estado de viudedad, reguladas por el Decreto 128/2006, de 26 de diciembre.*

DOCM de 29 de diciembre de 2006, Decreto 126/06, de 26/12/2006, por el que se regulan las ayudas a familias numerosas.

Universal child benefit in case of multiple birth (*Ayuda económica en el caso de parto múltiple*). This benefit is received quarterly for the same number of years as the number of children that entitles for receiving the benefit. Available since 2007.

	Amount (per quarter)	Number of years
N. of children		
2 children	285	2
3 children	570	3
4 children ⁵	960	4
5 or more children	960+190*extra child	5+number of extra children

Legal reference: *DOCM de 29 de diciembre de 2006, Decreto 132/06, de 26/12/2006, por el que se regulan las ayudas económicas a las familias por el nacimiento de dos o más hijos o adopción múltiple.*

2.4.4.8 Castilla y León

Means-tested lump-sum benefit at birth. (*Subvención para padres y/o madres por nacimiento o adopción*) The benefit amount depends on the family income assessment. Available since 2002. If net yearly family income two years before⁶ child's birth is below 21,035 euro the benefit is of a higher quantity. Net family income is the sum of the general and special tax bases after personal and family tax allowances.

Year:	2007	2008	2009	2010
Net income limit	21,035	21,035	21,035	21,035
Net income < limit				
First child	601	601	601	601
Second child	1,202	1,202	1,202	1,202
Third child or more	1,803	1,803	1,803	1,803
Net income > limit				
First child	300	300	300	300
Second child	601	601	601	601
Third child or more	901	901	901	901

If there is multiple-birth (*Subvención por parto múltiple*) the quantities are increased in a 50% in the case of two new-born children and in 100% if three or more. Since 2008 special benefits in this case are paid for two years more. If net yearly family income is below 21,035 euro the quantity is 901 euro per child and if income is above 21,035 euro the quantity is 450 euro.

⁵ Due to the fact that this policy is targeted to cases that are unlikely to be accurately represented in the data, only cases of multiple birth up to 3 children were implemented in the model.

⁶ As income from two years before the child's birth is not observable in the data, the income test is applied on "current" (observed) income.

Legal references:

ORDEN FAM/76/2008, de 18 de enero, por la que se aprueban las bases reguladoras para la concesión de subvenciones por nacimiento o adopción en la Comunidad de Castilla y León, y se efectúa su convocatoria para el año 2008.

Ley 1/2007, de 7 de marzo, de Medidas de Apoyo a las Familias de la Comunidad de Castilla y León.

2.4.4.9 Cataluña

Universal child benefit for children under 3 (under 6 if large-families or lone-parents) (*Prestació econòmica de caràcter universal per a les famílies amb fills i filles menors de 3 anys i per a les famílies nombroses i/o monoparentals amb fills i filles menors de 6 anys*). In 2005: **575 euro/year** for each child under 3 year of age and **650 euro/year** for each child under 6 years of age within a large or lone-parent family. If child has his third birthday during 2005 then the final quantity received will be the proportional part of the monthly assignment (number of months below 3 times the benefit/12)⁷.

Year:	2007	2008	2009	2010*
Child under 3	625	638	638	638
Child under 6 if in large or lone-parent family	730	745	745	745

Universal lump-sum child benefit in case of multiple birth (*Prestació econòmica de caràcter universal per part, adopció o acolliment múltiple*). This benefit is received at child's birth.

Year/Quantities per family:	2007	2008	2009	2010*
Double birth	650	663	663	663
Three births	1000	1020	1020	1020
Four or more births	1200	1224	1224	1224

Legal references for all child benefits in Cataluña:

DOGC de 25 de mayo de 2009, ORDEN ASC/258/2009, de 21 de abril, por la que se aprueban las bases para la concesión de las prestaciones económicas para las familias con hijas e hijos a cargo y se abre la convocatoria para el año 2009.

DOGC de 11 de marzo de 2008, ASC/101/2008, de 4 de marzo, por la que se aprueban las bases para la concesión de las prestaciones económicas y las ayudas para las familias con hijas e hijos a cargo y se abre la convocatoria para el año 2008.

DOGC de 22 de marzo de 2007, ASC/54/2007, de 6 de marzo, por la que se aprueban las bases para la concesión de las prestaciones económicas y las ayudas para las familias con hijas e hijos a cargo y se abre la convocatoria para el año 2007.

Means-tested lump-sum child benefit in case of multiple birth (*Ajut econòmic a famílies en situació d'especial vulnerabilitat amb part, adopció o acolliment múltiple de tres o més infants sotmès al nivell d'ingressos de la unitat familiar*). This is a means-tested benefit for vulnerable households who experience a multiple birth or adoption. Eligibility is defined using “equivalent

⁷ The simulation doesn't take into account the month of birthday. Full amounts are paid for children aged 0 and no benefit is paid for children aged 3 or 6.

income” obtained by dividing total annual household income by the corresponding coefficient that depends on the number of household members.

	Coefficient
3 members	1
4 members	1.166
5 members	1.333
6 members	1.5
7 members	1.666
8 members	1.833
9 members	2
10 members	2.166

Each additional member will increase the coefficient by 0.07

For eligibility “total household equivalent income” must be below 7 times the Catalanian Income Sufficiency Indicator (Indicador de Renta de Suficiencia de Cataluña, IRSC), of the corresponding year.

Indicador de Renta de Suficiencia de Cataluña (IRSC):

Year:	2007	2008	2009	2010
Equivalent euro per year	7,444.1	7,734.1	7,888.8	7,967.7
Equivalent euro per month	531.7	552.4	564.4	569.1

2009: Ley de presupuestos de la Generalidad de Cataluña 2009: http://noticias.juridicas.com/base_datos/CCAA/ca-115-2008.t7.html#da8

2008: Ley de presupuestos de la Generalidad de Cataluña 2009: http://noticias.juridicas.com/base_datos/CCAA/ca-116-2007.t7.html#da12

2007: Ley de presupuestos de la Generalidad de Cataluña 2009: http://noticias.juridicas.com/base_datos/CCAA/ca-14-2007.t7.html#da9

Benefit amounts per year are:

Year:	2007	2008	2009	2010
Group 1	2,400	2,448	2,448	2,448
Group 2	3,200	3,264	3,264	3,264

ORDEN ASC/310/2010, de 13 de mayo, por la que se aprueban las bases reguladoras para la concesión de las ayudas económicas sometidas al nivel de ingresos de la unidad familiar, para las familias en las que se haya producido un parto, adopción, tutela o acogimiento múltiple y/o adopción internacional.

ORDEN de 29 de julio de 2009 ASC/363/2009, de 21 de julio, por la que se aprueban las bases reguladoras y se abre convocatoria parcial para el año 2009, para la concesión de las ayudas económicas sometidas al nivel de ingresos de la unidad familiar para las familias en que se haya producido un parto, adopción, tutela o acogimiento múltiple y/o adopción internacional hasta el 30 de septiembre de 2009

2009: Ley de presupuestos de la Generalidad de Cataluña 2009: http://noticias.juridicas.com/base_datos/CCAA/ca-115-2008.t7.html#da8

2008: Ley de presupuestos de la Generalidad de Cataluña 2009: http://noticias.juridicas.com/base_datos/CCAA/ca-116-2007.t7.html#da12

2007: Ley de presupuestos de la Generalidad de Cataluña 2009: http://noticias.juridicas.com/base_datos/CCAA/ca-14-2007.t7.html#da9

2.4.4.10 Extremadura

Universal child benefit for children under 3 (*Ayudas económicas a las familias residentes en Extremadura como medida de conciliación de la vida familiar y laboral*). Since 1st January 2008⁸ all mothers that give birth and are resident at least for a year in Extremadura receive a monthly non-means-tested benefit. The benefit quantity decreases with child's age.

Year:	2008	2009
First year	300	300
Second year	200	150
Third year	150	100

All quantities are increased in 50 euro per child if multiple birth. This benefit disappears in 2010.

New Means-tested lump-sum benefit at birth (*Ayudas económicas a las familias residentes en Extremadura como medida de conciliación de la vida familiar y laboral, por nacimiento, adopción o acogimiento*). In 2010 the universal benefit in Extremadura is reformed. The new benefit is means-tested and does not decrease with child's age, it is constant for all newborns in Extremadura.

The income assessment is that total household income (the sum of both parents' gross income) must be below the following limits in IPREM 12 month payments:

Families up to:	IPREM
2 children	< 3.5 times
3 children	< 4 times
4 children	< 4.5 times
5 children	< 5 times

The benefit quantity is 1,200€ in two annual payments:

Year:	2010
First year	600
Second year	600

Legal references:

D.O.E. 116, de 18 de junio de 2010, DECRETO 130/2010, de 11 de junio, *por el que se regulan ayudas a las familias residentes en Extremadura, como medida de conciliación de la vida familiar y laboral*

D.O.E. 48, de 11 de marzo de 2009, DECRETO 35/2009, de 27 de febrero, por el que se modifica el Decreto 329/2007, de 30 de noviembre, *por el que se regulan ayudas económicas a las familias residentes en Extremadura, como medida de conciliación de la vida familiar y laboral*

D.O.E. 140, de 4 de diciembre de 2007, DECRETO 329/2007, de 30 de noviembre, *por el que se regulan ayudas económicas a las familias residentes en Extremadura, como medida de conciliación de la vida familiar y laboral*.

⁸ As the benefit started in January 2008, in the simulation of 2008 only children in their first year (i.e., aged 0) are eligible.

2.4.4.11 Galicia

Means-tested lump-sum benefit for children under 3 years (newborn). (*Prestación económica de pago único por fillas e fillos menores de tres anos*) Available since 2007. The income assessment is that gross family income before family allowances is below the amount that determines compulsory declaration of annual income tax two years earlier⁹, thus in 2009 the income reference is 2007.

Annual limits are:

Year:	2007	2008	2009	2010
(euro per year):	22,000	22,000	22,000	22,000

Benefit amounts are:

Year:	2007	2008	2009	2010
Per child < 3	360	360	360	360

Legal references:

DOGA 10 de mayo de 2010, *Orden de 3 de mayo de 2010, por la que se establecen las bases por las que se regirá la concesión de la prestación económica de pago único por hijas e hijos menores de tres años para el año 2009.*

DOGA de 3 de abril de 2009, *Orden de 11 de marzo de 2009 por la que se establecen las bases por las que se regirá la concesión de la prestación económica de pago único por hijas e hijos menores de tres años para el año 2009.*

DOGA de 3 de abril de 2008, *Orden de 26 de marzo de 2008 por la que se establecen las bases por las que se regirá la concesión de la prestación económica de pago único por hijas e hijos menores de tres años para el año 2008.*

DOGA de 3 de abril de 2007, *Orden de 27 de marzo de 2007 por la que se establecen las bases por las que se regirá la concesión de la prestación económica de pago único por hijas e hijos menores de tres años para el año 2007.*

Universal lump sum child benefit if father (or mother in lone-parent households) reduces working time (*Ayuda a trabajadores que reduzcan la jornada laboral para cuidar a los hijos menores de tres años*) The benefit is received only by fathers (mothers or fathers in lone-parent families) with children under three who decide to temporarily reduce their working time to look after them. The benefit depends on the number of hours reduced (33%, 33%-40% or 40%-50% of full-time or part-time work hours). Limits of the total duration of reductions are between 60 days and 8 months.¹⁰

As an example (if reducing working time during 8 months in 33% while working full-time for 2008 and 2009, and 15% in 2010):

Year:	2008	2009	2010
1 st child	2,400	2,400	2,400
2 nd child or multiple birth (2 children)	2,700	2,700	2,700
3 rd child or multiple birth (3 or more)	3,000	3,000	3,000

⁹ As income from two years before the child's birth is not observable in the data, the income test is applied on "current" (observed) income.

¹⁰ This benefit is not simulated due to lack of longitudinal data on working hours.

In 2010 the reduction of working times is different: (15%, 15%-33.33% or 33.33%-50%)

Legal reference:

DOGA, Resolución de 23 de abril de 2010, de la Secretaria General de Igualdad, por la que se regulan las bases para la concesión de las ayudas a la conciliación de la vida familiar y laboral como medida de fomento de la corresponsabilidad para los trabajadores que se acojan a la reducción de su jornada de trabajo y se procede a su convocatoria.

DOGA, 11 de junio de 2009, Resolución de 4 de junio de 2009 por la que se regulan las bases para la concesión de las ayudas a la conciliación de la vida familiar y laboral como medida de fomento de la corresponsabilidad para los trabajadores que se acojan a la reducción de su jornada de trabajo y se procede a su convocatoria.

DOGA, Orde 3 de abril de 2008, Orden de 17 de marzo de 2008 por la que se convocan ayudas a la conciliación de la vida familiar y laboral como medida de fomento de la corresponsabilidad para los trabajadores que se acojan a la reducción de su jornada de trabajo.

2.4.4.12 La Rioja

No benefit

2.4.4.13 Madrid

Universal lump-sum benefit at birth. (*Cheque bebé madrileño*). Since 1st July 2007 all mothers resident in Madrid that give birth or adopt a child receive a further lump-sum benefit (summed to the national one) of **100 euro**. No changes in 2008. In 2009 the benefit increases to **200 euro** and eligibility was changed. To qualify for the benefit, mothers should be unemployed otherwise the child should be their third child (second if mother disabled). This benefit disappears in 2010.

Legal references:

Acuerdo de Consejo de Gobierno de fecha 16 de abril de 2009 (BOCM 2 de Junio 2009) por el que se aprueban las normas reguladoras y se desarrolla el procedimiento de concesión directa de ayudas económicas de pago único a las familias de la Comunidad de Madrid.

BOCM nº 1, de 2 de enero de 2007, Orden 2309/2006, de 28 de diciembre, de la Consejería de Familia y Asuntos Sociales, por la que se establecen las bases reguladoras para la concesión de ayuda económica de pago único por nacimiento de hijo o adopción de menores a las familias de la Comunidad de Madrid y se aprueba la convocatoria para el año 2007.

2.4.4.14 Murcia

No benefit

2.4.4.15 Navarra

Universal lump-sum benefit at birth of third child. (*Ayudas a familias por el nacimiento del tercer hijo o sucesivos*). All families living in Navarra for more than two years with receive a lump-sum benefit of **2,402.76 euro** in 2006 when third child (or more) is born (or second if some child disabled in more than a 25%). Quantities since that year have been actualized using the increase in the General Consumer Price Index until 2008 when quantities were frozen. Not taxable. This benefit is not compatible with the universal child benefit if parent asks for work leave but is compatible with any Social Security or State benefit of the same kind.

Benefit amounts:

Year:	2007	2008	2009	2010
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Lump-sum payment	2,460.43	2,503.67	2,503.67	2,503.67
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Legal reference:

ORDEN FORAL 64/2010, de 2 de marzo, de la Consejera de Asuntos Sociales, Familia, Juventud y Deporte, por la que se fijan las cuantías, para el año 2010, de las ayudas económicas previstas en el Decreto Foral 242/2000, de 27 de junio, por el que se regulan ayudas económicas directas, como medida complementaria para conciliar la vida laboral y familiar de las personas trabajadoras y fomentar la natalidad

ORDEN FORAL 99/2009, de 11 de marzo, de la Consejera de Asuntos Sociales, Familia, Juventud y Deporte, por la que se fijan las cuantías, para el año 2009, de las ayudas económicas previstas en el Decreto Foral 242/2000, de 27 de junio, por el que se regulan ayudas económicas directas, como medida complementaria para conciliar la vida laboral y familiar de las personas trabajadoras y fomentar la natalidad.

ORDEN FORAL 242/2006, de 23 octubre, de la Consejera de Bienestar Social, Deporte y Juventud, por la que se actualizan las ayudas económicas previstas en el Decreto Foral 242/2000, de 27 de junio, por el que se regulan ayudas económicas directas, como medida complementaria para conciliar la vida laboral y familiar de las personas trabajadoras y fomentar la natalidad.

Universal child benefit for second child up to 1 year of age (or third up to 3 years of age) if one parent asks for a work leave (*Ayuda a familias por excedencia para el cuidado de hijos*) Since 2000 when both parents work (as dependant workers) and a second child is born while resident in Navarra for 2 years, if one of the parents gets a work leave the family receives a monthly non-means-tested benefit during a year. If child is a third child the benefit is received during three years. Not compatible with the universal lump-sum benefit. Not taxable. This benefit is not compatible with the universal lump-sum benefit at birth of third child but is compatible with any Social Security or State benefit of the same kind.¹¹

Year:	2007	2008	2009	2010
Monthly payments				
Second child	411.67	428.49	417.27	417.27
Third child	411.67	428.49	417.27	417.27

Legal reference:

The legal references are the same as for the previous benefit.

Universal multiple birth lump-sum benefit. (*Ayudas a familias por parto múltiple*). This benefit is paid to residents for at least two years in Navarra if multiple birth occurs.

Year:	2007	2008	2009	2010
Monthly payments				
Twins	87.37	87.37	91.03	91.03
Three children ¹²	218.43	218.43	227.60	227.60
Four children	291.24	291.24	303.47	303.47
Five or more	291.24+72,81	291.24+72,81	303+75.86	303+75.86
	per child	per child	per child	per child

In the case of twins payments are received until the age of one year. In the case of three or more children the benefit is paid until the age of three.

¹¹ This benefit is not simulated due to lack of longitudinal data on labour status.

¹² Due to the fact that this policy is targeted to cases that are unlikely to be accurately represented in the data, only cases of multiple birth up to 2 children were implemented in the model.

This benefit is compatible with any other benefits of the kind from the Social Security or the Central Government. Not taxable.

Legal reference:

ORDEN FORAL 65/2010, de 2 de marzo, de la Consejera de Asuntos Sociales, Familia, Juventud y Deporte, por la que se fijan las cuantías, para el año 2010, de las ayudas económicas previstas en el Decreto Foral 241/2000, de 27 de junio, por el que se regulan ayudas económicas a familias por el nacimiento de dos o más hijos en el mismo parto.

ORDEN FORAL 98/2009, de 11 de marzo, de la Consejera de Asuntos Sociales, Familia, Juventud y Deporte, por la que se fijan las cuantías, para el año 2009, de las ayudas económicas previstas en el Decreto Foral 241/2000, de 27 de junio, por el que se regulan ayudas económicas a familias por el nacimiento de dos o más hijos en el mismo parto.

ORDEN FORAL 241/2006, de 23 de octubre, de la Consejera de Bienestar Social, Deporte y Juventud, por la que se actualizan las ayudas económicas previstas en el Decreto Foral 241/2000, de 27 de junio, por el que se regulan ayudas económicas a familias por el nacimiento de dos o más hijos en el mismo parto.

Universal lump-sum child benefit if father or mother reduces working time (*Subvenciones a personas trabajadoras por cuenta ajena, que reduzcan su jornada por guarda legal por nacimiento, adopción o acogimiento, tanto preadoptivo como permanente, de menores de ocho años*) Available since 2008 for full-time working parents resident in Navarra for the last year with children below eight years of age. Working time reduction must be of a 50 percent of total hours.¹³

Year:	2008	2009	2010
Mother	1,650	1,650	1,680
Father	1,980	1,980	2,016

Benefit increases in 210 euro from second child below eight years onwards. In principle, quantities should have increased at a Price Index rate each year. In any case we have assumed that quantities are constant in 2008 and 2009 given that no more information is available.

Legal reference:

RESOLUCION 1548/2010, de 2 de junio, del Director Gerente del Servicio Navarro de Empleo, por la que se convocan y regulan las ayudas del Servicio Navarro de Empleo para favorecer la inserción laboral de mujeres y la conciliación de la vida laboral, personal y familiar de las personas trabajadoras

RESOLUCION 437/2008, de 11 de marzo, del Director Gerente del Servicio Navarro de Empleo, por la que se convocan y regulan las ayudas del Servicio Navarro de Empleo para favorecer la inserción laboral de mujeres y la conciliación de la vida laboral, personal y familiar de las personas trabajadoras.

Means-tested child benefit for children under 3 and working mothers (*Ayudas a mujeres trabajadoras con hijos menores de tres años*). This benefit is available since 2003. Since 2006 the benefit is means-tested. These benefits are paid to mothers who in the previous year paid Social Security contributions at least during five days per month (5x12 days a year)¹⁴. The income assessment from 2006 onwards is that gross yearly family (family is both cohabiting parents and all cohabiting children) income (ordinary tax base plus all capital gains) the

¹³ This benefit is not simulated due to lack of longitudinal data on labour status.

¹⁴ Due to lack of data on number of contributions on previous year, the simulation is based on the number of months in employment in the current year

previous tax year is below 40,000 euro. The amount of the benefit is paid per child and it depends on income level too:

Limits per year:

Year:	2007	2008	2009	2010
1 st group	0-25,999 euro	0-25,999 euro	0-17,999 euro	0-17,999 euro
2 nd group	26,000-40,000 euro	26,000-40,000 euro	18,000-28,000euro	18,000-28,000euro

Benefit amount:

Year:	2007	2008	2009	2010
Amount per month				
1 st group	150	150	150	150
2 nd group	100	100	100	100

Legal reference:

BON 1 de abril de 2009, ORDEN FORAL 100/2009, de 11 de marzo, de la Consejera de Asuntos Sociales, Familia, Juventud y Deporte, por la que se aprueba la convocatoria para la concesión de ayudas a mujeres trabajadoras con hijos menores de tres años para el año 2009.

BON 9 de febrero de 2007, ORDEN FORAL 25/2007, de 26 enero, de la Consejera de Bienestar Social, Deporte y Juventud, por la que se aprueba la convocatoria para la concesión de ayudas a mujeres trabajadoras con hijos menores de tres años para el año 2007.

Means-tested child benefit for children under 18 years of age for large families with four or more children (*Ayudas a familias con cuatro o más hijos*). This benefit is available since 2003. These benefits are paid to large families with four or more children whose income total tax base after personal and family allowances the previous tax year is below:

Annual income limits:

	Times minimum salary
4 children	7
5 children	8
6 children	9
7 children or more	10

Benefit amount:

Year:	2007	2008	2009	2010
Amount per year				
4 th child if in large family	360	360	413.89	413.89
4 th child in large family if per capita income below 75% SMI (14 th payments)			620.83	620.83
4 th child if 5 children or more in the family (special large family)	360	360	620.83	620.83

Each child with disability counts as two children.

Not taxable.

Legal reference:.

ORDEN FORAL 39/2010, de 2 de febrero, de la Consejera de Asuntos Sociales, Familia, Juventud y Deporte, por la que se aprueba la convocatoria para la concesión de ayudas a familias con cuatro o más hijos

ORDEN FORAL 79/2009, de 2 de marzo, de la Consejera de Asuntos Sociales, Familia, Juventud y Deporte, por la que se aprueba la convocatoria para la concesión de ayudas a familias con cuatro o más hijos.

2.4.4.16 Valencia

No benefit

2.4.4.17 País Vasco

Means-tested lump-sum benefit at birth of first child (*Ayudas a familias con hijos e hijas nacidos, adoptados o en acogimiento preadoptivo*). The benefit is available since 2006. The benefit amount depends on the family income level (ordinary tax base before family allowances) two years earlier:

Benefit amounts by income level:

Year:	2007	2008	2009	2010
Income limits:				
Below 4 times SMI	900	900	900	900
Between 4-6 times SMI	500	500	500	500
Over 6 times SMI	400	400	400	400

Legal reference:

BOPV 27 de diciembre de 2006, DECRETO 255/2006, de 19 de diciembre, por el que se regulan las ayudas económicas a las familias con hijos e hijas.

BOPV 7 de junio de 2006, DECRETO 109/2006, de 30 de mayo, por el que se regulan las ayudas económicas a las familias con hijos e hijas.

Means-tested lump-sum payment at birth in case of multiple birth (*Ayudas por parto o adopción nacional múltiple*). The benefit is available since 2007.

Benefit amounts by income level (*ncb: number of children born*):

Year:	2007	2008	2009	2010
Income limits:				
Below 3 times SMI	4000*ncb	4000*ncb	4000*ncb	4000*ncb
Below 3-4 times SMI	3200*ncb	3200*ncb	3200*ncb	3200*ncb
Below 4-5 times SMI	2800*ncb	2800*ncb	2800*ncb	2800*ncb
Between 5-6 times SMI	2400*ncb	2400*ncb	2400*ncb	2400*ncb
Over 6 times SMI	2000*ncb	2000*ncb	2000*ncb	2000*ncb

Legal reference:

BOPV 27 de diciembre de 2006, DECRETO 255/2006, de 19 de diciembre, por el que se regulan las ayudas económicas a las familias con hijos e hijas.

