

## **New features and differences of the 2021 vs. 2012 labor reform in Spain.**

The main changes in the 2021 labor reform are the reduction of temporary contracts to two types, the recovery of indefinite ultra-activity and the creation of a new structural ERTE scheme, called RED.

Main differences with respect to the 2012 Labor Reform?: Limitation of temporary contracts to structural and training contracts.

In relation to temporary hiring, contracts are limited to two, disappearing the temporary contract for work or service.

Thus, the structural contract may be applied as long as there are production circumstances that support it. Among them, as stated in the reform of Article 15 of the Labor Code, would be "the occasional and unforeseeable increase and the fluctuations which, even in the case of normal activity of the company, generate a temporary mismatch between the stable employment available and that which is required".

The maximum duration of these contracts will be six months, which may be extended to 12 months, provided that this is permitted by the sectoral agreement.

They may also be used to cover the vacancy of another worker, which may be extended until he/she returns to his/her position.

On the other hand, the chaining of contracts when considering a worker as indefinite term is reduced from 24 to 18 months compared to the 24 months in a period of 30 months that was