Universal child benefit for second (and more) children (*Ayuda por segundo o sucesivo hijo y/o segunda o sucesiva hija*) Since 1st January 2007 all mothers that give birth or adopt a second, third or more children resident in País Vasco receive an annual benefit.

Year:	2007	2008	2009	2010
2 nd Child				
- lump sum	1,100	1,100	1,100	1,100
- amount	400	400	400	400
- duration (age span)	0 to 1	0 to 1	0 to 1	0 to 1
3 rd and following Child				
- amount	1,100	1,100	1,100	1,100
- duration (age span)	0 to 4	0 to 4	0 to 4	0 to 4
- amount	400	400	400	400
- duration (age span)	5 to 6	5 to 6	5 to 6	5 to 6

Quantities are doubled if child disabled (more than 33%).¹⁵

Legal references:

BOPV 24 de diciembre de 2008, LEY 13/2008, de 12 de diciembre, de Apoyo a las Familias

BOPV 27 de diciembre de 2006, DECRETO 255/2006, de 19 de diciembre, por el que se regulan las ayudas económicas a las familias con hijos e hijas.

Universal lump sum child benefit if father or mother takes a work leave or reduces working time (*Ayudas económicas a personas trabajadoras en situación de excedencia o reducción de jornada para el cuidado de hijos e hijas menores de edad*) Available since 28th July 2007 for workers with children below three years of age if work leave or six years of age if reduction of working time. The benefit depends on the number of hours reduced. Minimum reduction time is 59 days. The maximum time limit varies depending on partner's time share. There is a requirement of a minimum residence time of one year in the region (or a total of five years in the last ten).¹⁶

Benefit amounts for full-time workers:

Year:	2007	2008	2009	2010
Amount per year				
<i>Work leave</i>				
Father	3,000	3,000	3,000	3,000
Mother	2,400	2,400	2,400	2,400
<i>Working time reduction</i>				
More than 45% of time				
Father	2,400	2,400	2,400	2,400
Mother	1,800	1,800	1,800	1,800
Bet. 40-45% of time				
Father	2,100	2,100	2,100	2,100
Mother	1,575	1,575	1,575	1,575
Bet. 33-40% of time				
Father	1,800	1,800	1,800	1,800

¹⁵ Disabled children cannot be identified in the data.

¹⁶ This benefit is not simulated due to lack of longitudinal data on labour status.

Mother	1,350	1,350	1,350	1,350
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Legal references:

BOPV 24 de diciembre de 2008, LEY 13/2008, de 12 de diciembre, de Apoyo a las Familias.

BOPV de 27 de Julio de 2007, DECRETO 118/2007, de 17 de julio, por el que se regulan las medidas de conciliación de la vida laboral y familiar.

2.4.5 Minimum Income Guarantee (*Ingreso mínimo de inserción o Renta mínima*):

These are non-contributory means-tested benefits to combat poverty. There are different schemes in the 17 Spanish Autonomous Communities (Comunidades Autónomas).

2.4.5.1 Andalusian Minimum Income Guarantee (*Ingreso Mínimo de Solidaridad*)

This is the Andalusian version of minimum income guarantee. It was launched in 1999.

- Definitions

Family unit: individuals living together, at least for months, and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit which is the official recipient of the benefit.

- Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 25 and below 65 years of age and has had her residence in Andalucía for, at least, a year. Eligible individuals must have total family unit income below the income test.

- Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

- Benefit amount

The benefit amount is 62% of the minimum wage plus 8% of minimum wage for each additional member. The maximum amount is the minimum wage. The benefit quantity complements household monthly disposable income up to the following amounts (dependant on the number of members of the family unit):

Year:	2007	2008	2009	2010
One member	353.77	372.00	386.88	392.65
Two members	399.42	420.00	436.80	433.31
Three members	445.07	468.00	486.72	493.97
Four members	490.72	516.00	536.64	544.64
Five members	536.36	564.00	587.30	595.30
Six members or more	570.60	600.00	624.00	633.30

Max benefit=	2007	2008	2009	2010
SMI	570.60	600.00	624.00	633.30

Benefit amounts in euro per month. The benefit will never be below 15% of the Minimum wage value. Quantities for six members or more are the maximum amount, corresponding to the national minimum salary in the corresponding year.

- Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

- Source

Ministerio de Trabajo y Asuntos Sociales. Information for Andalucía in particular comes from: Decreto 2/1999, de 12 de enero por el que se regula el Programa de Solidaridad de los Andaluces, para la Erradicación de la Marginación y la Desigualdad en Andalucía.

2.4.5.2 Aragon Minimum Income Guarantee (*Ingreso Aragonés de Inserción*)

This benefit is the Aragon's version of a minimum income guarantee benefit.

- Definitions

Family unit: individuals living together, at least for months, and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit which is the official recipient of the benefit.

- Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 18 and below 65 years of age and has had her legal residence in Aragon, at least for a year.

- Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

- Benefit amount

The benefit has a different amount depending on the number of members of the family unit.

Year:	2007	2008	2009	2010
One member	336.00	400.00	424.00	441.00
Two members	436.80	520.00	551.20	573.30
Three members	504.00	600.00	636.00	661.50
Four members	571.20	680.00	720.80	749.70
Five members	638.40	760.00	805.60	837.90
Six members	672.00	800.00	848.00	882.90

Benefit amounts in euro per month

- Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

- Source

Ministerio de Trabajo y Asuntos Sociales. Information for Aragon in particular comes from: Ley 1/1993, de 19 de febrero, de Medidas Básicas de Inserción y Normalización Social. Decreto 57/1994, de 23 de marzo, por el que se regula el Ingreso Aragonés de Inserción en desarrollo de la Ley 1/1993. Decreto 179/1994, de 8 de agosto, por el que se modifican determinados artículos del Decreto 57/1994.

LEY 12/2009, de 30 de diciembre, de Presupuestos de la Comunidad Autónoma de Aragón para el ejercicio 2010). La Ley de Presupuestos de la Comunidad de Aragón establecerá anualmente la cuantía del Ingreso Aragonés de Inserción

2.4.5.3 Asturias Minimum Income Guarantee (*Salario Social Básico Asturiano*)

This benefit is the Asturian's version of a minimum income guarantee benefit. In 2005 the Ingreso Mínimo de Inserción (IMI) was changed to the Salario Social Básico (SSB). The IMI continued to be paid to those that claimed the benefit before November 2005 for 6 months. The difference between the IMI and SSB is that the latter included those over 65 as benefit recipients

- Definitions

Family unit: individuals living together, at least for months, and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit which is the official recipient of the benefit.

- Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 25 and has had her legal residence in Asturias, at least for two years. Eligible individuals must have total family unit income below the income test.

- Income assessment

In both benefits family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

- Benefit amount

Salario Social Básico: The benefit complements household income up to the following quantities that depend on the number of members of the family unit.

Year:	2007	2008	2009	2010
One member	396.67	413.33	432.09	436.41
Two members	483.93	504.26	527.15	532.42
Three members	547.4	579.40	596.29	602.25
Four members	610.86	636.52	665.41	672.06
Five members	638.63	665.45	695.66	702.62
Six members or more	654.5	681.99	712.95	720.08
Minimum benefit	39.67	41.33	43.21	43.64

Benefit amounts in euro per month

When two family units cohabit the SSB is 1.75 times that for one of them.

Quantities will be increased in a 5 percent in the case that any family member between 25 and 64 years of age has more than 45% disability (*Ley 39/2006, de 14 de diciembre, de Promoción de la Autonomía Personal y Atención a las Personas en Situación de Dependencia*)

- Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

- Source

Ministerio de Trabajo y Asuntos Sociales. Information for Asturias in particular comes from: Until 23 /11/2005: *Ley 6/1991, de 5 de abril, de Ingreso Mínimo de Inserción. Reglamento general de aplicación de la anterior, aprobado por el Decreto 158/1991, de 2 de diciembre.* From 24/11/2005: *Ley 4/2005, de 28 de diciembre de Salario Social Básico. La normativa IMI*

se mantiene vigente para expedientes iniciados antes de 23/11/2005 hasta su extinción (6 meses).

Decreto 29/2011, de 13 de abril, por el que se aprueba el Reglamento General de la Ley del Principado de Asturias 4/2005, de 28 de octubre, de Salario Social Básico.

La Ley de Presupuestos Generales del Principado de Asturias establecerá anualmente la cuantía del módulo básico y de los siguientes módulos complementarios

2.4.5.4 Illes Balears Minimum Income Guarantee (*Renta Mínima de Inserción*)

This benefit is the Illes Balears' version of a minimum income guarantee benefit.

- **Definitions**

Family unit: individuals living together, at least for months, and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit which is the official recipient of the benefit.

- **Eligibility conditions**

An individual (benefit recipient) is eligible for the benefit if over 25 years of age and has had her legal residence in Illes Balears, at least for six months.

- **Income assessment**

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

- **Benefit amount**

The benefit is the difference between the following amounts and household monthly disposable income. Amounts depend on the number of members of the family unit (30% of the one member for the first additional member, 20% for the second additional member and 10% of the rest of family members). The benefit quantity will be updated annually in the same way as non contributive pensions.

Year:	2007	2008	2009	2010
One member	364.47	383.13	392.38	397.11
Two members	473.94	498.07	510.09	516.24
Three members	546.83	574.7	588.57	595.67
Four members or more	583.28	651.32	627.81	635.38

Benefit amounts in euro per month

The minimum quantity of the benefit is 25% of the basic benefit (in 2010, 397.11€ monthly). The benefit will be never over 125% the minimum wage.

- **Taxation and income testing**

Minimum income benefits do not generate contributions to the Social Security scheme.

- **Source**

Ministerio de Trabajo y Asuntos Sociales. Information for Illes Balears in particular comes from: Decreto 117/2001, de 28 de septiembre, por el que se regula la renta mínima de inserción (BOCAIB n°.120 de 06/10/2001)

2.4.5.5 Canarias Minimum Income Guarantee (*Ayuda Económica Básica o Prestación Canaria de Inserción*)

This benefit is the Canarias' version of a minimum income guarantee benefit.

- Definitions

Family unit: individuals living together, at least for months, and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit which is the official recipient of the benefit.

- Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 25 and below 65 years of age and has had her legal residence in Canarias, at least for three years.

- Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

- Benefit amount

The benefit is the difference between the following amounts (depending on the number of members of the family unit) and household monthly disposable income (see artículo 8, *Ley 1/2007, de 24 de mayo*):

Year:	2007	2008	2009	2010
One member	442.62	451.67	467.49	472.16
Two members	500.86	511.10	529.00	534.29
Three members	547.45	558.64	578.21	583.29
Four	576.57	588.36	608.97	615.05
Five	599.87	612.13	633.57	639.90
Six members or more	617.34	629.96	652.02	658.54

Benefit amounts in euro per month

The minimum benefit is 125.83 €monthly.

- Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

- Source

Ministerio de Trabajo y Asuntos Sociales. Information for Canarias in particular comes from: *Decreto 13/1998 de 5 de febrero. Decreto 202/2002 de 20 de diciembre de 2002. Decreto 136/2007, de 24 de mayo, por la que se aprueba el Reglamento de la Ley 1/2007, de 17 de enero, por la que se regula la Prestación Canaria de Inserción.*

La Ley de Presupuestos Generales de la Comunidad Autónoma de Canarias establecerá anualmente la cuantía básica mensual y el complemento mensual variable.

2.4.5.6 Cantabria Minimum Income Guarantee (*Renta Social Básica*)

This benefit is the Cantabria's version of a minimum income guarantee benefit. In Cantabria there are two benefits: The *Ingreso Mínimo de Inserción* (IMI) until 2006 and the *Renta Social Básica* (RSB) since 2007.

- Definitions

Family unit: individuals living together, at least for months, and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit which is the official recipient of the benefit.

- Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 23 and below 65 years of age and has had her legal residence in Cantabria, at least for a year.

- Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

- Benefit amount

Renta Social Básica: The benefit has a different amount depending on the number of members of the family unit. The benefit quantity is received in full if household has no income, otherwise the benefit complements household disposable income up to the following quantities:

Year:	2007	2008	2009	2010
One member	399.36	413.52	421.79	426.01
Two members	524.16	542.75	553.60	559.14
Three members	574.08	594.44	606.33	612.39
Four members or more	624.00	646.13	659.05	665.64

Max benefit=	2007	2008	2009	2010
125% IPREM	624.00	646.13	659.05	665.54

Benefit amounts in euro per month. The benefit will never be below 25% of the IPREM.

The quantity of the benefit will be updated by the Ley de Presupuestos Generales de la Comunidad Autónoma de Cantabria. This updating will be, at least, as high as the CPI index.

- Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

- Source

Ministerio de Trabajo y Asuntos Sociales. Information for Cantabria in particular comes from: *Decreto 75/1996, de 7 de agosto, por el que se establece el Plan Cántabro de Ingresos Mínimos de Inserción. Decreto 21/2004 de 11 de marzo, por el que se modifica el Decreto 75/1995, de 7 de agosto (BOC n^o 55 de 19/03/04. LEY DE CANTABRIA 2/2007, de 27 de marzo, de Derechos y Servicios Sociales, que establece en el capítulo IV, sección 2^o, la Renta Social Básica y la Prestación económica de emergencia social.*

2.4.5.7 Castilla-La Mancha Minimum Income Guarantee (*Ingreso Mínimo de Solidaridad*)

This benefit is the Castilla-La Mancha's version of a minimum income guarantee benefit.

- Definitions

Family unit: individuals living together, at least for months, and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit which is the official recipient of the benefit.

- Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 18 years of age and with legal residence in *Castilla-La Mancha* at least for the two previous years. The family unit must have been established at least during one year before claiming the benefit.

- Income assessment

Family unit gross yearly income net of social contributions must be below the the amount of the corresponding benefit. Family unit gross yearly income includes the value of owned assets (excluded owner-occupied housing) valued at fiscal value (*valor catastral*) minus debts on valued assets and minus a 35 percent of the monthly minimum salary if housing is rented or owned but still paying a mortgage on it. This last quantity is also deducted if some household member has non-shared dependants (children below 18 years of age).

- Benefit amount

The benefit is the difference between the following amounts (depending on the number of members of the family unit) and household monthly income:

Year:	2007	2008	2009	2010
One member	342.36	360.00	374.40	379.98
Two members	380.02	399.60	415.58	421.78
Three members	417.68	439.20	456.77	463.58
Four members	455.34	478.80	497.95	505.37
Five members or more	493.00	518.40	539.14	547.17

Benefit amounts in euro per month. Benefit amounts will not be below 10% Minimum wage.

- Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

- Source

Ministerio de Trabajo y Asuntos Sociales. Information for Castilla-La Mancha in particular comes from: *Ley 5/1995, de 23 de marzo, de Solidaridad. Decreto 179/02, de 17 de diciembre de 2002, de desarrollo del Ingreso Mínimo de Solidaridad. Orden de 29 de diciembre de 2009 referente al IMS.*

2.4.5.8 Castilla y León Minimum Income Guarantee (*Ingreso Mínimo de Inserción*)

This benefit is the Castilla y León's version of a minimum income guarantee benefit.

- Definitions

Family unit: individuals living together and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit which is the official recipient of the benefit.

- Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 25 and below 65 years of age and has had her legal residence in Castilla y León region at least for a year.

- Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

- Benefit amount

The benefit is the difference between the following amounts (depending on the number of members of the family unit) and household monthly income:

Year:	2007	2008	2009	2010
One member	374.40	387.68	395.43	399.38
Two members	419.33	434.20	442.88	447.31
Three members	464.26	480.72	490.33	495.23
Four members or more members	499.20	516.9	527.24	532.51

Benefit amounts in euro per month.

- Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

- Source

Ministerio de Trabajo y Asuntos Sociales. Information for Castilla y León in particular comes from: *Decreto 126/2004, de 30 de diciembre, por el que se aprueba el Reglamento de la prestación de Ingresos Mínimos de Inserción de la Comunidad de Castilla y León.*

2.4.5.9 Cataluña Minimum Income Guarantee (*Renda Mínima d’Inserció*)

This benefit is the Catalanian’s version of a minimum income guarantee benefit.

- Definitions

Family unit: individuals living together, at least for months, and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit which is the official recipient of the benefit.

- Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 25 and below 65 years of age and has had her legal residence in *Cataluña*, at least for a year. Eligible individuals must have total family unit income below the income test.

- Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

- Benefit amount

The benefit is the difference between the following amounts (depending on the number of members of the family unit) and household monthly income:

Year:	2007	2008	2009	2010
Basic amount (1 member)	385.00	400.38	410.02	414.12
	+48.44	+50	+53.50	54.04
Two members	433.44	450.38	463.52	468.16
	+40.37	+42.49	+53.50	54.04
Three members	473.81	492.87	517.02	522.20
	+40.37	+42.04	+53.50	54.04
Four members	514.18	534.91	570.52	576.24
	+32.30	+33.64	+34.45	34.79
Five members (or more)	546.48	568.55	604.97	611.03
	+32.30	+33.64	+34.45	34.79
Six members or more	578.78	602.19	639.42	645.82

Additional quantities:

Year:	2007	2008	2009	2010
Minimum benefit	96.25	100.10	102.50	103.53
Maximum benefit	731.50	760.10	779.04	786.83
Lone-parenthood	72.66	75.68	80.25	81.06
Below 16 years of age	36.33	37.84	40.12	40.53
Disabled	72.66	75.68	80.25	81.06
Individuals living alone with particular employment* difficulties	32.08	33.36	34.17	34.51
In hospital per day:	12.83	13.35	13.67	13.80
Help for labour market return	134.75	140.13	143.51	144.94

* For a definition of this individual type see DECRETO 339/2006, de 5 de septiembre, de desarrollo de la Ley 10/1997, de 3 de julio, de la renta mínima de inserción). The definition is: those individuals living alone that did not have any labour contract in the last year (or the contract was 3 months or shorter).

Note: The maximum benefit is 190% of the basic benefit and the minimum is 25% of the basic benefit.

Benefit amounts in euro per month.

- Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

- Source

PRE/419/2010, de 21 de enero, por la que se fija el importe de la prestación económica básica de la renta mínima de inserción para el año 2010, así como el de los complementos por miembro adicional de la unidad familiar y el de las ayudas complementarias.

Ministerio de Trabajo y Asuntos Sociales. Information for Cataluña in particular comes from: Ley 10/97 Decretos: 306/1998, 118/2001, 316/2001, Orden Empresas de Inserción: 25/9/2001; Diario de la Generalitat 3487 de 5-10-01.

2.4.5.10 Extremadura Minimum Income Guarantee (*Renta Mínima*)

This benefit is the Extremadura's version of a minimum income guarantee benefit.

- Definitions

Family unit: individuals living together, at least for months, and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit which is the official recipient of the benefit.

- Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 18 years of age and has had her legal residence in Extremadura, at least for a year. The family unit must be established at least six months before claiming the benefit.

- Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

- Benefit amount

The benefit is the difference between the following amounts (depending on the number of members of the family unit) and household monthly income.

One member: 75% IPREM, Two members: 83% IPREM, Three members: 91% IPREM, Two members: 99% IPREM and Five members or more: 100% IPREM

Year:	2007	2008	2009	2010
One member	374.4	387.68	395.43	399.38
Two members	414.34	429.03	437.60	441.98
Three members	454.28	470.38	479.78	484.58
Four members	494.22	511.73	521.96	527.18
Five members or more	499.21	516.90	527.24	532.51

Benefit amounts in euro per month

- Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

- Source

Ministerio de Trabajo y Asuntos Sociales. Information for Extremadura in particular comes from: Ley 5/1987, de 23 de abril, de Servicios Sociales. Decreto de 23 de febrero nº 28/ 1999 de la Consejería de Bienestar Social. Por el que se regulan las ayudas para la integración en situaciones de emergencia social (A.I.S.E.S.)

Note in the web: Consejería de Igualdad y Empleo on the Decreto de 23 de febrero nº 28/ 1999 de la Consejería de Bienestar Social, por el que se regulan las ayudas para la integración en situaciones de emergencia social (A.I.S.E.S) where quantities are referenced to IPREM, when the first regulation (Decreto nº 28/1999) initially referenced them to the SMI.

2.4.5.11 Galicia Minimum Income Guarantee (*Renda de Integración Social de Galicia, RISGA*)

This benefit is the Galician's version of a minimum income guarantee benefit.

- Definitions

Family unit: individuals living together and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit which is the official recipient of the benefit.

- Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 25 and below 65 years of age and has had her legal residence in *Galicia*, at least for a year. Eligible individuals must have total family unit income below the income test.

- Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

- Benefit amount

The benefit is the difference between the following amounts (depending on the number of members of the family unit) and household monthly income:

One member: 75% IPREM (basic benefit)

Two members: basic benefit +12 % IPREM;

From three members onwards: +8 % IPREM for each additional member

Year:	2007	2008	2009	2010
One member	374.40	387.68	395.43	399.38
Two members	434.30	449.70	458.70	463.28
Three members	487.03	501.39	511.42	516.53
Four members	529.21	542.75	553.60	559.14
Five members	571.39	575.83	595.78	601.74

Benefit amounts in euro per month. The benefit will not go over 125% of the monthly IPREM.

In 2010: If individuals have been in the program during more than 4 years their benefit drops to 396.32 euro (monthly non-contributory pension). Other complementary benefits are: +83.84 euro (max. limit) if recipient in “estímulo de inserción” or a further + 83.84 euro for expenditures in “proyecto de inserción”.

Year:	2007	2008	2009	2010
More than 4 years in the program	312.43	328.44	336.33	396.32
Other complementary benefits				
“Estímulo de inserción”	+93.6	+96.92	+98.86	+98.86
“Proyecto de inserción”	+93.6	+96.92	+98.86	+98.86

Benefit amounts in euro per month.

- Taxation and income testing

Minimum income benefits are subject to taxation. These benefits do not generate contributions to the Social Security scheme.

- Source

Ministerio de Trabajo y Asuntos Sociales. Information for Galicia in particular comes from: Ley 9/1991, de 2 de octubre, gallega de medidas básicas para la inserción social (DOG nº 191, de 3 de Octubre de 1991), parcialmente modificada por la Ley 1/1999, de 5 de febrero (DOG nº 36, de 22 de Febrero de 1999), y por la Ley 16/2004, de 29 de Diciembre (DOG nº 254, de 31 de Diciembre de 2004).

2.4.5.12 La Rioja Minimum Income Guarantee (*Ingreso Mínimo de Inserción*)

This benefit is the La Rioja’s version of a minimum income guarantee benefit. In La Rioja there are two different benefits, Ingreso Mínimo de Inserción (I.M.I.) and Ayudas de Inclusión Social (A.I.S.). The second benefit includes all individuals over 25 years of age while the first is limited to individuals below 65 years of age.

- Definitions

Family unit: individuals living together, at least for months, and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit which is the official recipient of the benefit.

- Eligibility conditions

A) I.M.I.: An individual (benefit recipient) is eligible for the benefit if over 25 and below 65 years of age and has had her legal residence in La Rioja, at least for a year. The benefit is linked to an activity compromise in order to try to favour the individual's transition to employment.

B) A.I.S.: An individual (benefit recipient) is eligible for the benefit if over 25 years of age and has had her legal residence in La Rioja, at least for a year and is not eligible for the I.M.I

- Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

- Benefit amount

A) I.M.I: The benefit is the difference between the following amounts (depending on the number of members of the family unit) and household monthly income:

Year:	2007	2008	2009	2010
One member	349.44	361.83	369.06	372.60
Two members	424.32	439.36	448.14	452.62
Three members	499.22	516.90	527.24	532.51
Four members or more	567.08	594.49	606.28	612.34

Benefit amounts in euro per month

A) AIS: The amount is that of the non-contributory pension in 2007: 312.43 euro, in 2008: 328.44 euro in 2009: 336.28 euro and in 2010: 396.32 euro plus 10% for each additional member.

Year:	2007	2008	2009	2010
One member	312.43	328.44	336.33	396.32
Two members	343.67	361.28	369.96	435.95
Three members	374.92	394.13	403.60	475.58
Four members or more	406.16	426.97	437.23	515.22

- Taxation

Minimum income benefits do not generate contributions to the Social Security scheme.

- Source

Ministerio de Trabajo y Asuntos Sociales. Information for La Rioja in particular comes from: *Decreto 24/2001, de 20 de abril. Decreto 3/2005, de 28 de enero.*

2.4.5.13 Madrid Minimum Income Guarantee (*Renta Mínima de Inserción*)

This benefit was Madrid's version of a minimum income guarantee benefit.

- Definitions

Family unit: individuals living together, at least for months, and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit which is the official recipient of the benefit.

- Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 25 and below 65 years of age and has had her legal residence in the *Comunidad de Madrid*, at least for a year. Eligible individuals must have total family unit income below the income test. There are some exceptions to this due to dependants, orphans, etc.

- Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

- Benefit amount

The benefit is the difference between the following amounts (depending on the number of members of the family unit) and household monthly income:

Year:	2007	2008	2009	2010
Monthly				
One member	340	354	370	370
Two members	442	460	481	481
Three members or more	510	510	555	555

The monthly quantity of the benefit is the result of adding to the basic quantity for a one member household the complements for additional members. These quantities will be fixed annually by the *Ley de Presupuestos Generales de la Comunidad de Madrid*.

The maximum quantity of the benefit is the SMI (see Decreto 147/2002, art.21, 2.)

- Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

- Source

Ministerio de Trabajo y Asuntos Sociales. Information for Comunidad de Madrid in particular comes from: *Ley 15/2001 de 27 de diciembre de Renta Mínima de Inserción*. *BOCM de 31 de diciembre*, *Decreto 147/2002, de 1 de agosto, por el que se aprueba el Reglamento de la Renta Mínima de Inserción*.

2.4.5.14 Región de Murcia Minimum Income Guarantee (*Ingreso Mínimo de Inserción*)

This benefit is the Murcia's version of a minimum income guarantee benefit.

- Definitions

Family unit: individuals living together, at least for months, and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit which is the official recipient of the benefit.

- Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 25 and below 65 years of age and has had her legal residence in Murcia, at least for a year. The recipient should not receive any other benefits such as unemployment benefits, pensions or the like.

- Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

- Benefit amount

The benefit is the difference between the following amounts (depending on the number of members of the family unit) and household monthly income:

Year:	2007	2008	2009	2010
One member	374.40	387.68	395.43	399.38
Two members	386.00	399.69	407.68	411.76
Three members	442.00	457.67	466.83	471.49
Four members	498.00	515.66	525.97	531.23
Five members	544.00	563.29	574.56	580.30
Six members or more	590.00	610.92	623.14	629.37

Benefit amounts in euro per month. The minimum benefit is be 75% of IPREM and the maximum 150% of IPREM.

The increase by member is only added if corresponding member is below 18 years of age. For households with dependants over that age the amount added is half of that.

- Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

- Source

Ministerio de Trabajo y Asuntos Sociales. Information for Murcia in particular comes from: Orden de 16 de septiembre de 1994, sobre Ingreso Mínimo de Inserción. Decreto n° 65/1998, de 5 de noviembre por el que se regulan las ayudas, prestaciones y medidas de inserción y protección social. Orden de 20 de octubre del año 2006, sobre actualización del importe de la prestación del Ingreso Mínimo de Inserción. Ley 3/2007, de 16 de marzo, de Renta Básica de Inserción.

2.4.5.15 Navarra Minimum Income Guarantee (*Renta Básica*)

This benefit is the Navarra's version of a minimum income guarantee benefit.

- Definitions

Family unit: individuals living together, at least for months, and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit which is the official recipient of the benefit.

- Eligibility conditions

An individual (benefit recipient) is eligible for the benefit if over 25 and below 65 years of age and has had her legal residence in Navarra, at least for two years.

- Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

- Benefit amount

The benefit is the difference between the following amounts (depending on the number of members of the family unit) and household monthly income:

Year:	2007	2008 (until 31/07/08)	2008 (after 31/07/08)	2009	2010
One member	427.95	450.00	510.00	530.40	633.30
Two members	513.54	540.00	630.00	655.20	759.96
Three members	570.60	600.00	690.00	717.60	823.29
Four members	627.66	660.00	750.00	780.00	886.62
Five members	684.72	720.00	810.00	842.40	949.95
Six members or more	713.25	750.00	873.00	904.80	633.30

Benefit amounts in euro per month.

Until 31/07/08 the maximum benefit will not be over 125% of SMI and the minimum will not be below 10% of SMI. From 31/07/08 until 2009 maximum benefits are 145% of SMI and the minimum will not be below a 10% of SMI. In 2010 and 2011 maximum benefit will be always below 150% of SMI and the minimum will not be below 10% of SMI.

- Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

- Source

Ministerio de Trabajo y Asuntos Sociales. Information for Navarra in particular comes from: Ley 9/1999, de 6 de abril, para una Carta de Derechos Sociales. Decreto Foral 120/ 1999, de 19 de abril, por el que se regula la Renta Básica. Ley Foral 8/03, de 24 de febrero. Art.4ª elevación cuantías de RB. RD Ley 3/2004, de 25 de junio: Implantación IPREM. Orden Foral 9/2006, de 13 de marzo, de actualización de cuantías para 2006. Orden Foral 18/2007, de 26 de enero, de actualización de cuantías para 2007 (BON 36 de 14/03/07). Ley Foral 13/2008, de 2 de julio, de modificación de la Ley Foral 9/1999, de 6 de abril, para una Carta de Derechos Sociales. Decreto Foral 69/2008, de 17 de junio, por el que se aprueba la Cartera de Servicios Sociales de Ámbito General.

2.4.5.16 Comunidad Valenciana Minimum Income Guarantee (*Renta Garantizada de la Ciudadanía*)

This benefit is the Comunidad Valenciana's version of a minimum income guarantee benefit. In Comunidad Valenciana there are two different benefits, until 31/03/2008 the *Prestaciones Económicas Regladas* (PER) and from 1/04/2008 the *Renta Garantizada de la Ciudadanía* (RGC).

- Definitions

Family unit: individuals living together, at least for months, and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit which is the official recipient of the benefit.

- Eligibility conditions

PER: An individual (benefit recipient) is eligible for the benefit if over 25 and below 65 years of age and has had her legal residence in *Comunidad Valenciana*, at least for the previous year.

RGC: An individual (benefit recipient) is eligible for the benefit if over 25 and below 65 years of age, and has had her legal residence in *Comunidad Valenciana* at least for the two previous years (new in 2008).

- Income assessment

Family unit gross yearly income net of social contributions must be below the amount of the corresponding benefit.

- Benefit amount

A) P.E.R.: The benefit is the difference between the following amounts (depending on the number of members of the family unit) and household monthly income.

Year:	2007	2008	2009	2010
One member	364.50	373.89	381.37	396.32
Two members	385.50	404.04	412.13	428.29
Three members	400.50	422.13	430.58	447.46
Four members	414.50	440.22	449.95	467.59
Five members	428.50	458.31	467.48	485.81

Benefit amounts in euro per month

B) R.G.C.: The benefit is the difference between the following amounts (depending on the number of members of the family unit) and household monthly income:

Year:	2008	2009	2010
One member	320.48	326.89	330.16
Two members	346.32	353.25	356.78
Three members	361.83	369.07	372.76
Four members	377.34	384.89	388.73
Five members	392.84	400.70	404.71
Six members	408.35	416.52	420.68
Seven members	423.86	432.34	436.66
Eight members	439.37	448.15	452.63
Nine members	454.87	463.97	468.61
Ten members	470.38	479.79	484.58
Eleven members	485.89	495.61	500.56
Twelve members	510.39	511.42	516.53
Thirteen members	516.90	527.24	532.51

- Taxation and income testing

Minimum income benefits do not generate contributions to the Social Security scheme.

- Source

Ministerio de Trabajo y Asuntos Sociales. Information for Comunidad Valenciana in particular comes from: Decreto 132/1990, de 23 de julio, por el que se aprueba el Plan de Medidas de Inserción Social. Orden anual de la convocatoria de las ayudas (en 2007). Ley 9/2007, de 12 de marzo, de Renta Garantizada de Ciudadanía. Decreto 93/2008, de 4 de julio, por el que se desarrolla la Ley de Renta Garantizada de Ciudadanía. Orden de 13 de julio de 2008, por la que se regulan las bases de la prestación Renta Garantizada de Ciudadanía.

2.4.5.17 País Vasco Minimum Income Guarantee (*Renta de Garantía de Ingresos*)

This benefit was the first to appear in Spain (in 1989) with the aim of covering the needs of the extreme poor households living in the Vasque country.

This benefit includes two different benefit payments equal in quantity and incompatible between them:

- 1) *Renta Básica para la Inclusión y la Protección Social*: for households with low income below the value of the benefit.
- 2) *Renta Complementaria de Ingresos del Trabajo*: for households who have incomes from work but still earn incomes below the value of the benefit.

- **Definitions**

Family unit: individuals living together, at least for months, and related by marriage or an analogous relationship, adoption, blood relationship (between the 2nd and 4th degree).

Benefit recipient: an adult living in the family unit which is the official recipient of the benefit.

- **Eligibility conditions**

An individual (benefit recipient) is eligible for the benefit if over 23 years of age and has had her residence in the País Vasco for, at least, a year. This minimum age limit is not applicable to orphans or adults with dependent children or those married to someone over that age for, at least, 6 months. There is no maximum age limit to receive the benefit, i.e. individuals over 65 may receive this benefit instead of a non-contributory pension. Eligible individuals must have family unit incomes below the income test.

- **Income assessment**

Income test is a family unit level of income (gross yearly income net of social contributions) below “basic needs”. Basic needs are identified as the annual amount of the benefit for the corresponding household type.

- **Benefit amount**

The benefit amount depends on the number of members of the family unit and, in general, its quantity is revised every year. The quantity of the benefit will be the difference between household income and the following quantities:

Year:	2007	2008	2009	2010
One member	496.42	522.00	549.12	557.30
Two members	639.07	672.00	705.12	715.63
Three members or more	701.84	738.00	780.00	791.63

Benefit amounts in euro per month. The maximum level of the benefit is a 135% of SMI.

For *Renta Básica* receivers within lone-parent households the benefit will be complemented by a 6.4% of minimum wage (households with one adult and children).

- **Taxation and income testing**

Minimum income benefits are not included in the means-test of other social benefits (benefits of last resort). These benefits do not generate contributions to the Social Security scheme.

- **Source**

Ley 18/2008, de 23 de diciembre, para la Garantía de Ingresos y para la Inclusión Social s

Ministerio de Trabajo y Asuntos Sociales. Information for the Vasque country in particular comes from: *Ley 10/2000, de 27 de diciembre, de Carta de Derechos Sociales. Ley 12/1998, de 22 de mayo, Contra la Exclusión Social (Modificada en la Ley 4/2003, de 25 de junio). Decreto 198/1999, de 20 de abril, por el que se regula el Ingreso Mínimo de Inserción. Decreto 199/1999, de 20 de abril, por el que se regulan las Ayudas de Emergencia Social (AES). Orden de 14 de febrero de 2001, por la que se establecen los estímulos al empleo de los titulares de la*

Renta Básica y de los beneficiarios de las Ayudas de Emergencia Social. Ley 9/2006, de 28 de diciembre por la que se aprueban los presupuestos generales del País Vasco. Ley 18/2008, de 23 de diciembre, para la Garantía de Ingresos y para la Inclusión Social. Decreto 147/2010, de 25 de mayo, de la Renta de Garantía de Ingresos

2.5 Social contributions

Social Security contributions are made by all workers and employers in variety of regimes. As elsewhere in continental Europe, membership of a social insurance organisation is compulsory.

The amounts paid as contributions depend on the workers' wage and also on the workers' employment status, industry and occupation.

Contributions are calculated by multiplying the contributory base by a contributory rate. There are different types of contributions depending if workers are employees or self-employed. Employees' wages are also subject to social insurance contributions from the employer.

2.5.1 Employee social contributions

The contributory bases have a minimum and a maximum depending on the workers occupation's classification.

General Scheme: In 2007 Employees contribute to the Social Security Scheme for common illnesses and old-age pensions, unemployment and occupational training through their contribution to (*contingencias comunes*) at a rate of 4.7 percent of the contributory base (a 2.0 percent if for compulsory extra time of work). Also, the worker contributes a 0.1 percent of the contributory base for covering occupational training. See table below for following years: **Ley 26/2009, de Presupuestos Generales del Estado para el año 2010**

Contribution bases for the general scheme each corresponding year:

CONTRIBUTION BASES FOR THE GENERAL SCHEME – LAW 42/2006 of 28/12 (BOE of the 29th), LAW 51/2007 of 26/12 (BOE of the 27th), LAW 2/2008 of 23/12 (BOE of the 24th), LAW 26/2009 (BOE of the 24th)				
Contributory Groups	2007	2008	2009	2010
<u>Minimum base</u>				
1 (€per month)	928.7	977.4	1,016.4	1,031.7
2 (€per month)	771.30	810.09	843.3	855.9
3 (€per month)	670.80	705.30	733.5	744.6
4 to 7 (€per month)	665.7	699.9	728.1	738.9
8 to 11 (€per day)	22.19	23.33	24.27	63
<u>Maximum Base</u>				
1 to 7 (€per month)	2,996.10	3,074.10	3,166.2	3,198
8 to 11 (€per day)	99.87	102.47	105.4	106.6
Maximum LIMIT	2,996.10	3,074.10	3,166.2	3,198.0

Minimum contributory bases for part-time workers:

Contributory Group	2007	2008	2009	2010
1 (€per hour)	5.6	5.89	6.12	6.22
2 (€per hour)	4.64	4.88	5.07	5.16
3 (€per hour)	4.04	4.25	4.42	4.49
4 to 11 (€per hour)	4.01	4.22	4.38	4.45

General scheme contribution rates for workers:

GENERAL SCHEME CONTRIBUTION RATES FOR THE CORRESPONDING YEAR

LAW 42/2006 of 28/12 (BOE of the 29th), LAW 51/2007 of 26/12 (BOE of the 27th), LAW 2/2008 of 23/12 (BOE of the 24th) LAW 26/2009 (BOE of the 24th)

	2007	2008	2009	2010
Common Contingencies	4.70	4.70	4.70	4.70
Overtime:				
- Force majeure	2.00	2.00	2.00	2.00
- Non-force-majeure	4.70	4.70	4.70	4.70
Other Contributions:				
Unemployment **	1.55	1.55	1.55	1.55
<u>Occupational Training.</u>	0.10	0.10	0.10	0.10

Notes: * Employer's contributions due to work-related injury and occupational illnesses depend on the firm's activity and the worker's occupation. We have calculated mean contributions for workers in different activities (Agriculture, Industry, Building, Commerce, Transport, Other services, other activities) ** Employee's and employer's contribution to unemployment depends on the worker's employment contract. The general contribution is 6.0 percent for employers and 1.55 percent for employees. In 2007 the general contribution for employers falls to 5.75 (from 1st July onwards) and in 2008 it falls to 5.55. If the worker holds a full-time fixed term contract, employers contribute 6.7 and employees 1.60 percent. If the worker holds a part-time fixed term contract, employers contribute 7.7 and employees 1.60 percent. If the worker holds a fixed term contract using (E.T.T) employers contribute 7.7 and employees 1.60 percent. We will use PL140 (EU-SILC) as a proxy to contract type.

The Agrarian Regime is for employees and self-employed (only employees since 2008) who work in the agricultural sector. This Regime is divided into different groups of contribution, according to the workers' occupation. Each occupation has a fixed contributory base. The contribution rate for employers and for employees is the same for all groups.

The basic contribution (*contingencias comunes*) amounts to a rate of 20.2. The employer rate is 15.5 percent and the employee rate is 4.7. Further there is a contribution for unemployment (fixed-term contracts: 7.55 percent: 6 percent paid by the employer and 1.55 by the employee; non-fixed-term contracts: 4.98 percent, 4.02 paid by the employer and 0.96 paid by the employee). A further 0.4 percent is paid by the employer for the wage guarantee fund (FOGASA).

CONTRIBUTION BASES FOR THE AGRARIAN SCHEME – LAW 42/2006 of 28/12 (BOE of the 29th), LAW 51/2007 of 26/12 (BOE of the 27th), LAW 2/2008 of 23/12 (BOE of the 24th), LAW 26/2009 (BOE of the 24th)

Contributory Groups	2007	2008	2009	2010
<u>Minimum base</u>				
1 (€per month)	889.80	907.50	1,016.4	1,031.7
2 (€per month)	737.70	752.40	843.3	897.0
3 (€per month)	665.70	669.90	733.5	897.0
4 to 11 (€per month)	665.70	669.90	804	897.0
<u>Minimum Base</u>				
1 (€daily)	39.57	40.36	42.35	44.86
2 (€daily)	32.81	33.47	35.14	39.0
3 (€daily)	28.54	30.01	33.5	39.0
4 to 11 (€daily)	27.03	28.42	33.5	39.0
<u>Maximum Base</u>				
1 (€per month)	2,996.10	3,074.10	3,166.20	3,166.20
2 (€per month)	2,996.10	3,074.10	3,166.20	3,166.20
3 (€per month)	2,996.10	3,074.10	3,166.20	3,166.20
4 to 11 (€per month)	2,996.10	3,074.10	3,166.20	3,166.20
Maximum LIMIT	2,996.10	3,074.10	3,166.20	3,166.20

2.5.2 Employer social contributions

General Scheme: In 2007 Employers contribute to the Social Security Scheme for common illnesses and old-age pensions, unemployment and occupational training and wage guarantee fund. The contribution is 23.6 percent of the contributory base (a 12.0 percent if for compulsory extra time of work) plus 0.6 percent of the contributory base for covering occupational training and a 0.4 percent towards the wage guarantee fund that pays earned wages to workers when firms become unable to pay wages (see table below for following years):

General scheme contribution rates for employers:

	2007	2008	2009	2010
Common Contingencies	23.60	23.60	23.60	23.60
Overtime:				
- Force majeure	12.00	12.00	12.00	12.00
- Non-force-majeure	23.60	23.60	23.60	23.60
Work-related Injury and Occupational Illness*	workers'	workers'		
Other Contributions:				
Unemployment **	5.75	5.50	5.50	5.50
Wage Guarantee Fund (Fogasa)	0.20	0.20	0.20	0.20
Occupational Training	0.60	0.60	0.60	0.60

Notes: * Employer's contributions due to work-related injury and occupational illnesses depend on the firm's activity and the worker's occupation. We have calculated mean contributions for workers in different activities (Agriculture, Industry, Building, Commerce, Transport, Other services, other activities) ** Employee's and employer's contribution to unemployment depends on the worker's employment contract. The general contribution is 6.0 percent for employers and 1.55 percent for employees. In 2007 the general contribution for employers falls to 5.75 (from 1st July onwards) and in 2008 it falls to 5.55. If the worker holds a full-time fixed term contract, employers contribute 6.7 and employees 1.60 percent. If the worker holds a part-time fixed term contract, employers contribute 7.7 and employees 1.60 percent. If the worker holds a fixed term contract using (E.T.T) employers contribute 7.7 and employees 1.60 percent. We will use PL140 (EU-SILC) as a proxy to contract type.

2.5.1 Self-employed social contributions

The social insurance contribution for self-employed workers has some degree of flexibility. The worker can choose between two different contributory rates (either including or not including temporary sickness or invalidity benefits). The contributory base is also flexible. The worker can choose his/her particular amount of contribution within a limited range, never below a certain minimum and never over a certain maximum.

In 2007: The maximum contributory base is 2,996.1 and the minimum is 801.3. For those self-employed over 50 (at 1st January 2005) quantities change to 1,560.9 and 801.3 respectively. The contributory rate is 29.8 percent of the contributory base if including temporary sickness or invalidity benefits and 26.5 otherwise. A further rate is paid for work-related injury and occupational illness benefits. The rate depends on the contributory base chosen by the worker.

Characteristics	2007	2008	2009	2010
Maximum contributory base	2,996.10	3,074.10	3,166.20	3,198.00
Minimum contributory base	801.3	833.4	833.4	841.8
If over 50 years old:				
Maximum contributory base	1,560.9	1,601.4	1,649.4	1,665.90
Minimum contributory base	801.3	833.4	833.4	907.5
Contributory rate (with sickness)	29.8	29.8	29.8	29.8
Contributory rate	26.5	26.5	26.5	26.5

Agrarian self-employed:

The agricultural self-employed social insurance contribution, in practice, works as a lump-sum contribution, since the rate is flat and the base is fixed. There is a maximum and a minimum. In 2007 the maximum was 2,996.1 euro and the minimum 811.3. The rate in 2007 was 18.75.

In 2008 the agricultural self-employed social insurance contribution regime changed and is included within the self-employment regime.

2.5.2 Other social contributions

Civil servants contributions are not simulated and Civil servants are supposed to contribute through the General Regime.

2.6 Personal income tax

2.6.1 Overview and reforms

2.6.1.1 Income tax reform 2007

A significant reform of the Personal income tax was undertaken in Spain for incomes gained in 2007 (*Ley 35/2006 de reforma del Impuesto sobre la Renta de las Personas Físicas, 28 de noviembre de 2006*).

2.6.2 Tax unit

2.6.2.1 Tax unit 2007

Residents in Spanish territories are liable to income tax on individuals (IRPF) on their worldwide income. Non-residents are liable to income tax on non-residents (IRNR) only on the incomes obtained in Spain.

The Spanish personal income tax is individual but taxpayers who are members of the same family unit have the option to file a joint tax return. A **family unit** consists of both spouses –in the case of legal separation or *de facto* unions, only one of them–, and their children under 18 years of age who cohabit (any age if the child is disabled).

The rules and amounts of most elements of the Spanish income tax are the same under individual and joint taxation. The only major difference between these schemes is the amount of personal and family tax allowances. Under joint taxation the personal tax deduction is greater. Under the individual scheme, each married taxpayer gets half the amount of the family tax allowance.

2.6.2.2 Tax unit 2008, 2009 and 2010

As in 2007.

2.6.3 Exemptions

2.6.3.1 Exemptions 2007

The most important income exemptions are:

- indemnities paid for physical or mental damages, a court order or an insurance contract;
- mandatory compensation received as severance pay or for the termination of employment contracts, up to maximum legal amounts (45 days of salary per year of work with a maximum of 42 months, *despido improcedente*);
- pensions paid by the social security system to severely disabled taxpayers (*Incapacidad Absoluta o Gran Invalidez*);
- child benefits (including those paid by regional governments) and all orphan's benefits;
- all public benefits due to newborn children, twin newborns or adoption;
- grants for high level sportsmen and sports women with the limit of 30,050.61 euro a year;
- all maternity benefits paid by regional or local governments;
- unemployment benefits obtained as a lump sum with the limit of 12,020.24 euro;
- public education and research grants;
- court-ordered child support payments;
- literary, art or scientific prizes;
- lottery prizes;
- wages obtained from activities performed in a foreign country with a similar personal income tax to that in Spain up to a limit of 60,101.21 euro.

2.6.3.2 Exemptions 2008, 2009 and 2010

As in 2007.

2.6.4 Tax allowances

2.6.4.1 Tax allowances 2007, 2008, 2009 and 2010.

Important changes were introduced in tax allowances in this reform. Almost all personal and family allowances in previous years are now turned into tax credits. In 2007 and 2008 the Spanish Personal Income Tax includes only three main groups of tax allowances: (a) Joint scheme allowance (b) Work related allowances (c) Contributions to pension schemes tax allowances.

- Joint scheme allowance (*Reducción por tributación conjunta*) for 2007, 2008 and 2009

The ordinary tax base and the savings tax base may be reduced if taxpayer chooses a joint scheme:

- a) For two member family units: 3,400 euro.
 - b) For lone-parent households when not cohabiting with dependants' other parent: 2,150 euro.
- Work-related allowances (*Reducción por rendimientos del trabajo, prolongación de la actividad laboral y movilidad geográfica y personas con discapacidad que obtengan rendimientos del trabajo como trabajadores activos*) **for 2007 only**

The ordinary tax base is further reduced by an employment net income allowance, an income related non-refundable tax allowance for taxpayers who receive "employment income" which

are employment earnings or social benefits while “other income” is below a limit. The amount of the allowance diminishes as the level of net employment income increases, varying between 2,600 euro and 4,000 euro.

Tax payers with net employment income equal or below 9,000 euro may reduce the tax base in 4,000 euro. Taxpayers with net income over 13,000 euro or non-employment income over 6,500 euro may only reduce the tax base in 2,600 euro. Tax payers in between will reduce their tax base in 4,000 euro minus the result of multiplying by 0.35 by the difference between net income and 9,000 euro.

This allowance cannot exceed total net employment income. The allowance is increased by 100% for employees who accept an employment in a different city or who are older than 65.

Further all disabled taxpayers may apply a reduction of 3,200 euro if at work when disable (more than 33% and less than 65% disability). This reduction will increase to 7,100 euro if taxpayer is at work and is disabled with reduced mobility or more than 65% disability.

In the case of joint taxation, and even if both partners have incomes from work, this allowance is only applicable once.

- *Work-related allowances (Reducción por rendimientos del trabajo, prolongación de la actividad laboral y movilidad geográfica y personas con discapacidad que obtengan rendimientos del trabajo como trabajadores activos) **for 2008, 2009 and 2010***

The ordinary tax base is further reduced by an employment net income allowance, an income related non-refundable tax allowance for taxpayers who receive “employment income” which are employment earnings or social benefits while “other income” is below a limit. The amount of the allowance diminishes as the level of net employment income increases, varying between 2,652 euro and 4,080 euro.

Tax payers with net employment income equal or below 9,180 euro may reduce the tax base in 4,080 euro. Taxpayers with net income over 13,260 euro or non-employment income over 6,500 euro may only reduce the tax base in 2,652 euro. Tax payers in between will reduce their tax base in 4,080 euro minus the result of multiplying by 0.35 by the difference between net income and 9,180 euro.

This allowance cannot exceed total net employment income. The allowance is increased by 100% for employees who accept an employment in a different city or who are older than 65.

Further all disabled taxpayers may apply a reduction of 3,264 euro if at work when disable (more than 33% and less than 65% disability). This reduction will increase to 7,242 euro if taxpayer is at work and is disabled with reduced mobility or more than 65% disability.

In the case of joint taxation, and even if both partners have incomes from work, this allowance is only applicable once.

- *Contributions to mutual insurance societies and to private pension schemes allowances.*

The ordinary taxable base, as reduced by the personal and family allowances, is further reduced by the following:

- Contributions to a variety of insurances and approved Mutual, Superannuation Funds and Mutual Insured Plans:

Contributions to insurances covering death, widowhood, orphanhood, retirement, accidents, work related illnesses or disability, or granting benefits for marriage, maternity, birth or death if such contributions are made by:

- a. Professionals (i.e. lawyers, doctors, engineers, etc.) who did not choose to be covered by the social security regime for the self-employed;
- b. Employees, including their contributions for unemployment benefits; and
- c. Self-employed individuals, as long as their contributions relate to the above-mentioned contingencies or benefits.

This tax relief includes taxpayer's contributions to private pension schemes. Contributions made by an employer (which are attributed to the taxpayer as employment income) are also to be included. Total allowance due to contributions can only annually reach up to 10,000 euro per taxpayer (not per family unit) up to the age of 52. Older individuals or disabled taxpayers may deduct higher amounts, an increase up to 12,500 euro if over 50 years of age.

Family units whose second earner has net work income below 8,000 euro may reduce taxable income up to a maximum of 2,000 euro on a yearly basis, if the main earner contributes to a Pension Fund for her/him.

As a result of the application of reductions of tax base due to social security contributions and due to tax allowances, the tax base (*base liquidable*) may not become negative.

2.6.5 Tax base

2.6.5.1 Tax base 2007, 2008, 2009 and 2010

The tax base is defined as taxable income minus social insurance contributions and tax allowances.

$$TB = Y - C - A$$

Where, Y is taxable income, C are social insurance contributions and A are tax allowances.

Taxable income includes employment, self-employment, property, capital, and an imputed income from real-estate properties different from owner-occupied first residence. More specifically, the definition of taxable income is as follows:

$$Y = E + P + SE + K + B$$

Where, E is income from dependent employment or pensions, P is property income, K is capital gains income, SE is self-employment income and B is benefit income.

Amounts subtracted from the tax base as allowances include the following variables:

$$A = A_{Per} + A_{Dep} + A_{Fam} + A_{Emp} + A_{Pen}$$

Where, A_{Per} is personal tax allowance, A_{Dep} is dependent children allowance, A_{Fam} is family tax allowances, A_{Emp} is work-related tax allowance and A_{Pen} is private pensions tax allowance (listed previously).

Taxable income in the Spanish Personal Income Tax is classified into five categories according to the income source, namely: (a) employment income, which includes income from earnings, employment-related benefits in kind, unemployment and pensions income; (b) property income, which includes income gained from real-estate properties or from any movable assets (such as dividends, interest payments and royalties); (c) self-employment income, which includes income from business and professional activities; (d) capital gains, which are classified as short-term capital gains or long-term capital gains; and (e) imputed income.

As a general rule, income is taxable and related expenses are deductible in the year of accrual of the income and the year in which expenses are incurred, regardless of the time of cash receipt and payment. Income spreading is, in general, not allowed.

If spouses file separate returns, the determination of income and deductible expenses attributable to each taxpayer takes into account the category or source of that income. Accordingly:

- employment income (other than pensions) and related reductions are attributed exclusively to the earner; pensions are generally attributed to the individual beneficiary;
- investment income and capital gains are attributed to the individual owners of the underlying items, according to the type of marital property regime as follows.
 - o if the spouses are married under a community property regime, to both spouses on a 50/50 basis unless another method of apportionment can be substantiated; and
 - o if they are married under a separate property regime, entirely to the owner (or registered holder) of the underlying property; and
- self-employment income is attributed to the individual who regularly and directly conducts the business or exercises the independent professional or artistic activities in question.

For tax calculation purposes, the taxpayer's income from the various sources is divided into (i) the special tax base and (ii) the ordinary tax base.

(i) The **savings tax base** (*base imponible del ahorro*) comprises capital gains and losses from assets. This special taxable base is taxed, in 2007, at a flat rate of 18 % (11.1% for the State and 6.9% for the Autonomous Region of taxpayer's residence).

(ii) The **ordinary tax base** (*base imponible general*) comprises the net amount of ordinary income, i.e. the balance resulting from the computation of the positive minus negative amounts of income under the various categories (employment income, investment income, business income, capital gains and imputed income), plus the positive balance of capital gains minus losses on assets. The ordinary tax base is reduced by applicable social security contributions and allowances.

2.6.6 Tax schedule

2.6.6.1 Tax schedule 2007

The reform of the Income tax in Spain reduced from five to four the tax schedule income brackets. Further the top income bracket marginal tax rate fell from 45% to 43%. The resulting **tax schedule** for incomes included in the **ordinary tax base** in year 2007 (assessment year 2008) is resumed in the following table:

Income Tax Schedule 2007 (All CCAA but Comunidad de Madrid)

Upper Limit (euro per year)	Total Rate	State	Autonomous Com.
17,360	24%	15.66%	8.34%
32,360	28%	18.27%	9.73%
52,360	37%	24.14%	12.86%
Over	43%	27.13%	15.87%

Income Tax Schedule 2007 (Comunidad de Madrid)

Upper Limit (euro per year)	Total Rate	State	Autonomous Com.
17,360	23.6%	15.66%	7.94%
32,360	27.7%	18.27%	9.43%
52,360	36.8%	24.14%	12.66%
over	42.9%	27.13%	15.77%

Tax payers paying child support in an amount not exceeding the ordinary assessable base may split the base into two different parts and apply the above tables to each part: one up to the amount of the child support actually paid and the other to the remainder of the assessable base.

The **savings tax base** which includes income from capital gains is subject to tax at a flat rate of 18% (11.1% for the State and 6.9% for the Autonomous Region of taxpayer residence).

2.6.6.2 Tax schedule 2008

Tax schedules in 2008 are changed to account for inflation by increasing the income brackets by a 2%. Thus they are new for the whole Spanish territories. Further La Rioja and Comunidad Valenciana chose to change their tax rates.

Income Tax Schedule 2008 (All CCAA but Madrid, La Rioja and Comunidad Valenciana)

Upper Limit (euro per year)	Total Rate	State	Autonomous Com.
17,707.2	24%	15.66%	8.34%
33,007.2	28%	18.27%	9.73%
53,407.2	37%	24.14%	12.86%
over	43%	27.13%	15.87%

Income Tax Schedule 2008 for residents in Comunidad de Madrid and La Rioja

Upper Limit (euro per year)	Total Rate	State	Autonomous Com.
17,707.2	23.60%	15.66%	7.94%
33,007.2	27.70%	18.27%	9.43%
53,407.2	36.80%	24.14%	12.66%
over	42.90%	27.13%	15.77%

Income Tax Schedule 2008 for residents in Comunidad Valenciana

Upper Limit (euro per year)	Total Rate	State	Autonomous Com.
17,707.2	23.90%	15.66%	8.24%
33,007.2	27.92%	18.27%	9.65%
53,407.2	36.95%	24.14%	12.81%
over	42.98%	27.13%	15.85%

The **savings tax base** which includes income from capital gains is subject to tax at a flat rate of 18% (11.1% for the State and 6.9% for the Autonomous Region of taxpayer residence).

2.6.6.3 Tax schedule 2009

Tax schedules in 2009 are as in 2008. Only the Región de Murcia region changes group and has now the same tax schedule as Comunidad Valenciana.

Income Tax Schedule 2009 (All CCAA but Madrid, La Rioja, Comunidad Valenciana and Región de Murcia)

Upper Limit (euro per year)	Total Rate	State	Autonomous Com.
17,707.2	24%	15.66%	8.34%
33,007.2	28%	18.27%	9.73%
53,407.2	37%	24.14%	12.86%
over	43%	27.13%	15.87%

Income Tax Schedule 2009 for residents in Comunidad de Madrid and La Rioja

Upper Limit (euro per year)	Total Rate	State	Autonomous Com.
17,707.2	23.60%	15.66%	7.94%
33,007.2	27.70%	18.27%	9.43%
53,407.2	36.80%	24.14%	12.66%
over	42.90%	27.13%	15.77%

Income Tax Schedule 2009 for residents in Comunidad Valenciana and Región de Murcia

Upper Limit (euro per year)	Total Rate	State	Autonomous Com.
17,707.2	23.90%	15.66%	8.24%
33,007.2	27.92%	18.27%	9.65%
53,407.2	36.95%	24.14%	12.81%
over	42.98%	27.13%	15.85%

The **savings tax base** which includes income from capital gains is subject to tax at a flat rate of 18% (11.1% for the State and 6.9% for the Autonomous Region of taxpayer residence).

2.6.6.4 Tax schedule 2010

Tax schedules in 2010 differ from those in 2009 in the sense that now 50% of income tax goes to Autonomous regions. Further, the Región de Murcia region has now the same tax schedule as the rest of Autonomous regions.

Income Tax Schedule 2010 (All CCAA but Madrid, La Rioja, Comunidad Valenciana)

Upper Limit (euro per year)	Total Rate	State	Autonomous Com.
17,707.2	24%	12.0%	12.0%
33,007.2	28%	14.0%	14.0%
53,407.2	37%	18.50%	18.50%
over	43%	21.50%	21.50%

Income Tax Schedule 2010 for residents in Comunidad de Madrid and La Rioja

Upper Limit (euro per year)	Total Rate	State	Autonomous Com.
17,707.2	23.60%	12.0%	11.60%
33,007.2	27.70%	14.0%	13.70%
53,407.2	36.80%	18.50%	18.30%
over	42.90%	21.50%	21.40%

Income Tax Schedule 2010 for residents in Comunidad Valenciana

Upper Limit (euro per year)	Total Rate	State	Autonomous Com.
17,707.2	23.90%	12.0%	11.90%
33,007.2	27.92%	14.0%	13.92%
53,407.2	36.95%	18.50%	18.45%
over	42.98%	21.50%	21.48%

The **savings tax base** includes income from capital gains that is subject to tax. The rate has changed in 2010 and is slightly progressive :

Tax base limit (euro per year)	Total Rate
6,000	19.0%
6,001 or over	21.0%

(Half of this tax payment goes for the State and half for the Autonomous Region of taxpayer residence e.g. in the first case, 9.5% for the State and 9.5% for the Region).

2.6.7 Tax credits

2.6.7.1 Tax credits 2007

- Personal and family tax credits

Once the ordinary and the savings tax base are calculated, these tax credits are calculated at the corresponding individual tax rate. All taxpayers are eligible to these tax credits. These tax credits are only applicable for cohabiting dependent children. Under the individual scheme married taxpayers are obliged to divide the amount of the dependent children allowance by two.

The final personal and family related tax credit is calculated as if following quantities were taxed at a zero rate. Thus, one must sum up all the quantities corresponding to each of the applicable amounts and apply the tax rate as in the schedule. The result obtained will be deducted from the result of applying the tax rate to the total ordinary tax base and savings tax base in order to obtain the total tax charge (*cuota íntegra*).

Personal tax credit (Mínimo del contribuyente): 5,050 euro for all adult individuals, plus 900 euro if over older than 65 but younger than 75 (5,950 euro) or plus 1.100 euro if 75 or more years of age (6,150 euro).

Dependent children tax credit (Mínimo por descendientes): 1,800 euro for the first child, 2,000 euro for the second child, 3,600 euro for the third child and 4,100 euro for any additional child. Additionally if the child is below 3 years of age one will increase the amount in 2,200 euro. Dependent children are defined as less than 25 years, not married, cohabiting with the taxpayer, and whose annual income (excluding those that are not taxable) does not exceed 8,000 euro.

Dependent elderly tax credit (Mínimo por ascendientes): 900 euro if cohabiting ascendants (blood link to the taxpayer) over 65 or any age if disabled in the household (cohabitation is for more than half a year) if the taxpayer is over 65 years of age and 1,100 euro more if the taxpayer is older than 75 years (or any age if disabled). Annual income of the ascendant must not exceed 8,000 euro.

Disability tax credit (Mínimo por discapacidad): 2,270 euro if the taxpayer, dependent child or parent is disabled (more than 33% and less than 65% disability). 6,900 euro if taxpayer, dependent child or parent is disabled (more 65% disability). 2,270 euro more if the taxpayer, child or parent is disabled and justifies expenditures on assistance due to reduced mobility or disability over 65%.

Under the individual scheme married taxpayers are obliged to divide the amount of the family related credits by two and then apply the tax rate.

- **Main Residence Mortgage Tax Credit**

As a general rule, the taxpayer is allowed to set off against his income tax liability 15% of the costs up to 9,015.08 euro (i.e. a maximum credit of 1,352.26 euro) incurred for the acquisition or renovation of the taxpayer's main residence (which must be continuously used as his main residence for a minimum period of 3 years).

Alternatively, individuals can profit from a tax credit of 15% of all amounts deposited on special bank accounts (up to 9,015.08 euro) with the purpose of acquiring the first residence. For taking advantage of this credit, taxpayers must acquire first main residence within 4 years since the special bank account was opened.

- **Maternity Tax Credit**

This is a refundable tax credit for working mothers with one or several children below 3 years of age, 1,200 euro per year and child conditional on having total contributions to the social security system over the total tax credit. Proportional tax credits are possible as long as conditions apply to the particular time period. This credit may be replaced by a tax-free subsidy of 100 euro per month, at the mother's request.

- **Other Tax Credits**

There is also a tax credit for donations made to a group of foundations or associations declared of public benefit (quantities range from 10% to 25% of total donations). Further, there is a very significant income tax credit for incomes (including capital gains) obtained in the Spanish cities of Ceuta and Melilla in Northern Africa (50% tax credit).

Entrepreneurs are entitled to similar tax credits that are available for companies within the Corporate Income Tax (export-related investment tax credit; R&D and technological innovation tax credits; personnel costs tax credits; investment in cultural assets tax credit; environmental

tax credit; internet and e-commerce related activities tax credit; reinvestment of capital gains tax credit; promotion of venture capital investments tax credits; foreign investments tax credits and income obtained in Ceuta and Melilla tax credits).

2.6.7.2 Tax credits 2008

- **Personal and family tax credits**

Once the ordinary and the savings tax base are calculated, these tax credits are calculated at the corresponding individual tax rate. All taxpayers are eligible to these tax credits. These tax credits are only applicable for cohabiting dependent children. Under the individual scheme married taxpayers are obliged to divide the amount of the dependent children allowance by two.

The final personal and family related tax credit is calculated as if following quantities were taxed at a zero rate. Thus, one must sum up all the quantities corresponding to each of the applicable amounts and apply the tax rate as in the schedule. The result obtained will be deducted from the result of applying the tax rate to the total ordinary tax base and savings tax base in order to obtain the total tax charge (*cuota íntegra*).

Personal tax credit (Mínimo del contribuyente): 5,151 euro for all adult individuals, plus 918 euro if over 65 but younger than 75 (6,069 euro) or plus 1,122 euro if 75 or more years of age (6,273 euro).

Dependent children tax credit (Mínimo por descendientes): 1,836 euro for the first child, 2,040 euro for the second child, 3,672 euro for the third child and 4,182 euro for any additional child. Additionally if the child is below 3 years of age one will increase the amount in 2,244 euro. Dependent children are defined as less than 25 years, not married, cohabiting with the taxpayer, and whose annual income (excluding those that are not taxable) does not exceed 8,000 euro.

Dependent elderly tax credit (Mínimo por ascendientes): 918 euro if cohabiting ascendants (blood link to the taxpayer) over 65 or any age if disabled in the household (cohabitation is for more than half a year) if the taxpayer is over 65 years of age and 1,122 euro more if the taxpayer is older than 75 years (or any age if disabled). Annual income of the ascendant must not exceed 8,000 euro.

Disability tax credit (Mínimo por discapacidad): 2,316 euro if the taxpayer, dependent child or parent is disabled (more than 33% and less than 65% disability). 7,038 euro if taxpayer, dependent child or parent is disabled (more 65% disability). 2,316 euro more if the taxpayer, child or parent is disabled and justifies expenditures on assistance due to reduced mobility or disability over 65%.

Under the individual scheme married taxpayers are obliged to divide the amount of the family related credits by two and then apply the tax rate.

- **Main Residence Mortgage Tax Credit**

As a general rule, the taxpayer is allowed to set off against his income tax liability 15% of the costs up to 9,015.08 euro (i.e. a maximum credit of 1,352.26 euro) incurred for the acquisition or renovation of the taxpayer's main residence (which must be continuously used as his main residence for a minimum period of 3 years).

Alternatively, individuals can profit from a tax credit of 15% of all amounts deposited on special bank accounts (up to 9,015.08 euro) with the purpose of acquiring the first residence. For taking advantage of this credit, taxpayers must acquire first main residence within 4 years since the special bank account was opened.

- **Maternity Tax Credit**

As in 2007.

- Other Tax Credits

Those in 2007 plus two new ones:

400 euro annual tax credit (Deducción de 400 euros anuales): In order to foster economic activity the Spanish government created a new tax credit in the Personal Income Tax taxing incomes gained during 2008. (Real Decreto-ley 2/2008, de 21 de abril, de medidas de impulso a la actividad económica). All taxpayers with income from work, unemployment, pensions or self-employment may benefit from a **400 euro** tax credit.

Main residence rent tax credit (Deducción por alquiler de vivienda habitual): In order to foster home rent in 2008 there is a new tax credit for taxpayers with tax base below **24,020 euro** who live in rented housing. Tax credit base is expenditures on rent. If taxpayer's tax base is **12,000 euro** or less the tax credit base limit is **9,015 euro**. If tax base between **12,000.01** and **24,020 euro** the limit is **(9,015 euro – 0.75 (tax base -12,000 euro))**. After calculating the tax base using expenditures on rent and taking limits into account, the tax credit is a **10.05 percent** of the tax credit base.

2.6.7.3 Tax credits 2009

- Personal and family tax credits

As in 2008.

Personal tax credit (Mínimo del contribuyente): **5,151 euro** for all adult individuals, plus **918 euro** if over 65 but younger than 75 (**6,069 euro**) or plus **1,122 euro** if 75 or more years of age (**6,273 euro**).

Dependent children tax credit (Mínimo por descendientes): **1,836 euro** for the first child, **2,040 euro** for the second child, **3,672 euro** for the third child and **4,182 euro** for any additional child. Additionally if the child is below 3 years of age one will increase the amount in **2,244 euro**. Dependent children are defined as less than 25 years, not married, cohabiting with the taxpayer, and whose annual income (excluding those that are not taxable) does not exceed **8,000 euro**.

Dependent elderly tax credit (Mínimo por ascendientes): **918 euro** if cohabiting ascendants (blood link to the taxpayer) over 65 or any age if disabled in the household (cohabitation is for more than half a year) if the taxpayer is over 65 years of age and **1,122 euro** more if the taxpayer is older than 75 years (or any age if disabled). Annual income of the ascendant must not exceed **8,000 euro**.

Disability tax credit (Mínimo por discapacidad): **2,316 euro** if the taxpayer, dependent child or parent is disabled (more than 33% and less than 65% disability). **7,038 euro** if taxpayer, dependent child or parent is disabled (more 65% disability). **2,316 euro** more if the taxpayer, child or parent is disabled and justifies expenditures on assistance due to reduced mobility or disability over 65%.

Under the individual scheme married taxpayers are obliged to divide the amount of the family related credits by two and then apply the tax rate.

- Main Residence Mortgage Tax Credit

As a general rule, the taxpayer is allowed to set off against his income tax liability 15% of the costs up to **9,015.08 euro** (i.e. a maximum credit of **1,352.26 euro**) incurred for the acquisition or renovation of the taxpayer's main residence (which must be continuously used as his main residence for a minimum period of 3 years).

Alternatively, individuals can profit from a tax credit of 15% of all amounts deposited on special bank accounts (up to **9,015.08 euro**) with the purpose of acquiring the first residence.

For taking advantage of this credit, taxpayers must acquire first main residence within 4 years since the special bank account was opened.

In Cataluña in 2009 the percentage drops to 13.5% for individuals over 32 years of age while for those of age equal or below 32 years of age the percentage increases to 16.5%. Further if the renovation is linked to a household member's disability the percentage in Cataluña increases to 22%.

In the case of Illes Balears in 2009 if the renovation is linked to a household member's disability the percentage increases to 23.3%.

- **Maternity Tax Credit**

As in 2008.

- **Other Tax Credits**

As in 2008.

2.6.7.4 Tax credits 2010

- **Personal and family tax credits**

As in 2009 except from a change in **Comunidad de Madrid** where dependent children tax credit is now the following:

Dependent children tax credit (Mínimo por descendientes) in Comunidad de Madrid: 1,836 euro for the first child, 2,040 euro for the second child, 4,039.2 euro for the third child and 4,600 euro for any additional child. Additionally if the child is below 3 years of age one will increase the amount in 2,244 euro. Dependent children are defined as less than 25 years, not married, cohabiting with the taxpayer, and whose annual income (excluding those that are not taxable) does not exceed 8,000 euro.

- **Main Residence Mortgage Tax Credit**

As in 2009 the percentages in Cataluña in 2010 are different from the rest of the Regions: 13.5% for individuals over 32 years of age while for those of age equal or below 32 years of age the percentage increases to 16.5%. Further if the renovation is linked to a household member's disability the percentage in Cataluña increases to 22%.

- **Maternity Tax Credit**

As in 2009.

- **Other Tax Credits**

Reform of the 400 euro annual tax credit (reforma de la deducción de 400 euros anuales): This tax credit was reformed in 2010 and only taxpayers with tax base (sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) below 12,000 euro that obtain income from work, unemployment, pensions or self-employment may benefit from this tax credit. The tax credit has two different values depending on the tax base level:

Tax base limit (euro per year)	Tax credit
8,000	400 euro
8,001-12,000	400-0.1(tax base – 8,000)

2.6.7.5 Autonomous Communities Tax credits

There is a wide variety of tax credits which are related to the Autonomous Community of residence. We here provide a detailed list of tax credits applicable in different years, in the different autonomous communities of residence.

There is a wide variety of tax credits which are related to the Autonomous Community of residence. We here provide a detailed list of tax credits applicable in different years, in the different autonomous communities of residence.

2.6.7.5.1 Andalucía

- a) **Family-related benefits tax credit** (*Deducción para los beneficiarios de ayudas familiares*): 50 euro per child at birth if taxpayer eligible for any regional child benefits either for children below 3 years of age or for multiple births. In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2008, 2009: same as in 2007.

In 2010: 50 euro more (per child) if multiple birth.

- b) **Taxpayer's disability tax credit** (*Deducción para contribuyentes con discapacidad igual o superior al 33%*): 50 euro for disabled taxpayers (disability over 33%) provided tax base below 18,000 euro (individual scheme) and 22,000 euro joint scheme.

In 2008: 100 euro for disabled taxpayers (disability over 33%) provided tax base below 19,000 euro (individual scheme) and 24,000 euro joint scheme.

In 2009 and 2010: same as in 2008.

- c) **2008 Lone-parents and dependent parents over 75 years of age tax credit** (*Deducción para el padre o madre de familia monoparental, y, en su caso, con ascendientes mayores de 75 años*): 100 euro for lone –parents cohabiting with children below 18 years of age (or over 18 years of age if disabled) and 100 euro per parent over 75 cohabiting with the family. In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2009 and 2010: same as in 2008.

- d) **2008 Care or assistance to dependent individuals tax credit** (*Deducción por asistencia a personas con discapacidad*): 100 euro per disabled or dependent individual. In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them. If disabled or dependent individual has caring needs, then taxpayer tax credit will be increased in 15% of carer's Social Security Contributions with a limit of 500 euro per year.

In 2009 and 2010: same as in 2008.

- e) **2008 Domestic help tax credit** (*Deducción por ayuda doméstica*): 15% of domestic worker's annual contributions to Social Security (employer's part). Couples must both

work and lone parents must have income from work. Only head of household is eligible for the credit.¹⁷

In 2009 and 2010: same as in 2008

- f) **Young taxpayers renting first home tax credit** (*Deducción por cantidades satisfechas por el alquiler de la vivienda habitual*): 10% of annual rent for taxpayers below 35 years of age (if joint scheme at least one of them below 35 years of age). Maximum 150 euro per year. Ordinary and special tax bases must not exceed 18,000 euro (individual scheme) or 22,000 euro (joint scheme). In the case of married couples where both are eligible for this tax credit, the total amount will be equally shared by them, even if the contract is signed only by one of them.

In 2007: same as in 2006.

In 2008: 15% of annual rent for taxpayers below 35 years of age (if joint scheme at least one of them below 35 years of age). Maximum 500 euro per year. The sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) must not exceed 19,000 euro (individual scheme) or 24,000 euro (joint scheme). In the case of married couples where both are eligible for this tax credit, the total amount will be equally shared by them, even if the contract is signed only by one of them.

In 2009 and 2010: same as in 2008.

- g) **2010 Fostering self-employment** (*Deducción para el fomento autoempleo*):¹⁸ 400 euro for taxpayers who are newly registered as professionals and who begin their activity this year in Andalucía and keep it for a year. 600 euro for those in same conditions but who are over 45 years of age.

2.6.7.5.2 Aragón

- a) **Birth of third child or more tax credit (or of the second if disabled)** (*Deducción por nacimiento o adopción del tercer hijo o sucesivos o del segundo hijo discapacitado*): 500 euro at birth of third child or more (second if disabled) if cohabiting. 600 euro when the sum of the general and special tax base is below 32,500 euro. In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2008, 2009 and 2010: same as in 2007.

17

Issue	This tax credit cannot be simulated due to lack of data on family expenses on social insurance contributions paid for domestic servants.
Assumption	Tax credit is disregarded
Impact	Unknown, there aren't statistics on the size of this tax credit

18

Issue	This tax credit cannot be simulated due to lack of data on newly registered professionals.
Assumption	Tax credit is disregarded
Impact	Unknown.

- b) **2006 Disabled or dependent people care tax credit** (*Deducción por el cuidado de personas dependientes*): **150 euro** per disabled with at least a 65% disability¹⁹ or dependent who lives with the taxpayer at least six months/year and whose non-exempt incomes do not exceed **8,000 euro**. Tax base (both ordinary and special tax base) after personal and family allowances must not exceed **35,000 euro** (summing quantities of all individuals cohabiting in household). In the case that two or more taxpayers are eligible for this tax credit the total amount will be equally shared by them.

In 2008: **150 euro** per disabled or dependent who lives with the taxpayer at least six months per year and with incomes after subtracting exempt incomes not exceeding **8,000 euro**. The sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) minus personal and family allowances (*mínimo por contribuyente y mínimo por descendientes*) must not exceed **35,000 euro** (sum of all members living in household). In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2009 and 2010: same as in 2008.

2.6.7.5.3 Principado de Asturias

- a) **Cohabiting dependent elderly over 65 tax credit** (*Deducción por acogimiento no remunerado de mayores de 65 años*): **328 euro** per non-family-related elderly (below third degree relationship²⁰) over 65 years of age who lives with the taxpayer more than 183 days per year provided no regional benefits received for the same reason. The sum of the general and special (or savings after 2007) tax base must not exceed **24,040 euro** (individual scheme) or **33,875 euro** (joint scheme). In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them (see table below for following years):

Year:	2007	2008	2009	2010
Amount (euro per year):	328	328	338	338
Tax base limit (individual scheme):	24,040	24,040	24,761	24,761
Tax base limit (joint scheme):	33,875	33,875	34,891	34,891

- b) **Renting first home tax credit** (*Deducción por alquiler de vivienda habitual*): **5%** of annual rent. Maximum **265 euro** per year (individual and joint scheme). 15% if in rural

19

Issue	There is no information in the data about the disability level
Assumption	All disabled with 33% of disability, hence this element of tax credit is not simulated
Impact	Unknown.

20

Issue	There is no complete information in the data about the second and third degree of family relationship.
Assumption	Tax credit is disregarded
Impact	Unknown, there aren't statistics on the size of this tax credit

areas (councils with less than 3,000 residents²¹). Maximum 530 euro. Tax base before personal and family allowances must be below 22,660 euro (individual scheme) or 31,930 euro (joint scheme).

In 2009 and 2010: 10% of annual rent. Maximum 450 euro per year (individual and joint scheme).

In 2010: 15% of annual rent. Maximum 600 euro per year for those renting first home in rural areas.

Year:	2007	2008	2009	2010
Maximum amount urban area (euro per year):	273	273	10%	10%
Maximum amount rural area (euro per year):	546	546	--	--
Maximum amount (euro per year):	--	--	450	450
Tax base limit (individual scheme):	24,040	24,040	24,761	24,761
Tax base limit (joint scheme):	33,875	33,875	34,891	34,891

c) **Multiple Child’s Birth or Adoption tax credit** (*Deducción por partos múltiples o por dos o más adopciones constituidas en la misma fecha*). 500 euro for child at birth or adoption if cohabiting. In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2010: same as in 2009.

d) **Large Families tax credit** (*Deducción por familias numerosas*). 500 euro if cohabiting individuals classify as a large family. 1,000 euro if 5 or more dependent children (special large families). The sum of the general and special (or savings after 2007) tax base must not exceed 24,761 euro (individual scheme) or 34,891 euro (joint scheme). In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2010: same as in 2009.

e) **Lone parents tax credit** (*Deducción por familias monoparentales*). 300 euro if not cohabiting with other adults except parents (ascendants). The sum of the general and special (or savings after 2007) tax base plus exempt annual payments for children of non-cohabiting divorced individuals must not exceed 34,891 euro (individual scheme).

In 2010: same as in 2009.

21

Issue	There is no information in the data about council size.
Assumption	Rural areas are assumed to be “thinly populated area” (see DRD for details). Densely and intermediate populated areas are assumed to be urban areas.
Impact	Unknown, there isn’t information about the correlation between “thinly populated” and rural areas.

- h) **2010 Fostering self-employment for females and young individuals** (*Deducción para el fomento autoempleo de las mujeres y los jóvenes emprendedores*): ²² **170 euro** for taxpayers below 30 years of age (at 31st december 2010) and any age if females who are newly registered as professionals and who begin their activity this year in Asturias and keep it for a year.
- i) **2010 Fostering self-employment** (*Deducción para el fomento autoempleo*): **68 euro** for taxpayers who are self-employed in Asturias. This tax credit is incompatible with the previous one. The sum of the general and special tax base must not exceed **24,761 euro** (individual scheme) or **34,891 euro** (joint scheme).

2.6.7.5.4 Illes Balears

- a) **Taxpayers of 65 or more years of age tax credit** (*Deducción por contribuyentes de edad igual o superior a 65 años*): **50 euro** for taxpayers over 65 at 31st December 2010. Tax base after personal and family allowances must not exceed **12,500 euro** (individual scheme) or **25,000 euro** (joint scheme). In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2008, 2009 and 2010: same as in 2007 adjusting date limit for age.

- b) **Disabled tax credit** (*Deducción por contribuyentes con minusvalía física o psíquica o sensorial o con descendientes con esta condición*): **60 euro** for each disabled person in the household (including the taxpayer). Tax base after personal and family allowances must not exceed **12,000 euro** (individual scheme) or **24,000 euro** (joint scheme). In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2007: **60 euro** for each disabled person in the household (including the taxpayer) (disability below 33%²³) and **120 euro** each disabled person in the household (including the taxpayer) (disability over 33%).

In 2008: same as in 2007 but **80 euro** for each disabled person in the household (including the taxpayer) (disability below 33%) and **150 euro** each disabled person in the household (including the taxpayer) (disability over 33%).

In 2009 and 2010: same as in 2008.

- c) **Expenditures on books for children's compulsory education** (*Deducción por gastos de adquisición de libros de texto*): 100% of the expenditures on books for children's compulsory education²⁴ if taxpayer eligible child tax allowance. Limits are related to

22

Issue	This tax credit cannot be simulated due to lack of data on newly registered professionals.
Assumption	Tax credit is disregarded
Impact	Unknown.

23

Issue	There is no information in the data about the disability level
Assumption	All disabled with 33% of disability
Impact	Unknown.

24

Issue	There is no information in the data about expenditure on books.
Assumption	Given that the amount is relatively small, it is assumed that all households with children are entitled to the maximum amount.
Impact	Unknown.

taxpayer's general tax base. Individual scheme limits: 100 euro per child if tax base below 6,500 euro. 75 euro per child if tax base between 6,500 and 10,000 euro. 50 euro per child if between 10,001 and 12,500 euro. Joint scheme limits: 200 euro per child if tax base below 10,000 euro. 100 euro if tax base between 10,000 and 20,000 euro. 75 euro if between 20,001 and 25,000 euro.

In 2008, 2009 and 2010: same as in 2007.

- d) **Young taxpayers renting first home tax credit** (*Deducción por arrendamiento de vivienda habitual por jóvenes, discapacitados o familias numerosas*): 10% of annual rent for taxpayers below 36 years of age. Maximum 200 euro per year (individual and joint scheme). Ordinary tax base after personal and family allowances must not exceed 18,000 euro (individual scheme) or 30,000 euro (joint scheme).

In 2008: If large family then ordinary tax base must not exceed 24,000 euro (individual scheme) or 36,000 euro (joint scheme).

In 2009: same as in 2008. (15% of annual rent for tax payers below 36 and maximum 300 euro per year).

In 2010: same as in 2009.

- e) **2007 Child adoption tax credit** (*Deducción por adopción*): 400 euro per child adopted that year if qualifying for child allowance. In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.²⁵

In 2008: same as in 2007.

In 2009: same as in 2008 but 600 euro per child.

In 2010: same as in 2009.

- f) **2010 Fostering self-employment** (*Deducción para el fomento autoempleo de las mujeres y los jóvenes emprendedores*):²⁶ 250 euro for taxpayers below 36 years of age (at 31st december 2010) and 300 euro any age if females who are newly registered as professionals and who begin their activity this year in Illes Balears and keep it for a year. Total income from professional activities cannot exceed 100,000 euro.

2.6.7.5.5 Canarias

- a) **Child's Birth or Adoption tax credit** (*Deducción por nacimiento o adopción de hijos*): 200 euro for first or second child. 400 euro for third child. 600 euro for fourth child. 700 euro for fifth child. 400 euro for first or second child with disability. 800 euro for third of more children with disability. In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2008, 2009 and 2010: the same as in 2007.

25

Issue	There is no information in the data about adoption.
Assumption	Tax credit is not simulated
Impact	Unknown.

26

Issue	This tax credit cannot be simulated due to lack of data on newly registered professionals.
Assumption	Tax credit is disregarded
Impact	Unknown.

- b) Expenditures on child care tax credit** (*Deducción por gastos de guardería*): 15 % of the expenditures on child care for children <3 years of age (in a nursery or day care centre)²⁷ with a maximum of 400 euro per child a year. Eligible taxpayers cannot earn incomes over 60,000 euro (12,000 euro more if in joint scheme). In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2008, 2009 and 2010: the same as in 2007.

- c) Disabled taxpayers and taxpayers over 65 tax credit** (*Deducción por contribuyentes minusválidos y mayores de 65 años*): 300 euro per tax payer with a disability of 33% or more. 120 euro if over 65 years of age.²⁸

In 2008, 2009 and 2010: same as in 2007.

- d) 2007 Large Families tax credit** (*Deducción por familia numerosa*): 200 euro if cohabiting individuals classify as a large family. 400 euro if 5 or more dependent children (special large families). If any member of married couple or cohabiting child is disabled (more than 65%) the quantity is 500 euro or 1000 euro (5 or more dependent children (special large families)).

In 2008, 2009 and 2010: same as in 2007.

- e) 2007 Renting first home tax credit** (*Deducción por alquiler de vivienda*): 15% of annual rent. Maximum 500 euro per year (individual and joint scheme). The ordinary tax base (*base imponible general*) must not exceed 20,000 euro (individual scheme) or 30,000 euro (joint scheme).

In 2008, 2009 and 2010: same as in 2007.

- f) Expenditures on child's studies out of the residence island tax credit** (*Deducción por gastos de estudios de descendientes*): 1,500 euro per dependent child below 25 years of age (at 31 December 2007) studying a degree at University not offered by Canarian Universities in their residence island, with incomes below 6,000 euro. Household income after subtracting exempt incomes cannot exceed 60,000 euro if individual scheme and 80,000 euro in the joint scheme. Limit: tax credit will not exceed 40% of the autonomous community tax bill before deducting tax credits. In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.²⁹

In 2008, 2009 and 2010: same as in 2007.

27

Issue	There is no information in the data on child care expenditure
Assumption	Child care amount is imputed in sheet s_es
Impact	Unknown.

28

Issue	There is no information in the data about the disability level
Assumption	All disabled with 33% of disability
Impact	Unknown.

29

Issue	There is no information in the data about whether children study out of the residence island.
Assumption	Tax credit is not simulated
Impact	Unknown.

- g) **2009 Mortgage cost increase tax credit** (*Deducción por la variación del euribor de préstamos hipotecarios*).³⁰ This tax credit is calculated using information on interest rates payed for main residence mortgage with the limit of **9,015 euro**. The tax base is all quantities paid with the **9,015 euro** limit. In order to obtain the percentage of tax credit we should calculate the mean value of EURIBOR (1 year) in 2009 minus the mean value of EURIBOR (1 year) in 2008 (see publications of Bank of Spain). The result of the previous calculation multiplied by 100 will be the tax credit rate by which one should multiply the tax base to obtain the tax credit value. The ordinary tax base (*base imponible general*) must not exceed **30,000 euro** (individual scheme) or **42,000 euro** (joint scheme).

In 2010: same as in 2009.

- h) **2009 Unemployment tax credit** (*Deducción para contribuyentes desempleados*) **100 euro** for taxpayers that have been unemployed for, at least, six months during 2009 and receive some income from unemployment benefits. Total income from work must be over **11,200 euro** and below **22,000 euro**. The rest of income components of the ordinary tax base cannot exceed **1,600 euro**.

In 2010: same as in 2009.

2.6.7.5.6 Cantabria

- a) **Child, elderly and disability care tax credit** (*Deducción por cuidado de familiares*): **100 euro** per child below 3 years of age of parent over 70 years of age or any household member with a disability. Only for taxpayers obliged to present a tax return. All members generating the tax credit must cohabit more than 183 days with taxpayer and their incomes cannot exceed **6,000 euro**. In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2008, 2009: same as in 2007.

In 2010: the condition of cohabiting more than 183 days with taxpayer is eliminated for children below 3 years of age.

- b) **Young, Elderly and disabled taxpayers Renting first home tax credit** (*Deducción por arrendamiento de vivienda habitual por jóvenes, mayores y discapacitados*): **10%** of annual rent for taxpayers below 35 years of age or over 65 years of age or disabled. Maximum **300 euro** per year (individual scheme) or **600 euro** (joint scheme). Tax base before personal and family allowances must be below **22,000 euro** (individual scheme) and **31,000 euro** (joint scheme). : limit is sum of ordinary and savings tax base

In 2008 and 2009: same as in 2007.

In 2010: Annual rent must exceed 10% of the taxpayer's income.

2.6.7.5.7 Castilla- La Mancha

- a) **Child's birth or adoption tax credit** (*Deducción por nacimiento o adopción de hijos*): **100 euro** per child born or adopted that year if qualifying for child allowance.

³⁰ Issue There is not enough information in the data to simulate this tax credit.
Assumption Tax credit is not simulated
Impact Unknown.

In 2008, 2009 and 2010: same as in 2007.

- b) **Disability tax credit** (*Deducción por discapacidad del contribuyente*): ³¹ 300 euro if disabled taxpayer (more than 65% disability). 200 euro per disabled child or parent (more than 65% disability). Tax base limit is 30,000 euro (ordinary tax base) and 1,000 euro (special tax base). In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2008: Tax base before deducting allowances must be below 36,000 euro.

In 2009 and 2010: the same as in 2008.

- c) **Parents over 75 years of age care tax credit** (*Deducción por cuidado de ascendientes mayores de 75 años*): 100 euro per parent who lives with the taxpayer at least six months/year and does not live the rest of the year in any regional retirement home. The limit is that net income and capital gains (*Rendimientos netos y ganancias patrimoniales*) must be below 36,000 euro. Incompatible with the taxpayer's or parent's disability tax credit. In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2008: The limit is that the sum of the ordinary and the savings tax base must not exceed 36,000 euro.

In 2009 and 2010: the same as in 2008.

- d) **Taxpayers 75 or more years of age tax credit** (*Deducción por contribuyentes mayores de 75 años*): 100 euro for taxpayers over 75 not living more than six months per year in any regional retirement home.

In 2008, 2009 and 2010: same as in 2007.

- e) **2007 Children or parents' disability tax credit** (*Deducción por discapacidad de ascendientes o descendientes*): 200 euro per taxpayer child or parent with a disability degree equal or higher than 65%.³²

In 2008, 2009 and 2010: same as in 2007.

2.6.7.5.8 Castilla y León

- a) **Child's birth or adoption tax credit** (*Deducción por nacimiento o adopción*): 105 euro for first child born or adopted³³ that year if qualifying for child allowance. 262.5 euro for second child. 525 euro from third child onwards. In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

31

Issue	There is no information in the data about the disability level
Assumption	All disabled with 33% of disability, hence this tax credit is not simulated
Impact	Unknown.

32

Issue	There is not enough information in the data to simulate this tax credit.
Assumption	Tax credit is not simulated
Impact	Unknown.

33

Issue	There is no information in the data about adoption.
Assumption	This element of the tax credit is not simulated
Impact	Unknown.

Year:	2007	2008	2009	2010
Amount (euro per year):				
First child	107.1	110	110	110
Second child	267.75	274	274	274
Third or more	535.5	548	548	548

- b) **Large families tax credit** (*Deducción por familia numerosa*): **236.25 euro** if cohabiting individuals classify as a large family. **472.5 euro** if some disabled parent or child (more than 65% disability³⁴). **105 euro** more per additional child from fourth onwards. In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

Year:	2007	2008	2009	2010
Amount (euro per year):				
Large family	246	246	246	246
Disabled	492	492	492	492
Per additional child	110	110	110	110

- c) **Child care tax credit** (*Deducción por cuidado de hijos menores*)³⁵: 30% of the expenditures on child care for children below 4 years of age if both parents at work, (homecare, nursery or similar). Limit: **322 euro** (both joint and individual scheme). The sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) minus personal and family allowances (*mínimo por contribuyente y mínimo por descendientes*) must not exceed **18,900 euro** (individual scheme) or **31,500 euro** (joint scheme). In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2008, 2009 and 2010: same as in 2007.

- d) **Elderly and disabled taxpayers with caring needs tax credit** (*Deducción por contribuyentes de 65 años o más, afectados por minusvalía y que necesiten ayuda de terceras personas*)³⁶: **630 euro** if taxpayer over 65 with caring needs (65% or more of disability). The limit to the tax base is: **18,900 euro** (individual scheme) and **31,500 euro** (joint scheme).

Year:	2007	2008	2009	2010
Amount (euro per year):				

34

Issue	There is no information in the data about the disability level
Assumption	All disabled with 33% of disability, hence this element of the tax credit is not simulated
Impact	Unknown.

35

Issue	There is no information in the data on child care expenditure
Assumption	Child care amount is imputed in sheet s_es
Impact	Unknown.

36

Issue	There is no information in the data about the disability level
Assumption	All disabled with 33% of disability, hence this tax credit is not simulated
Impact	Unknown.

Over 65 with caring needs	656	656	656	656
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In 2007, 2008, 2009 and 2010: limit is defined as sum of ordinary and savings tax base (same limit).

- e) **2006 Youth’s renting their first home tax credit** (*Deducción por alquiler de vivienda habitual por jóvenes*): 15% of annual rent. Maximum 450 euro per year (individual and joint scheme). 20% if in rural areas, maximum 600 euro (councils with less than 10,000 residents)³⁷. Maximum 530 euro. Ordinary and special tax base before personal and family allowances must not exceed 18,900 euro (individual scheme) or 31,500 euro (joint scheme).

In 2007: Maximum 459 euro per year (individual and joint scheme). 20% if in rural areas, maximum 612 euro (councils with less than 10,000 residents).

In 2008, 2009 and 2010: same as in 2007.

2.6.7.5.9 Cataluña

- a) **Child’s birth or adoption tax credit** (*Deducción por el nacimiento o adopción de hijos*): 150 euro for first child born or adopted that year if qualifying for child allowance (double tax credit for joint scheme).

In 2008, 2009 and 2010: same as in 2007.

- b) **Death of partner tax credit** (*Deducción para contribuyentes que hayan quedado viudos en los ejercicios 2008, 2009 o 2010*)³⁸: 150 euro in general and 300 euro if dependent child generating child allowance. This tax credit applies during two more fiscal years since partner’s death.

In 2008, 2009 and 2010: same as in 2007.

- c) **Rent first home tax credit (in some particular circumstances of economic difficulty) tax credit** (*Deducción por alquiler de vivienda habitual*): 10% of annual rent for taxpayers below 32 years of age or being unemployed more than 183 days during the tax period or being 65 years old or more and widow. Maximum 300 euro per year or 600 euro if joint scheme or Large Family. Tax base before personal and family allowances must not exceed 20,000 euro (individual scheme) or 30,000 euro (joint scheme).

In 2008, 2009 and 2010: same as in 2007. The sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) must not exceed the limit in 2006.

³⁷

Issue	There is no information in the data about council size.
Assumption	Rural areas are assumed to be “thinly populated area” (see DRD for details). Densely and intermediate populated areas are assumed to be urban areas.
Impact	Unknown, there isn’t information about the correlation between “thinly populated” and rural areas.

³⁸

Issue	There is no information in the data about the year of partner’s death .
Assumption	Tax credit is not simulated
Impact	Unknown.

2.6.7.5.10 Extremadura

- a) **Disabled family members care tax credit** (*Deducción por cuidado de familiares discapacitados*): 150 euro per taxpayer child or parent cohabiting at least 183 days with a disability degree equal or higher than 65%³⁹. The sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) must not exceed 19,000 euro (individual scheme) or 24,000 euro (joint scheme). The yearly income of a disabled taxpayer's child or parent cannot exceed twice the minimum wage that year. In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2008, 2009 and 2010: same as in 2007.

- b) **Youth, disabled or in a large family renting their first home family tax credit** (*Deducción por alquiler de vivienda habitual para menores de 35 años, familias numerosas y minusválidos*): 10% of annual rent for taxpayers below 35 years of age (if joint scheme at least one of them below 35 years of age), belonging to a large family or being disabled (with a disability level equal or higher than 65%⁴⁰). Maximum 300 euro per year. Tax base (both ordinary and savings tax base) before personal and family allowances must not exceed 19,000 euro (individual scheme) or 24,000 euro (joint scheme). In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2008, 2009 and 2010: same as in 2007.

- c) **Dependent work tax credit** (*Deducción por percibir retribuciones de trabajo dependiente*): 120 euro for each taxpayer that has income from dependent work below 15,000 euro a year when other incomes are below 600 euro (other income includes income from other sources different from work, income imputations and capital and property income).

2.6.7.5.11 Galicia

- a) **Child's birth or adoption tax credit** (*Deducción por el nacimiento o adopción de hijos*): 300 euro per child born or adopted that year and the following two. 360 euro per child in multiple births. In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2008, 2009 and 2010: same as in 2007.

- b) **Large families tax credit** (*Deducción por familia numerosa*): 250 euro if cohabiting individuals classify as a large family. 400 euro if 5 or more dependent children (special large families). If any member of married couple or cohabiting child is disabled (more than 65%⁴¹): 500 euro if cohabiting individuals classify as a large family. 800 euro if 5

39

Issue	There is no information in the data about the disability level
Assumption	All disabled with 33% of disability, hence this tax credit is not simulated
Impact	Unknown.

40

Issue	There is no information in the data about the disability level
Assumption	All disabled with 33% of disability, hence this tax credit is not simulated
Impact	Unknown.

41

Issue	There is no information in the data about the disability level
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or more dependent children (special large families). In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2008, 2009 and 2010: same as in 2007.

- c) **Child care of children aged 3 or less tax credit** (*Deducción por cuidado de hijos menores*): ⁴² 30% of expenditures in the tax period to take care of children below 4 years of age (maximum is 200 euro). Parents must both work and the sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) before personal and family allowances (*mínimo por contribuyente y mínimo por descendientes*) must not exceed is 22,000 euro (individual scheme) or 31,000 euro (joint scheme). In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2008, 2009 and 2010: same as in 2007.

- d) **Disabled taxpayers 65 or more with care needs tax credit** (*Deducción por contribuyente minusválidos, de edad igual o superior a 65 años, que precisen ayuda de terceras personas*) ⁴³: 10% of expenditures in the tax period to take care of taxpayers over 65 with a disability of 65% or more (maximum is 600 euro). The sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) minus personal and family allowances (*mínimo por contribuyente y mínimo por descendientes*) must not exceed is 22,000 euro (individual scheme) or 31,000 euro (joint scheme). Under the individual scheme married cohabiting taxpayers equally share the credit. The taxpayer cannot be using public or state assisted residences in the region.

In 2008, 2009 and 2010: same as in 2007.

- e) **Young taxpayers renting first home tax credit** (*Deducción por alquiler de la vivienda habitual*): 10% of annual rent for taxpayers below 36 years of age. In joint scheme, at least one of them). Maximum: 300 euro per lease (individual and joint scheme). The sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) must not exceed 22,000 euro (individual and joint scheme). The date of the lease is subsequent to 1st January 2003.

In 2008, 2009 and 2010: same as in 2007.

Assumption	All disabled with 33% of disability, hence this tax credit is not simulated
Impact	Unknown.

42

Issue	There is no information in the data on child care expenditure
Assumption	Child care amount is imputed in sheet s_es
Impact	Unknown.

43

Issue	There is no information in the data about whether individual receives care from a third person
Assumption	This tax credit is not simulated
Impact	Unknown.

- a) **2010 Fostering self-employment** (*Deducción para el fomento autoempleo*)⁴⁴: **300 euro** for taxpayers below 35 year of age (if men) and any age if women who are newly registered as professionals and who begin their activity this year in Galicia and keep it for a year.

2.6.7.5.12 Comunidad Autónoma de Madrid

- a) **Child's birth or adoption tax credit** (*Deducción por nacimiento o adopción de hijos*): **600 euro** for first child born or adopted. **750 euro** for the second. **900 euro** for the third or more. **600 euro** more per child in multiple births. The sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) must not exceed **25,620 euro** (individual scheme) or **36,200 euro** (joint scheme). In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2008, 2009 and 2010: same as in 2007.

- b) **Acuillance of non-family elderly or disabled individuals tax credit** (*Deducción por acogimiento no remunerado de personas mayores de 65 años o discapacitados*): **900 euro** per elderly over 65 or disabled more than 33% cohabiting with taxpayer more than 183 days. Person cannot be family-related to the tax payer (up to fourth degree).⁴⁵. The sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) must not exceed **25,620 euro** (individual scheme) or **36,200 euro** (joint scheme). No other monetary aid from the regional government is compatible with this tax credit. In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2008, 2009 and 2010: same as in 2007.

- c) **Young taxpayers renting first home tax credit** (*Deducción por arrendamiento de la vivienda habitual por menores de 35 años*): **20%** of annual rent for taxpayers below 35 years of age. Maximum: **840 euro** per year (individual and joint scheme). Taxpayer below 35 years of age. The sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) must not exceed **25,620 euro** (individual scheme) or **36,200 euro** (joint scheme).

In 2008, 2009 and 2010: same as in 2007.

- d) **2009 Child acuillance** (*Deducción por acogimiento familiar de menores*)⁴⁶: **600 euro** for first child acullied. **750 euro** for the second. **900 euro** for the third or more. Tax base

⁴⁴

Issue	There is no information in the data due to lack of data on newly registered professionals.
Assumption	Tax credit is not simulated
Impact	Unknown.

⁴⁵

Issue	There is no complete information in the data about the second and third degree of family relationship.
Assumption	Tax credit is disregarded
Impact	Unknown, there aren't statistics on the size of this tax credit

⁴⁶

Issue	There is no information in the data on child acuillance
Assumption	Not simulated
Impact	Unknown

before personal and family allowances must be below is 25,620 euro (individual scheme) and 36,200 euro (joint scheme). In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2010: same as in 2009.

- e) **2009 Mortgage cost increase tax credit** (*Deducción por incrementos coste financiación ajena*)⁴⁷: This tax credit is calculated using information on interest rates paid for main residence mortgage with the limit of 9,015 euro. The interest rate quantity will be multiplied by 0.8 until 4,507 euro and 0.85 for over that value until a maximum of 9,015 euro. To obtain the tax base the result of the previous calculation will be furtherly multiplied by 0.33. In order to obtain the percentage of tax credit we should divide the mean value of EURIBOR (1 year) by the mean value of EURIBOR (1 year) in 2007 (see publications of Bank of Spain). The result of the previous fraction multiplied by 100 will be the tax credit rate by which one should multiply the tax base to obtain the tax credit value. In 2010 the EURIBOR quantity was in 2007 was over that of 2010 so this tax credit cannot be used by any taxpayer.
- f) **2010 For low-income families with two or more children** (*Deducción para familias con dos o más descendientes e ingresos reducidos*): 10% of the Autonomous Community tax payment (*cuota íntegra autonómica*) after reducing all other regional tax credits. Eligible taxpayers are those who have two or more children qualifying for child allowance and the sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) must not exceed 24,000 euro (sum of two parents tax bases if in individual scheme).
- g) **2010 For educational expenses** (*Deducción por gastos educativos*)⁴⁸: 10% of educational expenses of children qualifying for child allowance, with a limit of 500 euro per child. Tax base is the cost of expenses on schooling, school clothes and language learning activities during compulsory education. The sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) must not exceed 10,000 euro times the number of family members (sum of two parents tax bases if in individual scheme). In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.
- h) **2010 Additional tax credit for investment in housing** (*Deducción complementaria al tramo autonómico de la deducción por inversión en vivienda habitual*). The quantity of the tax credit is the difference between:
 - a. The quantity of the tax credit in the part of the region (4.95%) in 2008.
 - b. The quantity of the tax credit in the part of the region (7.5%) in 2010.

In 2010 this difference is negative so this tax credit is not applicable.

⁴⁷ Issue There is no information in the data on mortgage interest rates.
 Assumption Not simulated
 Impact Unknown

⁴⁸
 Issue There is no information in the data on educational expenses
 Assumption This tax credit simulated.
 Impact Unknown.

- g) **2010 Fostering self-employment for youth** (*Deducción para el fomento autoempleo en jóvenes*)⁴⁹: **1,000 euro** for taxpayers below 35 years of age (at 31st december 2010) who are newly registered as professionals and who begin their activity this year in Madrid and keep it for a year.

2.6.7.5.13 Región de Murcia

- a) **Child care of children aged 3 or less tax credit** (*Deducción por cuidado de hijos menores*)⁵⁰: **15%** of expenditures in the tax period to take care of children below 3 years of age (maximum is **150 euro** for individual scheme and **300 euro** for joint scheme). Parents must both work and the general tax base reduced by allowances cannot exceed **13,222.27 euro** (individual scheme) or **23,138.97 euro** (joint scheme). Also the special tax base must be below **1,202.02 euro** both for the individual and joint scheme.

Year:	2007	2008	2009	2010
Amount (euro per year):				
Max. individual scheme	220	300	300	330
Max. Joint scheme	440	600	600	660
Limit individual scheme	16,000	17,600	17,600	19,360
Limit joint scheme	28,000	30,800	30,800	33,880

In 2007, 2008, 2009 for lone-parent households the amount is **600 euro** and the limit is the individual scheme limit. For large families the tax base reduced by allowances cannot exceed **40,000 euro**.

In 2010 for lone-parent households the amount is **660 euro** and the limit is the individual scheme limit. For large families the tax base reduced by allowances cannot exceed **44,000 euro**.

In 2007, 2008, 2009 and 2010: ordinary tax base minus personal and family allowances is the variable to use for limit.

2.6.7.5.14 La Rioja

- a) **Second of further child's birth or adoption tax credit** (*Deducción por nacimiento y adopción del segundo o ulterior hijo*). **150 euro** for the second. **180 euro** for the third or more. **60 euro** more per child in multiple births. In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

In 2008, 2009 and 2010: same as in 2007.

49

Issue	There is no information in the data due to lack of data on newly registered professionals.
Assumption	Tax credit is not simulated
Impact	Unknown.

50

Issue	There is no information in the data on child care expenditure
Assumption	Child care amount is imputed in sheet s_es
Impact	Unknown.

2.6.7.5.15 Comunidad Valenciana

- a) **Child’s birth or adoption tax credit** (*Deducción por el nacimiento o adopción de hijos*): 260 euro per child born or adopted. In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them. Tax credit is compatible with other tax credits such as *Multiple children’s birth or adoption tax credit*, *Disabled child’s birth or adoption tax credit* and *Large families tax credit*.

Year:	2007	2008	2009	2010
Amount	260	265	270	270
(euro per year):				

In 2007 introduction of tax base limit: The sum of the ordinary tax base minus reductions (*base liquidable general*) and the savings tax base minus reductions (*base liquidable del ahorro*) must not exceed 26,711 euro (individual scheme) or 43,210 euro (joint scheme).

In 2008: The sum of the ordinary tax base minus reductions (*base liquidable general*) and the savings tax base minus reductions (*base liquidable del ahorro*) must not exceed 27,245 euro (individual scheme) or 44,074 euro (joint scheme).

In 2009 and 2010: The sum of the ordinary tax base minus reductions (*base liquidable general*) and the savings tax base minus reductions (*base liquidable del ahorro*) must not exceed 27,790 euro (individual scheme) or 44,995 euro (joint scheme).

- b) **Multiple children’s birth or adoption tax credit** (*Deducción por nacimiento o adopción múltiples*): 214 euro per child born in multiple births. In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

Year:	2007	2008	2009	2010
Amount	214	220	224	224
(euro per year):				

- c) **Disabled child’s birth or adoption tax credit** (*Deducción por nacimiento o adopción de hijos discapacitados*)⁵¹: 205 euro if first child born or adopted is disabled. 255 euro if a second or further child born or adopted is also disabled. In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

Year:	2007	2008	2009	2010
Amount				
(euro per year):				
First child	214	220	224	224
Second or further	265	270	275	275

- d) **Large families tax credit** (*Deducción por familia numerosa*): 190 euro if cohabiting individuals classify as a large family. 435 euro if 5 or more dependent children (special large families). In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

51

Issue There is no information in the data about disability of household members aged under 16.
 Assumption Tax credit is disregarded
 Impact Unknown, there aren’t statistics on the size of this tax credit

Year:	2007	2008	2009	2010
Amount (euro per year):				
Large family	190	200	204	204
Special large family	435	455	464	464

- e) **Disabled taxpayers 65 or more tax credit** (*Deducción por contribuyentes discapacitados de edad igual o superior a 65 años*). **171 euro** if disabled (33% or more⁵²) taxpayer 65 or more years of age.

Year:	2007	2008	2009	2010
Amount (euro per year):	171	220	179	179

- f) **Housework tax credit** (*Deducción por la realización por uno de los cónyuges de la unidad familiar de labores no remuneradas en el hogar*): **131 euro** if only one family member receives income from work and there are, at least, two cohabiting children. Taxpayer must be eligible for child tax allowance for each child generating the tax credit (see general conditions for child tax allowance eligibility). The couple cannot be divorced and children cannot work. The general tax base reduced by allowances must be below **22,650 euro**. No family member can obtain more than **322 euro** in capital gains⁵³.

Year:	2007	2008	2009	2010
Amount (euro per year):	131	150	153	153
Limit tax base	22,650	27,245	27,790	27,790
Limit capital gains	322	350	357	357

In 2007, 2008, 2009 and 2010: limit tax base is the sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*).

- g) **Child care for children below 3 years of age tax credit** (*Deducción or cantidades destinadas a la custodia en guarderías y centros de primer ciclo de educación infantil de hijos menores de tres años*): **15%** of expenditures in the tax period to take care of children below 3 years of age (maximum is **260 euro** for whatever scheme)⁵⁴. Parents must both work and the general tax base reduced by allowances must be below **26,711 euro** (individual scheme) and **43,210 euro** (joint scheme). Also the special tax base must

52

Issue There is no information in the data about the disability level
 Assumption All disabled with 33% of disability, hence this tax credit is simulated
 Impact Unknown.

53

Issue There is no information in the data about capital gains.
 Assumption No one receives capital gains.
 Impact Unknown.

54

Issue There is no information in the data on child care expenditure
 Assumption Child care amount is imputed in sheet s_es
 Impact Unknown.

not exceed 615 euro. In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

Year:	2007	2008	2009	2010
Maximum	260	265	270	270
Limit tax base (individual)	26,711	27,245	27,790	27,790
Limit tax base (joint)	43,210	44,074	44,955	44,955
Limit special tax base	--	--	--	--

In 2007, 2008, 2009 and 2010: limit tax base is the sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*).

- h) **Disabled parents over 75 years of age or over 65 and disabled tax credit** (*Deducción por ascendientes mayores de 75 años o mayores de 65 discapacitados*): 131 euro per elderly over 75 (or over 65 if disabled more than 33% (if psychic disability)⁵⁵ or more than 66% if physic disability) non cohabiting with taxpayer and whose non-exempt incomes are below 8,000 euro. Ordinary tax base before personal and family allowances must not exceed 26,711 euro (individual scheme) or 43,210 euro (joint scheme).

Year:	2007	2008	2009	2010
Amount	131	150	179	179
(euro per year):				
Limit tax base (individual)	26,711	27,245	27,790	27,790
Limit tax base (joint)	43,210	44,074	44,955	44,955

In 2007, 2008, 2009 and 2010: limit tax base is the sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) after allowances.

- i) **2007 Work-life balance tax credit** (*Deducción por conciliación del trabajo con la vida familiar*): Working mothers may benefit from a 400 euro tax credit per child of 4 years of age (over 3 and below 5 years of age). Taxpayer must be eligible for child tax allowance for each child generating the tax credit. In the case that two or more taxpayers are eligible for this tax credit, the total amount will be equally shared by them.

Year:	2007	2008	2009	2010
Amount	400	410	418	418
(euro per year):				

- j) **Renting first home tax credit** (*Por arrendamiento de vivienda habitual*): 10% of annual rent. Maximum: 194 euro per year. If in joint scheme tax credit will be multiplied by two if both taxpayers are eligible for the credit. Tax base (both ordinary and special tax base) before personal and family allowances must not exceed 26,711euro (individual scheme) or 43,210 euro (joint scheme). The date of the contract must be after 23th April 1998 and its duration is cannot be less than one year.

Year:	2007	2008	2009	2010
-------	------	------	------	------

55

Issue	There is no information in the data about the level or type (psychic or other) disability
Assumption	All disabled with 33% of “physic” disability, hence this element of the tax credit is not simulated
Impact	Unknown.

Amount	194	450	459	459
(euro per year):				
Limit tax base (individual)	26,711	27,245	27,790	27,790
Limit tax base (joint)	43,210	44,074	44,955	44,955

In 2008: the percentage increases to 15% of annual rent. Maximum: 450 euro per year. 20% of annual rent for taxpayers below 35 years of age or disabled (maximum 600 euro). 25% of annual rent for taxpayers below 35 years of age and disabled, maximum 750 euro. If in joint scheme tax credit will be multiplied by two. The sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) minus allowances must not exceed 27,245 euro (individual scheme) or 44,074 euro (joint scheme).

In 2009 and 2010: the percentage increases to 15% of annual rent. Maximum: 459 euro per year. 20% of annual rent for taxpayers below 35 years of age or disabled (maximum 612 euro). 25% of annual rent for taxpayers below 35 years of age and disabled, maximum 765 euro. If in joint scheme tax credit will be multiplied by two. The sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) minus allowances must not exceed 27,790 euro (individual scheme) or 44,955 euro (joint scheme).

- k) **2008 Renting housing for activities in different municipalities' tax credit** (*Deducción por arrendamiento de una vivienda, como consecuencia de la realización de una actividad, por cuenta propia o ajena, en distinto municipio*)⁵⁶: 10% of annual rent for taxpayers renting housing for activities in different municipalities (more than 100 km of distance between municipalities). Maximum: 200 euro per lease (individual and joint scheme). The sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) must not exceed 27,245 euro (individual scheme) or 44,074 euro (joint scheme). In the joint scheme the limit of this tax credit will be 200 euro times the number of eligible individuals in the household.

In 2009 and 2010: Maximum: 204 euro per lease (individual and joint scheme). The sum of the ordinary (*base imponible general*) and the savings tax base (*base imponible del ahorro*) must not exceed 27,790 euro (individual scheme) or 44,955 euro (joint scheme). In the joint scheme the limit of this tax credit will be 204 euro times the number of eligible individuals in the household.

- l) **2009 Mortgage cost increase tax credit** (*Deducción por el incremento de los costes de la financiación ajena en la inversión de la vivienda habitual*)⁵⁷: Ordinary tax base before personal and family allowances must not exceed 25,000 euro (individual scheme) or 40,000 euro (joint scheme). This tax credit is calculated using information on interest rates paid for main residence mortgage with the limit of 9,015 euro. The interest rate quantity will be multiplied by 0.8 until 4,507 euro and 0.85 for over that value until a maximum of 9,015 euro. To obtain the tax base the result of the previous

⁵⁶

Issue	There is no information in the data about whether municipality of residence and work are different.
Assumption	All individuals are assumed to work in the same municipality as of residence. Hence, this tax credit is not simulated.
Impact	Unknown.

⁵⁷

Issue	There is no information in the data on interest rates of the mortgage deed
Assumption	Not simulated
Impact	Unknown

calculation will be furtherly multiplied by 0.33. In order to obtain the percentage of tax credit we should divide the mean value of EURIBOR (1 year) by the mean value of EURIBOR (1 year) in 2007 (see publications of Bank of Spain). The result of the previous fraction multiplied by 100 will be the tax credit rate by which one should multiply the tax base to obtain the tax credit value.

In 2010: same as in 2009.

- m) **2010 For quantities received from public benefits towards maternity** (*Deducción por cantidades procedentes de ayudas públicas concedidas por la Generalitat en concepto de protección a la maternidad*)⁵⁸: 270 euro per taxpayer if receiving public benefits related to the new law in Comunidad Valenciana for Maternity Protection. Ley 6/2009, de 30 de junio, de la Generalitat, de protección a la maternidad.

- i) **2010 For low-income families with two or more children** (*Deducción autonómica por contribuyentes con dos o más descendientes*): 10% of the Autonomous Community tax payment after reducing all other regional tax credits (*cuota líquida autonómica*). Eligible taxpayers are those who have two or more children qualifying for child allowance and the sum of the ordinary (base imponible general) and the savings tax base (base imponible del ahorro) must not exceed 24,000 euro (sum of two parents tax bases if in individual scheme).

3. DATA

3.1 General description

The EUROMOD database is drawn from the Spanish version of The European Statistics on Income and Living Conditions survey (EU-SILC). This is the main European Union reference source for comparative statistics on income distribution and social exclusion at European level. EU-SILC data refer to both cross-sectional and longitudinal dimensions. The cross-sectional is set up over a certain period of time (annually) with information on household socioeconomic and demographic characteristics, individual income and other interesting information on living conditions. The longitudinal nature of the survey allows following the same person over a period of time in order to study how their life changes when socioeconomic or demographic conditions change or policies are modified.

The EU-SILC provides information on the individuals' level of income and its components, the evolution of income over time and household financial situation. It also contains information on short-term movements linked to employment such as several types of unemployment (short duration, long duration and part time employment), return to work from occasional unemployment, causes and characteristics of part time employment. Concerning retirement, pensions and socio-economic situation of elderly, there are differences according to retirement regimes for people over 50, the factors determining early retirement, distribution of the main sources of income of elderly, composition of retirement pensions according to socio-economic and sociodemographic, evolution of retirement pensions over time, by age groups, distribution and evolution of income from pension plans or private insurance, etc. The survey also covers

58

Issue	There is no information in the data on receiving these public benefits.
Assumption	Tax credit is not simulated
Impact	Unknown.

some aspects related to migration, health, intergenerational transmission of poverty and social participation.

Table 21. EUROMOD database description

	Year 2008
EUROMOD database	ES_2008
Original name	National-SILC
Provider	Eurostat
Year of collection	2008
Period of collection	2008
Income reference period	2007
Coverage	Private households
Sample size	households: 13,014 individuals: 35,858
Response rate	Household non-response rate: either 37.96 or 43.13 depending on the rotation group (All households) and 42.21 (original households) Overall individual non-response rate: either 38.39 or 44.86 depending on the rotation group (All households) and 44.04 (original households)

Notes: Information on response rates come from the Final Quality Report Survey on Income and Living Conditions Spain (Spanish ECV 2008), INE, Madrid, December 2010.

3.2 Sample quality and weights

3.2.1 Non-response

Three types of non-response are observed in the EU-SILC in households that have been selected for the survey and given a number of questionnaires. One for the household information (H file) and one for every single member considered as an adult i.e. aged 16+ (P file). If the household gives information on its household questionnaire and at least one of the individual ones then the household is said to be a collaborating household. However, we may find individuals providing partial information (partial non-response) and those who have some individual questionnaire with no answers at all (individual non-response). When the household does not give any answer to the questionnaires (non collaborating household), we have a unit non-response.

To correct these three types of non-response the following methods are implemented by the Spanish Statistical Office:

For partial non-response, IVE imputation is used. For individual non response, an inflation factor is defined in order to increase the total household income at micro level. Finally when unit non-response occurs a reweighting method is used.

- a) IVE imputation Solution for partial non-response: this method uses information on the same individual on the previous wave. If this information is not available or is available but imputed, IVEware is used. IVEware is a SAS callable software application that can

perform multiple imputations of missing values using the Sequential Regression Imputation Method described in the article “A multivariate technique for multiply imputing missing values using a sequence of regression models” by Raghunathan, Lepkowski, Van Hoewyk and Solenberger (Survey Methodology, June 2001). This multivariate method can handle relatively complex data structures. It uses random perturbations to create imputations through a sequence of univariate regressions. The type of regression model used depends on the variable being imputed. The imputations are defined as draws from the predictive distribution specified by the regression model. The sequence of imputing missing values could be continued in a cyclic manner, each time overwriting the previously drawn values to build more independence and exploit the correlational structure.

- b) In the case of individual non-response, individuals are imputed their group mean. Groups are defined using certain variables from R-file, such as sex, age, activity, number of children, household type, etc., and assigning the personal income mean value of the group where the individual belongs to.
- c) Unit non-response: using reweighting methods

3.2.2 Weights

The original sample consists of 13,014 households (35,970 individuals). Of these, no households reported missing adjustment income factor and missing household income. These households were excluded from EUROMOD input data.

The weights provided by the EU-SILC are household weights aiming to correct for selective non-response and panel attrition. In EUROMOD these weights have been scaled up to offset the exclusion of households from the original sample. No re-weighting was performed.

Children born in 2008 (112 observations) were also excluded from the sample. However the weights were not scaled up to reflect this exclusion. As a result, the sample used in the model is of 13,014 households (35,858 individuals) projecting a population of 44,953,420 individuals instead of 45,109,464 which would include children born in 2008. Table 9 presents some basic descriptive statistics for the grossing-up weight.

Table 22. Descriptive Statistics of the Grossing-up weight

	ES_2008
Number	35,858
Mean	1,253.65
Median	1,014.14
Maximum	14,779.86
Minimum	4.13245
Max/Min	3,576.536
Decile 1	237.7563
Decile 9	2,510.367
Dec 9 / Dec1	10.55

3.2.3 Item non-response and under-reporting

Comparison of the Spanish version of EU-SILC with external sources is rather difficult because most often income definitions do not match. The difficulty generally stems from the definition of the income component itself and from the way an amount is expressed (external sources usually provide gross figures). Further, an increasingly large proportion of social transfers are

managed by Autonomous Communities which makes it particularly hard to bring all the available information together. Nevertheless, we would like to provide some hints on the validity of the income data from EU-SILC using other information sources.

If we compare the constructed gross income data from EU-SILC (see Paniagua, M. and Méndez, J. (2008)) with those provided by National Accounts data available at the INE (Instituto Nacional de Estadística) we find that total national cash employee income amounts are pretty similar: 294,321 million euro (year 2005) in EU-SILC and 288,640 million euro (year 2003) for National Accounts.

The general conclusions on income non-response in the EU-SILC 2008 from the yearly Quality Report of the Spanish version indicate that almost every household in the sample declared to have received some income (99.7%) during the year. If we take into account the income components at household level, we can say that the sources with more recipients are net interest, dividends, and profits from capital investment in unincorporated business (39.1%) and repayments/receipts for tax adjustments (72%). The percentage of households with partial information (41.7%) is due to total disposable household income being a sum of several components, where some of them can be imputed, as it also happens for repayments/receipts for tax adjustments (2%). For capital income (38.6%) it is mainly due to collecting the information with intervals. This is the explanation for net income from rental of a property or land (10.6%) and regular taxes on wealth (14.8%) as well. Now, if we consider the income components at personal level as our main target, we can see that almost half of the individuals providing with individual questionnaires in the sample receive net cash or near cash employee income (47.1%). Apart from employee income, net old-age (20.2%) and gross monthly earnings for employees (47.1%) are significantly important as income sources for these individuals. And also the percentage of persons with total information is quite high.

However, the weak point is the self-employment income component, where the percentage of missing values is 20% (which implies more imputation), and the partial information (50.2%) is large as well due to intervals and the component being split into benefits, losses and reductions.

3.3 Data adjustment

In order to make compatible 2007 income with 2008 demographic information, EUROMOD variable reporting individual age (dag) is taken from EU-SILC variable “age at the end of the income period” (RX020). Children born in 2007 (by definition would be aged -1) were dropped from the sample (c.f. section 3.1 for information about its impact on the sample size).

3.4 Imputations and assumptions

3.4.1 Time period

Reference period of income variables (previous year) is different from the socio-demographic, labour and economic characteristics (at time of the interview). The reconciliation of these variables was limited to cases where this inconsistency would undermine the reliability of simulated policies (e.g., the simulation of social contributions may be affected if an individual reporting earnings do not report labour market information due to changes in employment status between income reference period and the time of interview). For details on the number of observations affected and on how these incomes were reconciled see the DRD.

All monetary amounts in the EU-SILC are expressed in annual terms. These are converted into (average) monthly terms dividing them by 12. In the EUROMOD calculations it is implicitly assumed that income is received at the same rate throughout the year. In order to improve the quality of simulation of policies based on monthly income and with duration that may be lower than 12 months in a year (e.g., social contributions and unemployment benefit) variables

reporting the number of payments are constructed for key income sources (in particular employment and self-employment income, unemployment benefits and pensions).

3.4.2 Gross incomes

In the EU-SILC 2008, income variables for Spain are available gross of taxes. Such variables were imputed by the Spanish Statistical Institute based on reported net income. For more information on the net to gross imputation see Paniagua and Méndez (2008).

3.4.3 Other imputed variables

- Education status and years of education: in the case where information is missing (e.g., children aged under 16) it is imputed according to age and the Spanish education system (for more details see the DRD).
- Incomes reported at the household level: are assigned either to the most appropriate household member or to first member closer to age 45 (for more details see the DRD).
- Benefits aggregated in a single variable: are splitted combining EU-SILC and external information (for more details see the DRD).

3.5 Updating

The factors that are used to update monetary variables from the data year (2007) to 2008-2010 are shown in Table 23.

No other updating adjustments are employed. Thus the distribution of characteristics (such as employment status and demographic variables), as well as the distribution of each income source, that is not simulated remain as they were in 2007.

Table 23. Updating factors

Variable	Income Source/index type	2008	2009	2010
Default factor	Eurostat / Harmonized Indices of Consumer Prices (HICP) http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/data/database	104.09	103.79	105.63
bch	Nominal increase child benefit	111.82	112.12	115.33
bch00	Nominal increase child benefit	111.82	112.12	115.33
bchot	Nominal increase other child benefits (lump-sum payments at birth)	105.15	109.36	110.99
bed	Consumer Price Index	104.09	103.79	105.63
bho	Consumer Price Index	104.09	103.79	105.63
bsa	Consumer Price Index	104.09	103.79	105.63
bunct	Minimum wage increase	105.15	109.36	110.99
bunnc	Increase in IPREM	103.55	105.62	106.67
kfb	Consumer Price Index	104.09	103.79	105.63
kivho	Consumer Price Index	104.09	103.79	105.63
pdi	Consumer Price Index	104.09	103.79	105.63
phl	Consumer Price Index	104.09	103.79	105.63
poa00	Consumer Price Index from November to November	102.38	102.69	105.09
poacm	Nominal increase Minimum Contributory Pension + depsp	108.70	114.87	119.66
poanc	Nominal increase NC Old-age Minimum Pension	105.10	107.60	108.70
psuot	Consumer Price Index from November to November	102.38	102.69	105.09
psuwd00	Consumer Price Index from November to November	102.38	102.69	105.09
psuwdcn	Nominal increase Widow's Minimum Pension	115.99	122.99	128.49

tad	Consumer Price Index	104.09	103.79	105.63
tin	Consumer Price Index	104.09	103.79	105.63
tis	Consumer Price Index	104.09	103.79	105.63
tpr	Consumer Price Index	104.09	103.79	105.63
tscee	Consumer Price Index	104.09	103.79	105.63
tscer	Consumer Price Index	104.09	103.79	105.63
tscese	Consumer Price Index	104.09	103.79	105.63
twl	Consumer Price Index	104.09	103.79	105.63
yds	Consumer Price Index	104.09	103.79	105.63
yem	Eurostat / Labour market / Labour costs - Labour cost index - Annual data <a href="http://eppeurostateeuropaeu/portal/page/portal/labour_marke
t/labour_costs/database">http://eppeurostateeuropaeu/portal/page/portal/labour_marke t/labour_costs/database	108.51	106.38	112.77
yivwg	Eurostat / Labour market / Labour costs - Labour cost index - Annual data <a href="http://eppeurostateeuropaeu/portal/page/portal/labour_marke
t/labour_costs/database">http://eppeurostateeuropaeu/portal/page/portal/labour_marke t/labour_costs/database	108.51	106.38	112.77
yy	Consumer Price Index	104.09	103.79	105.63
yot	Consumer Price Index	104.09	103.79	105.63
ypp	Consumer Price Index	104.09	103.79	105.63
ypr	Consumer Price Index	104.09	103.79	105.63
yprrt	Consumer Price Index	104.09	103.79	105.63
ypt	Consumer Price Index	104.09	103.79	105.63
yse	Consumer Price Index	104.09	103.79	105.63
yunsv	Consumer Price Index	104.09	103.79	105.63
afc	Consumer Price Index	104.09	103.79	105.63
xhc	Consumer Price Index	104.09	103.79	105.63
xhcmomi	Consumer Price Index	104.09	103.79	105.63
xhert	Consumer Price Index	104.09	103.79	105.63
xmp	Consumer Price Index	104.09	103.79	105.63
xpp	Consumer Price Index	104.09	103.79	105.63

Notes: for further details see the DRD

4. VALIDATION

4.1 Aggregate Validation

4.1.1 Input data: a comparison with original EU-SILC

Table 24 and Table 25 show the number of recipients and aggregate amounts of different income sources available in EUROMOD's input data. These incomes are used by the model but are not simulated.

Due to dropping a few observations and re-weighting the sample, the number and average amount of the different income sources in the input database of EUROMOD are slightly different from those in the original EU-SILC. This is the case, for example, for employment and self-employment income. The number of recipients and aggregate amounts are further different in the case of income sources that are reported in the EU-SILC at the household level and which were assigned to particular individuals in the EUROMOD input data. Some examples of this are investment, property and other incomes.

Finally, some income sources in the EUROMOD input database were derived from EU-SILC aggregate variables that include more than one type of income. For example, severance

payments, included in the EU-SILC together with unemployment benefits (variable py090g) were split for EUROMOD.

Table 24. Market Income – Number of recipients

	EUROMOD Simulation Baseline	2008	2009	2010	EU-SILC Baseline	ratio
Original income	27,305	27,307	27,307	27,307	24,964	109%
Employment	19,169	19,169	19,169	19,169	19,435	99%
Self-employment	2,892	2,892	2,892	2,892	2,954	98%
Investment	9,350	9,350	9,350	9,350	5,506	170%
Property	1,768	1,768	1,768	1,768	1,048	169%
Private pension	231	231	231	231	231	100%
Private transfers	433	433	433	433	433	100%
Other	537	537	537	537	330	163%
Severance payments	78	78	78	78		
Paid private transfers	1,013	1,013	1,013	1,013	1,013	100%
In-kind income						
Fringe benefits	2,749	2,749	2,749	2,749	2,768	99%
Imputed housing income	25,617	25,617	25,617	25,617		

Table 25. Market Income – Aggregate amounts

	EUROMOD Simulation Baseline	2008	2009	2010	EU-SILC Baseline	0 ratio
Market Income						
Original income	402,588	434,553	426,931	450,294	403,358	100%
Employment	350,710	380,555	373,085	395,495	351,890	100%
Self-employment	38,753	40,336	40,223	40,935	39,239	99%
Investment	4,234	4,407	4,395	4,472	4,234	100%
Property	7,851	8,171	8,148	8,293	7,851	100%
Private pension	1,502	1,564	1,559	1,587	1,502	100%
Private transfers	1,916	1,994	1,989	2,024	1,916	100%
Other	266	276	276	281	266	100%
Severance payments	904	941	938	955		
Paid private transfers	3,547	3,692	3,681	3,746	3,547	100%
In-kind income						
Fringe benefits	4,613	4,801	4,788	4,872	4,623	100%
Imputed housing income	85,948	89,459	89,208	90,787		

4.1.2 Simulated and non-simulated pensions and benefits

Table 26 and Table 27 show the number of recipients and aggregate amounts of pensions and benefits from EUROMOD's input database and those from external sources. Some of these benefits are simulated, others are not. In aggregate terms, pensions seem to be well represented in the EU-SILC and EUROMOD input data (98% in 2007). However, by type of pension there is a considerable mismatch between the data and the official external sources. The main reason for this is that, contrary to official statistics, disability and survivor pensions of people aged 65 or more are classified as old-age pensions in the EU-SILC. As a result, both the number of disability and survivor pensions and its aggregate amounts are slightly underestimated (old-age pensions are, in contrast, overestimated, particularly in total aggregate amount, a 114%).

Pension complements were derived from the original EU-SILC data using a splitting procedure (see the DRD for more on this). The results suggest that overall the number of pension complements and its aggregate amount are overestimated in the input data. Results are considerably worse when broken down by type of pension (do notice that disability pension complements were not derived).

Pension complements are simulated in the model computing the eligibility as a combination of being reported in the input data (i.e. only those who report pension complement are considered) and the income test (which is fully simulated). The amount of the complement is also simulated by the model. Therefore, the number of recipients in the EUROMOD simulation is very similar to those in the input data. However, since the EU-SILC considers survivor pensions of those aged 65 or more are considered as old-age benefits the distribution between old-age and survivor complement in EUROMOD is clearly incorrect.

Old-age non-contributory (assistance) pension was also derived from the EU-SILC aggregate variable py100g. Figures suggest that the number and aggregate amount are underestimated. Old-age assistance is simulated following the same approach as pension complements: eligibility is taken from data but combined with an income test that is simulated by the model. The amount of the benefit is also simulated. According to results, on aggregate, the number of benefit recipients and aggregate amounts seem to be underestimated in EUROMOD in comparison with external data (56% and 60% respectively).

The number of recipients and the amounts received of sickness benefits in the input data as shown in Table 26 and Table 27 are significantly underestimated compared to external sources. This comes about because external data are constructed using sickness episodes along the year and there are no available external data that allow for the identification of the number of individuals experiencing various episodes along the year. Further, many individuals in the input data may declare income from sickness benefits as employment income.

Family benefits are clearly underreported in the EU-SILC data. The number of recipients in the data is about three quarters of those according to official statistics while the aggregate amount is slightly lower (59%).

Child benefits are fully simulated in EUROMOD. Overall the number of recipients and aggregate amounts simulated are slightly below official statistics and substantially higher than in the input data. By benefits, the national and disability child benefit results are not strictly comparable with official statistics: simulated results are computed per recipient (usually household) while official statistics are per child. As for regional child benefits, although the sample size is not large enough to be representative at the regional level, overall the number and average amounts are seem rather comparable to the sum of regional official statistics (regional details not in tables).

Unemployment benefits are simulated following the same approach as pension complements and old-age assistance – eligibility is taken from data but combined with an income test that is simulated by the model, and the amount of the benefit is fully simulated. Unemployment benefit data results are not strictly comparable to official statistics. While the former computes the annual number of recipients and aggregate benefit amounts, the latter shows the average number of recipients along the year and the annualized amount of expenditure on any given month during the year. As a result, it is not surprising that data results show a larger number of recipients and a lower average amount.

Regional social assistance benefits are fully simulated in EUROMOD (i.e., eligibility is not conditional on being reported in the data or other ad hoc condition). As a result, the number of recipients computed by the simulation reflects the theoretical entitlement (i.e., it doesn't account for non take up and administrative procedures that limit the number of actual recipients). Results in Table 26 show that the number of recipients and the aggregate amount of expenditure in this benefit is largely overestimated by EUROMOD. Thus regional social assistance benefits are significantly underestimated in the input database compared to external sources; this is most likely to be due to a generalized low benefit take-up rate in Spain.

The number of housing benefits in EUROMOD data is 60% over that in the input data, while aggregate expenditures is quantities are the same. Take into account that very few people in Spain receive housing benefit and their quantities tend to be small.

Table 26. Benefits – Number of recipients

	EUROMOD Simulation Baseline	2008	2009	2010	External statistics Baseline	2008	2009	2010	Ratio Baseline	2008	2009	2010	EU-SILC Baseline	0 ratio
Pensions	8,034	8,034	8,034	8,034	8,274	8,391	8,532	8,364	97%	96%	94%	96%	8,187	98%
Old-age benefits	5,614	5,614	5,614	5,614	5,573	5,637	5,733	5,827	101%	100%	98%	96%	6,862	82%
Old-age pension	5,462	5,462	5,462	5,462	4,863	4,937	5,039	5,141	112%	111%	108%	106%		
NC old age pension (s)	152	152	152	152	271	265	261	257	56%	57%	58%	59%		
Old age pension complement (s)	1,676	1,676	1,676	1,676	1,369	1,332	1,362	1,385	122%	126%	123%	121%		
Other old age benefits	102	102	102	102	439	435	433	430	23%	23%	23%	24%		
Disability benefits	1,059	1,059	1,059	1,059	1,161	1,167	1,173	1,178	91%	91%	90%	90%	893	119%
Disability pension					889	907	921	934						
NC disability benefit					203	199	197	196						
Disability pension complement					54	58	73	90						
Other disability benefits					69	61	55	48						
Survivor's pension	1,991	1,991	1,991	1,991	2,522	2,547	2,572	2,597	79%	78%	77%	77%	490	406%
Survivor's pension					2,522	2,547	2,572	2,597						
Widow's pensions	1,812	1,812	1,812	1,812	2,226	2,250	2,270	2,290	81%	81%	80%	79%		
Orphan's pensions	186	186	186	186	258	259	264	269	72%	72%	71%	69%		
Widow's pension complement (s)	515	515	515	515	782	746	756	768	66%	69%	68%	67%		
Pre-retirement pensions														
Sickness benefit	566	566	566	566	8,041	7,695	6,988	6,041	7%	7%	8%	9%	566	100%

EUROMOD Country Report – SPAIN

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		EUROMOD Simulation Baseline	2008	2009	2010	External statistics Baseline	2008	2009	2010	Ratio Baseline	2008	2009	2010	EU-SILC Baseline	0 ratio
Unemployment benefit	(s)	1,868	1,866	1,868	1,866	1,421	1,815	2,896	3,293	131%	103%	65%	57%	2,109	89%
Unemployment insurance	(s)	1,515	1,515	1,515	1,515	780	1,101	1,625	1,472	194%	138%	93%	103%		
Unemployment assistance	(s)	363	360	363	360	576	646	961	1,445	63%	56%	38%	25%		
Income guarantee benefit						66	68	96	126						
Temporary Unemployment Protection Program	(s)			27	26			215	250			13%	10%		
Family Benefits		1,408	1,736	1,771	1,742	1,874	2,650	2,618	2,759	75%	65%	68%	63%	692	203%
Child benefit - without disability	(s)	595	657	673	652	729	779	852	965	82%	84%	79%	68%		
Child benefit - with disability	(s)	164	164	173	167	229	236	246	255	72%	70%	70%	65%		
Birth/adopt. benefits	(s)		463	463	463		483	443	455		96%	105%	102%		
Birth and adoption benefits	(s)	7	17	17	17		10	9	8		178%	192%	204%		
Regional benefits	(s)	380	474	405	470	411	478	420	450	92%	99%	96%	104%		
Other family benefits		352	352	352	352										
Maternity Benefits						505	650	628	625						
Maternity benefit						332	358	341	333						
Paternity benefit						173	280	273	276						
Risk during pregnancy benefits							12	14	17						
NC Maternity															
Social Assistance	(s)	128	128	128	128	103	114	157	193	124%	112%	81%	66%	128	100%
Minimum Income Guarantee	(s)	707	700	732	721	103	114	157	193	686%	613%	467%	374%		
Housing Benefit		272	272	272	272									163	167%
Education benefits		597	597	597	597									597	100%
Other benefits						618	612	608	610						

Table 27. Benefits – Aggregate amounts

	EUROMOD Simulation Baseline	2008	2009	2010	External statistics Baseline	2008	2009	2010	Ratio Baseline	2008	2009	2010	EU-SILC Baseline	0 ratio
Pensions	81,560	83,680	83,903	85,795	78,039	84,540	90,071	94,624	105%	99%	93%	91%	87,255	93%
Old-age benefits	65,504	67,411	67,930	69,591	54,880	59,551	63,595	67,002	119%	113%	107%	104%	76,413	86%
Old-age pension	59,075	60,483	60,666	62,081	51,746	56,295	60,253	63,624	114%	107%	101%	98%		
NC old age pension	(s) 712	800	815	826	1,185	1,220	1,228	1,223	60%	66%	66%	68%		
Old age pension complement	(s) 4,463	5,210	5,840	6,136	3,021	3,427	3,702	3,945	148%	152%	158%	156%		
Other old age benefits	1,029	1,081	1,107	1,118	1,949	2,036	2,114	2,155	53%	53%	52%	52%		
Disability benefits	8,721	9,077	9,052	9,212	10,403	11,133	11,684	12,076	84%	82%	77%	76%	7,406	118%
Disability pension					9,466	10,175	10,720	11,109						
NC disability benefit					890	917	928	933						
Disability pension complement					83	104	145	100						
Other disability benefits					47	41	36	34						
Survivor's pension	14,015	14,523	14,652	15,027	16,827	18,070	19,098	19,891	83%	80%	77%	76%	3,436	408%
Survivor's pension														
Widow's pensions	11,942	12,226	12,264	12,550	15,526	16,663	17,605	18,330	77%	73%	70%	68%		
Orphan's pensions	793	812	814	833	1,087	1,180	1,257	1,319	73%	69%	65%	63%		
Widow's pension complement	(s) 1,469	1,699	1,945	2,088	1,924	2,132	2,367	2,566	76%	80%	82%	81%		
Pre-retirement pensions														
Sickness benefit	2,672	2,781	2,773	2,822	7,254	7,534	7,176	7,373	37%	37%	39%	38%	2,672	100%

EUROMOD Country Report – SPAIN

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		EUROMOD Simulation Baseline	2008	2009	2010	External statistics Baseline	2008	2009	2010	Ratio Baseline	2008	2009	2010	EU-SILC Baseline	ratio
Unemployment benefit	(s)	7,848	8,180	8,428	8,527	11,038	15,511	22,651	23,996	71%	53%	37%	36%	8,942	88%
Unemployment insurance	(s)	6,439	6,727	6,938	7,027	8,033	12,410	18,923	17,359	80%	54%	37%	40%		
Unemployment assistance	(s)	1,409	1,453	1,490	1,499	2,690	2,769	3,091	4,895	52%	52%	48%	31%		
Income guarantee benefit						315	332	443	465						
Temporary Unemployment Protection Program	(s)			55	55			194	1,278			28%	4%		
Family Benefits		1,794	3,175	3,262	3,201	3,026	4,820	4,770	5,002	59%	66%	68%	64%	1,659	108%
Child benefit - without disability	(s)	268	335	346	332	204	238	262	320	132%	141%	132%	104%		
Child benefit - with disability	(s)	615	647	681	655	724	811	855	888	85%	80%	80%	74%		
Birth/adopt. benefits	(s)		1,183	1,183	1,183		1,208	1,121	1,137		98%	105%	104%		
Birth and adoption benefits	(s)	3	18	18	18	39	22	23	23	8%	83%	79%	80%		
Regional benefits	(s)	276	331	323	328	256	326	320	349	108%	102%	101%	94%		
Other family benefits		625	657	683	693										
Maternity Benefits						1,784	2,199	2,167	2,287						
Maternity benefit						1,589	1,857	1,839	1,821						
Paternity benefit						123	212	220	226						
Risk during pregnancy benefits						72	129	106	239						
NC Maternity						0	1	2	1						
Social Assistance	(s)	344	358	357	363	418	441	619	767	82%	81%	58%	47%	344	100%
Minimum Income Guarantee	(s)	2,368	2,469	2,625	2,638	418	441	619	767	567%	560%	424%	344%		
Housing Benefit		351	365	364	371									351	100%
Education benefits		905	942	940	956									905	100%
Other benefits						60	51	47	39						

4.1.3 Simulated taxes and social contributions

Table 28 and Table 29 show the number and aggregate amounts of social contributions and income tax in EUROMOD's input database, EU-SILC and official statistics. Social contributions are fully simulated in EUROMOD by separating employees in full-time or part-time work and using the information in EU-SILC on sector of activity (3 groups), occupation (10 groups) and maximum level of education achieved (6 levels).

EU-SILC reports income tax and employee social contributions in a single variable (hy140g) and final income tax adjustment in another variable (hy145n). Both variables are reported at the household level, and in order to compute results were assigned to one individual in each household. As in many cases more than one household member actually pays income tax or contributions it is not surprising that the number of taxpayers is underestimated and the average overestimated.

The first row in Table 28 and Table 29 reports the number of contributors and average amount of social insurance contributions simulated by EUROMOD.

According to results, the number and average amount of employee and employer contributions simulated by EUROMOD are slightly overestimated but this is due to the nature of external data. External data count the number of contributing individuals as a mean of the year. Given that EUROMOD simulates all contributors to the Social Security System along the year, the number simulated by EUROMOD must clearly be significantly larger than that obtained from a mean of a cross-section of contributors along the year. A further source of disagreement in these numbers is the fact that we must approximate the external aggregate value of civil servants' contributions given that in EUROMOD civil servants are indistinguishable from private sector workers. Thus, our external aggregates include an approximation of civil servants' employer contributions and also real employee civil servants' contributions as if they were private employees. Further, some effect of black economy in the labour market may also be pushing total aggregate social contributions upwards in EUROMOD in comparison with external statistics.

The number and average amount of self-employed contributions simulated by EUROMOD are slightly lower than official statistics. As for the number of contributions this may be due to some self-employee failing or refusing to report their earnings. The fact that the average contribution is lower in EUROMOD is consistent with the fact that in the simulation it is assumed that all self-employed opt for paying the minimum contribution.

Table 28 and Table 29 also show the number of taxpayers and the aggregate amount of income tax and some of its key components simulated by EUROMOD.

As explained in section 1.5, the income tax rules are different for the Basque country and Navarra. Nevertheless, for simplicity, we currently do not account for this. As a result, we apply the income tax rules of the common fiscal territory (i.e., all other Spanish regions) on the whole Spanish sample. Since the simulation results for the Basque country and Navarra income tax are not comparable with the official statistics, most figures presented correspond only to the common fiscal territory.

Results suggest that, overall, EUROMOD captures correctly the number of taxpayers. However, the average amount of simulated taxes is lower than reported in official statistics (70%). Table 28 and Table 29 also show that the model's accuracy predicting the aggregate amount of income tax increases from 70% in 2007 to 103% in 2010. The main cause of this fall seems to be a significant increase in investment income that is not captured by EUROMOD.

Comparing the number and aggregate amounts of the components of taxable income, it becomes clear that a key reason for the underestimation of the amount of income tax is the underreporting

of capital income (investment and property income) and the absence of property gains information in the data.

The number and average amount of the main tax allowances (personal, family and employment) in EUROMOD is quite close to the official statistics. However, results underestimate the aggregate tax base and the “gross” income tax (income tax before tax credits). Again this is likely to be due to data limitations with capital income and property gains.

Using new data in EU-SILC 2008, the mortgage tax credit is simulated. This tax credit is underestimated in the number of taxpayers (68%) that use it and in the aggregate amount (51%) in comparison with official statistics. Finally, the refundable child tax credit (paid to working mothers with children under 3 years of age) is underestimated in number but is similar to official statistics in aggregate amount. Further analysis will be carried out to find the cause of such difference.

Table 28. Taxes and contributions – Number of payers

		EUROMOD Simulation Baseline	2008	2009	2010	External statistics Baseline	2008	2009	2010	Ratio Baseline	2008	2009	2010	EU-SILC Baseline	0 ratio
Income tax + contributions	(s)	24,302	24,336	24,358	24,459									14,829	164%
Social contributions						21,088	21,032	20,495	20,025						
Employer		19,169	19,169	19,169	19,169	17,705	17,654	17,281	16,899	108%	109%	111%	113%		
Employees		19,496	19,496	19,496	19,496	17,705	17,654	17,281	16,899	110%	110%	113%	115%		
Self-employed regime(1)		2,759	2,759	2,759	2,759	3,383	3,378	3,214	3,126	82%	82%	86%	88%		
Income tax	(s)	17,629	16,967	16,905	18,253	19,832	20,849	20,817		89%	81%	81%			
All regions but P. Vasco and Navarra	(s)	16,333	15,713	15,657	16,928	18,703	19,389	19,315		87%	81%	81%			
P. Vasco	(s)	1,009	974	968	1,030	1,129	1,171	1,171		89%	83%	83%			
Navarra	(s)	287	279	279	295	327	330	330		88%	85%	85%			
Taxable income	(s)	16,273	15,652	15,595	16,864	18,703	19,389	19,315		87%	81%	81%			
Work income	(s)	15,166	14,682	14,608	15,731	16,225	16,859	16,751		93%	87%	87%			
Investment income	(s)	4,379	4,246	4,238	4,493	16,394	17,112	16,959		27%	25%	25%			
Property income	(s)	1,004	990	990	1,023	1,452	1,514	1,545		69%	65%	64%			
Self-employment income	(s)	1,331	1,180	1,203	1,362	3,134	3,102	3,013		42%	38%	40%			
Imputed income						4,852	5,155	5,420							
Property gain or loss						2,821	2,371	1,872							
Personal and family allowances	(s)	16,333	15,713	15,657	16,915	18,693	19,384	19,313		87%	81%	81%			
Work allowance	(s)	16,324	15,713	15,657	16,927	16,865	17,532	17,456		97%	90%	90%			
Other allowances															
Private contribution allowance						4,363	4,325	4,219							
Maintenance payment allowance						66	66	68							
Tax base	(s)	16,333	15,713	15,657	16,928	18,007	18,671	18,491		91%	84%	85%			
Gross income tax	(s)	16,333	15,713	15,657	16,928	18,703	19,389	19,315		87%	81%	81%			
Tax credits	(s)	16,333	15,713	15,657	16,924										
Mortgage	(s)	4,417	4,283	4,228	4,642	6,521	6,516	6,183		68%	66%	68%			
Other	(s)		13,542	13,452	3,047		15,227	15,014			89%	90%			
Working mother tax credit	(s)	433	413	425	503	765	827	844		57%	50%	50%			
Property tax		533	533	533	533									533	100%

Table 29. Taxes and contributions – Aggregate amounts

		EUROMOD Simulation Baseline	2008	2009	2010	External statistics Baseline	2008	2009	2010	Ratio Baseline	2008	2009	2010	EU-SILC Baseline	ratio
Income tax + contributions	(s)	83,452	86,145	85,016	101,073	104,767	104,954	98,011	94,577	80%	82%	87%	107%	73,796	113%
Social contributions						105,963	108,584	115,736	112,817						
Employer		101,676	109,190	108,031	113,769	79,159	80,586	86,610	85,216	128%	135%	125%	134%		
Employees		21,757	23,410	23,189	24,415	16,908	17,374	18,326	17,109	129%	135%	127%	143%		
Self-employed regime(1)		7,295	7,440	7,587	7,664	9,896	10,624	10,800	10,492	74%	70%	70%	73%		
Income tax	(s)	54,399	55,295	54,239	68,994	77,964	76,956	68,885	66,977	70%	72%	79%	103%		
All regions but P. Vasco and Navarra	(s)	49,700	50,441	49,536	63,145	72,614	71,341	63,857		68%	71%	78%			
P. Vasco	(s)	3,580	3,701	3,582	4,471	4,280	4,496	3,950		84%	82%	91%			
Navarra	(s)	1,120	1,154	1,121	1,379	1,083	1,157	1,110		103%	100%	101%			
Taxable income	(s)	349,311	368,054	361,619	397,288	360,175	390,154	403,153		97%	94%	90%			
Work income	(s)	317,855	336,841	330,293	363,350	298,543	325,175	324,276		106%	104%	102%			
Investment income	(s)	3,403	3,544	3,536	3,683	27,876	34,152	51,420		12%	10%	7%			
Property income	(s)	5,751	5,964	5,948	6,120	7,981	8,329	7,984		72%	72%	74%			
Self-employment income	(s)	27,913	27,068	27,327	30,187	31,794	28,553	24,936		88%	95%	110%			
Imputed income						1,962	2,274	2,521							
Property gain or loss						30,662	16,571	12,280							
Personal and family allowances	(s)	97,679	95,661	95,368	91,544	124,814	131,848	131,769		78%	73%	72%			
Work allowance	(s)	47,367	45,937	45,868	49,475	48,266	50,913	50,910		98%	90%	90%			
Other allowances															
Private contribution allowance						6,765	6,083	5,814							
Maintenance payment allowance						418,686	440,821	463,040							
Tax base	(s)	298,611	318,546	312,317	343,326	325,301	350,306	345,670		92%	91%	90%			
Gross income tax	(s)	76,691	82,567	80,771	89,191	63,459	68,758	67,629		121%	120%	119%			
Tax credits	(s)	25,918	31,126	30,983	25,655	6,650	12,196	11,640		390%	255%	266%			
Mortgage	(s)	2,541	2,557	2,530	2,844	5,024	5,227	4,876		51%	49%	52%			
Other	(s)		5,416	5,380	635	1,626	5,589	5,476			97%	98%			
Working mother tax credit	(s)	546	520	535	641	697	752	771		78%	69%	69%			
Property tax		728	758	756	769									728	100%

4.2 Income Distribution

4.2.1 Income distribution

The following analysis provides the indicators of income distribution: centiles, mean and median equivalised income⁵⁹ by gender, income quintile ratio, Gini coefficient and poverty rates. Results are presented for three different “sources”: own calculations using EUROMOD baseline output, own calculations based on the original EU-SILC microdata, and statistics published by Eurostat based on the EU-SILC data.

According to results, the equivalised disposable income in EUROMOD is slightly larger than in the original EU-SILC data. Three reasons may be lie beneath this difference: a) inclusion of different sources in the definition of household disposable income (see Table 30 below), b) changes in the sample and in the weighting of observations, and c) changes in the amounts of some income sources (particularly taxes and benefits) due to its simulation in EUROMOD.

Table 30. Components of disposable income in EUROMOD and EU-SILC

	EUROMOD ils_dispy	EU-SILC HY020
Employee cash or near cash income	+	+
Employer's social insurance contribution		
Contributions to individual private pension plans	-	
Cash benefits or losses from self-employment	+	+
Pension from individual private plans	+	
<i>Unemployment benefits</i>	+	+
<i>Old-age benefits</i>	+	+
<i>Survivor' benefits</i>	+	+
Sickness benefits	+	+
Disability benefits	+	+
Education-related allowances	+	+
Income from rental of a property or land	+	+
<i>Family/children related allowances</i>	+	+
Social exclusion not elsewhere classified	+	+
Housing allowances	+	+
Regular inter-household cash transfer received	+	+
Interests, dividends, etc	+	+
Income received by people aged under 16	+	+
Regular taxes on wealth	-	-
<i>Regular inter-household cash transfer paid</i>	-	-
<i>Tax on income and social contributions **</i>	-	-
<i>Repayments/receipts for tax adjustment **</i>	+	

Notes:

“+” indicates that component is added to disposable income

“-” indicates that component is subtracted from disposable income

“” indicates that component is not included Text in red highlights conceptual differences between EUROMOD and EU-SILC’s disposable income definitions Text in italics denotes components that are partially or fully simulated in EUROMOD

** EUROMOD’s simulated tax on income component includes tax adjustment, EU-SILC’s doesn’t

Sources: Eurostat (2009) Description of SILC User Database Variables: Cross-sectional and Longitudinal

⁵⁹ Using the OECD modified equivalence scale.

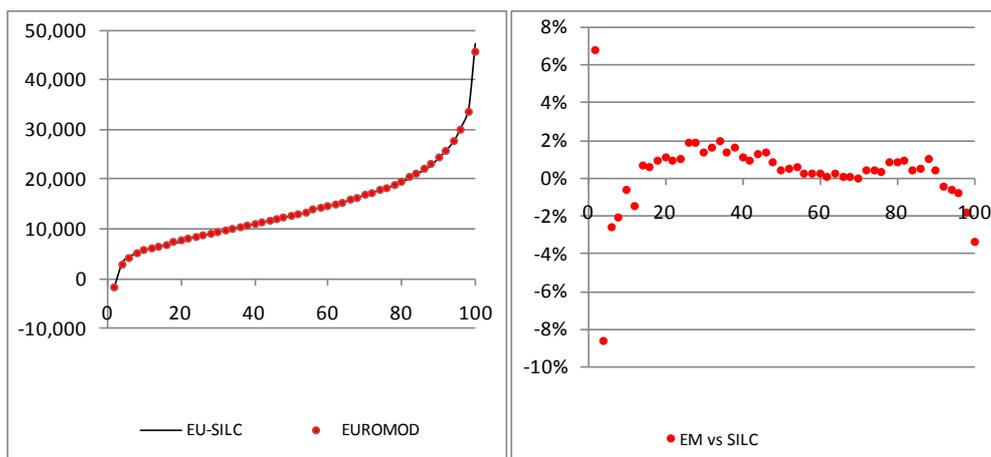
Table 31 shows that EUROMOD slightly underestimates disposable income. As a result, in 2007 the EUROMOD mean and median disposable incomes are a little lower than in the external statistics. Further, EUROMOD overestimates the increase in disposable income given that both the mean and the median disposable income for 2008 and 2009 are somewhat larger in comparison with external statistics.

As for income inequality, similarly to the external statistics, EUROMOD results suggest a small reduction in the amount of the Gini coefficient and in the income quintile ratio.

In analysing the disposable income it is particularly interesting to analyse the complete structure of the income distribution in EUROMOD and EU-SILC in order to understand the sources of differences in the evaluation of poverty and inequality. For this purpose, we have constructed some figures in which the value of equivalised disposable income, original income, benefits, taxes and contributions is plotted as a mean of each particular equivalised disposable income centile. We have also plotted figures of the mean difference between the value in EUROMOD and in EU-SILC by equivalised disposable income centile.

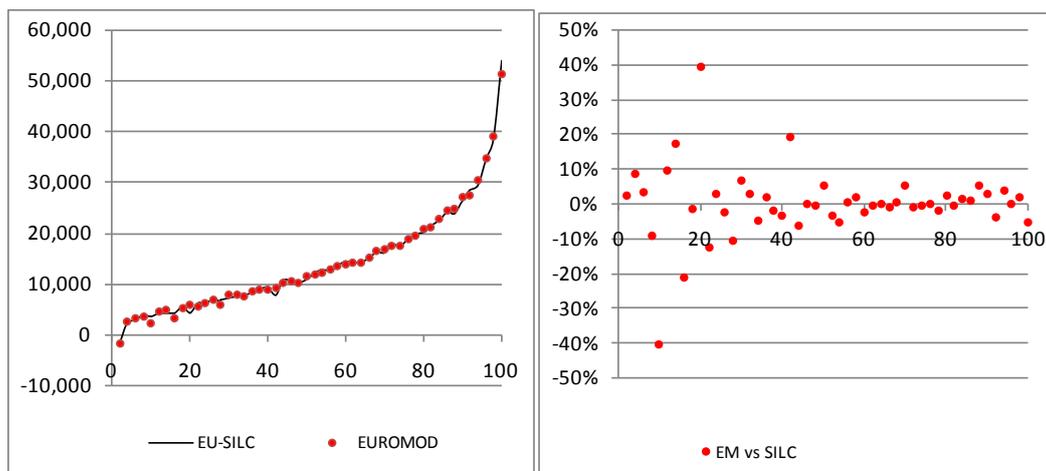
In Figure 1 and 2 we can see that EUROMOD tends to slightly increase equivalised disposable income of households below the 5th decile of the distribution while it significantly reduces disposable income of the 10% richest group. This reduction is particularly large for households within the 4% richest of the whole population.

Figure 1. Equivalised disposable income by centiles of equivalised disposable income in EUROMOD and EU SILC: distribution and differences.



In order to understand which of the parts of disposable income is more relevant for this result we can analyse original income, benefits and taxes and contributions separately. The results of this analysis are depicted in Figures 3 to 6. Results in the first figures indicate that differences in original incomes between EU-SILC and EUROMOD are somewhat larger at the bottom of the income distribution, in deciles below the fourth.

Figure 2. Equivalised original income by centiles of equivalised disposable income in EUROMOD and EU SILC: distribution and differences.



Results in the following figures show that in the case of benefits (including pensions) the largest differences between EU-SILC and EUROMOD appear at the tails of the income distribution (first and second decile and seventh decile onwards) and are smaller in the middle. Figure 4 shows that the differences in taxes and contributions between EU-SILC and EUROMOD are larger in the first and last decile of the income distribution.

Figure 3. Equivalised benefits (inc Pensions) by centiles of equivalised disposable income in EUROMOD and EU SILC: distribution and differences.

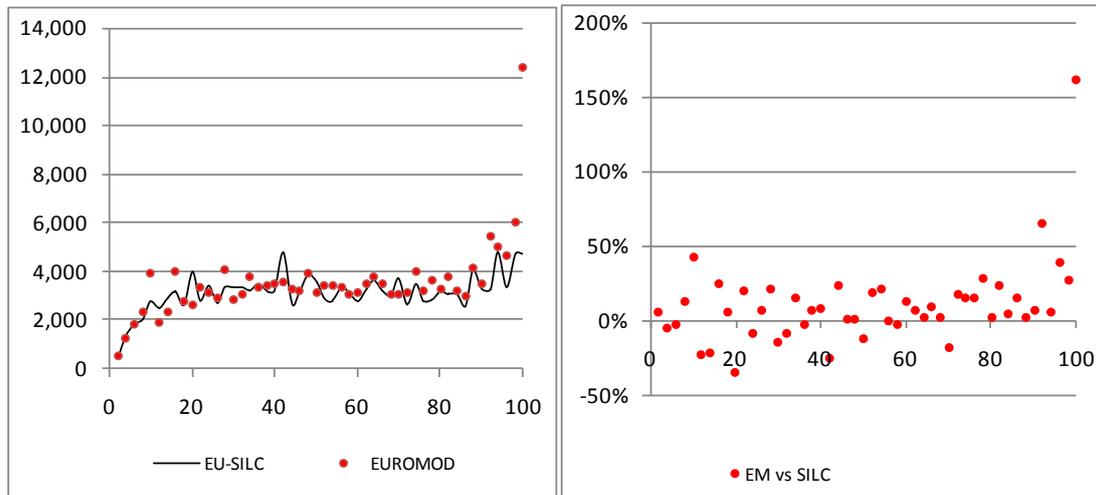
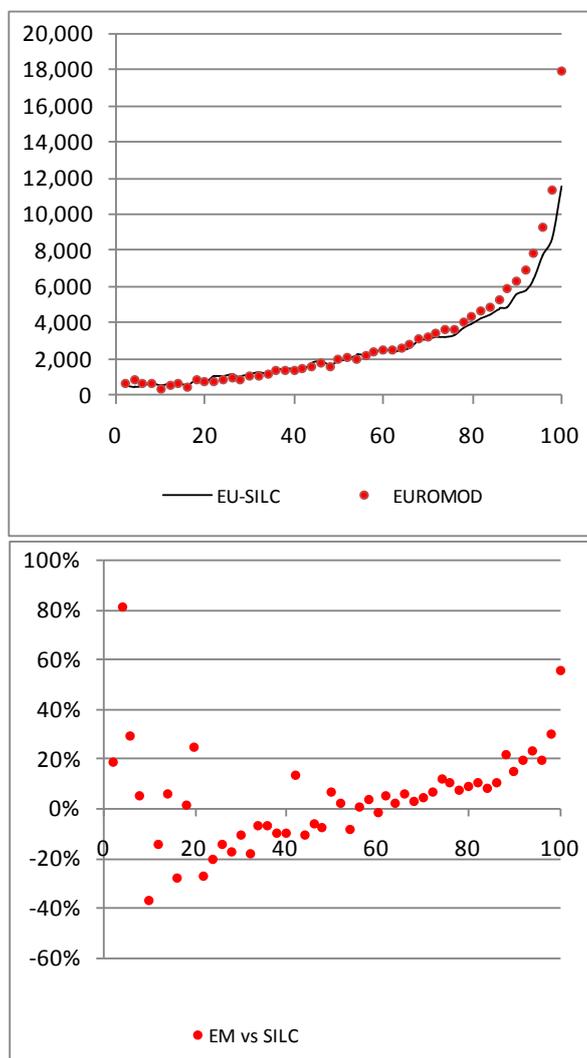


Figure 4. Equivalised taxes (inc contributions) by centiles of equivalised disposable income in EUROMOD and EU SILC: distribution and differences



4.2.2 At risk of poverty rates

Table 32 provides at risk of poverty rates using poverty lines based on 40, 50, 60 and 70% of the median equivalised disposable income⁶⁰. As with income inequality indicators, results are presented for three different “sources”: own calculations using EUROMOD baseline output, own calculations based on the original EU-SILC microdata, and statistics published by Eurostat based on the EU-SILC data. According to results, at risk poverty rates are lower in EUROMOD, particularly when using poverty lines over 40% of the median (50 and 60% of the median) and among females. The table also shows the risk of poverty rates (using 60% of the median equivalised disposable income as poverty line) by age groups.

In line with previous results, at risk of poverty rates calculated using EUROMOD’s disposable income are lower than using the original data from the EU-SILC (except when using 40% of the

⁶⁰ Using the OECD modified equivalence scale.

median equivalised disposable income as poverty line). Rates are particularly lower for children, young working age adults (25 to 49 years old) and retired individuals over 65 years of age.

External statistics in Table 32 suggest that at risk of poverty rates have been increasing between 2007 and 2009. This trend is not captured by EUROMOD results as at risk of poverty rates remain quite constant in the simulation of these years.

Using 60% of the median equivalised income as poverty line, external statistics in Table 32 indicate a considerable increase in the at risk of poverty rate of children and working age individuals and a reduction in those aged 65 or more. This trend is not captured by EUROMOD.

Table 31. Validation of income distribution 2007-2010

	EUROMOD Simulation Baseline	2008	2009	2010	External statistics Baseline	2008	2009	2010	Ratio Baseline	2008	2009	2010	SILC Baseline	Ratio
Mean income (equivalised)														
total population	14,395	15,580	15,401	15,769	14,583	14,948	14,747		99%	104%	104%		14,444	100%
males	14,658	15,877	15,686	16,062	14,849	15,186	14,921		99%	105%	105%		14,709	100%
females	14,138	15,289	15,122	15,483	14,323	14,716	14,578		99%	104%	104%		14,185	100%
Median income (equivalised)														
total population	12,840	13,890	13,730	14,068	12,950	13,300	13,030		99%	104%	105%		12,835	100%
males	13,224	14,358	14,192	14,498	13,259	13,600	13,248		100%	106%	107%		13,178	100%
females	12,578	13,542	13,418	13,706	12,644	13,017	12,804		99%	104%	105%		12,575	100%
Income quintile ratio (S80/S20)	5.44	5.46	5.36	5.30	5.40	6.00	6.90		101%	91%	78%		5.29	103%
Gini Coefficient	30.94	31.01	30.75	30.65	31.30	32.30	33.90		99%	96%	91%		30.95	100%

Table 32. Validation of income distribution 2007-2010

	EUROMOD Simulation Baseline	2008	2009	2010	External statistics Baseline	2008	2009	2010	Ratio Baseline	2008	2009	2010	SILC Baseline	Ratio
40% median HDI														
Total	7.26	7.38	7.29	7.17	6.80	8.20	9.80		107%	90%	74%		6.53	111%
Males	7.14	7.29	7.24	7.10	6.70	8.10	9.90		107%	90%	73%		6.44	111%
Females	7.38	7.47	7.34	7.23	6.90	8.30	9.70		107%	90%	76%		6.62	112%
50% median HDI														
Total	12.51	12.66	12.45	12.32	12.70	13.30	14.40		98%	95%	86%		12.26	102%
Males	12.14	12.34	12.14	12.03	12.10	12.90	14.30		100%	96%	85%		11.76	103%
Females	12.86	12.97	12.76	12.60	13.20	13.60	14.50		97%	95%	88%		12.75	101%
60% median HDI														
Total	19.40	19.56	19.21	19.14	19.60	19.50	20.70		99%	100%	93%		19.55	99%
Males	18.15	18.31	17.95	17.95	18.30	18.30	20.10		99%	100%	89%		18.23	100%
Females	20.62	20.79	20.44	20.30	21.00	20.60	21.30		98%	101%	96%		20.85	99%
70% median HDI														
Total	26.04	26.38	26.07	26.04	26.80	27.00	28.10		97%	98%	93%		26.54	98%
Males	24.52	24.77	24.49	24.43	25.10	25.70	27.10		98%	96%	90%		24.72	99%
Females	27.53	27.95	27.63	27.61	28.50	28.30	29.10		97%	99%	95%		28.33	97%
60% median HDI														
0-17 years	23.69	23.05	22.91	22.72	24.40	23.70	26.20		97%	97%	87%		24.85	95%
18-24 years	20.44	19.96	19.94	20.10	20.30	19.50	23.20		101%	102%	86%		20.21	101%
25-49 years	15.12	15.08	14.90	14.77	15.50	16.20	18.60		98%	93%	80%		15.45	98%
50-64 years	17.90	18.20	17.88	18.04	16.80	17.30	18.10		107%	105%	99%		16.50	108%
65+ years	26.57	28.29	27.05	26.92	27.40	25.20	21.70		97%	112%	125%		26.79	99%

4.3 Budget constraint charts

4.4 Summary of “health warnings”

This final section summarises the main findings in terms of particular aspects of the Spanish part of EUROMOD or its database that should be borne in mind when planning appropriate uses of the model and in interpreting results

- The sample becomes relatively small when regions are considered. Since most regional policies are targeted at very specific (and in many cases rather small) population subgroups, EUROMOD results are not statistically significant for such policies. Furthermore, validating regional policies is difficult given that information from regions is scarce. Care should be taken when aiming to interpret results for regional benefits of this kind.
- There is a shortfall in people with higher incomes and self-employment income and investment or capital income. It is likely that one problem is a shortfall of high income people with these sources of income or an under-recording of these sources for high income people. Further, underreporting of self-employment and investment income is generally thought of being a source of differences between survey data and tax agency data in Spain.
- By default, the eligibility of the following policies is partially simulated (i.e., conditional on being reported in the data):
 - Unemployment insurance (bunct)
 - Unemployment assistance (bunnc)
 - Non contributory old-age pension benefit (poanc)
 - Old-age pension complement (poacm)
 - Widow/er pension complement (psuwpcm)
- The number of effective recipients of Regional Minimum Income Benefits is much lower than the number of potential recipients. As a result, EUROMOD simulations predict a much larger number of recipients than reported in official statistics. For this reason, by default, EUROMOD standard income definitions (including disposable income) ignore the simulated amount of Regional Minimum Income Benefits (variable `bsarg_s`) and use the data amount (variable `bsa`) instead.

5. REFERENCES

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Paniagua, M and Méndez, J (2008) How to achieve the final net income by components in the Spanish, paper presented at Tax-benefit Microsimulation in the Enlarged Europe: Results from the I-CUE Project and Perspectives for the Future, 3-4 of April, Vienna, Austria <http://www.eurocentre.org/conferences/icue/files/Paniaguapdf>

Sources for tax-benefit descriptions/rules

The sources for tax descriptions have been the different laws that were applicable on 30th June each calendar year In particular for the Personal Income tax the applicable laws are:

2007, 2008 and 2009: Ley 35/2006 de reforma del Impuesto sobre la Renta de las Personas Físicas, 28 de noviembre de 2006

Further, some of the tax information was obtained from the personal income tax guides of the Spanish Agencia Tributaria available at www.aeat.es

The sources of benefit descriptions come mainly from the information available at the Ministerio de Trabajo e Inmigración (www.mtin.es) In particular it was useful to use the Annual Labour guide (www.mtas.es/en/Guia/entradahtm) that is partially available on line Also the information in the *Guías de ayudas sociales para las familias* (2005-2009) was very useful for detailed information on family benefits edited by the Ministerio de Sanidad y Política Social (www.mspes.es)

The source for the description of social security contributions comes from the information in the publication edited in 2009: *Normas de cotización a la Seguridad Social*, Ministerio de Trabajo e Inmigración, Secretaría de Estado de la Seguridad Social (www.seg-social.es)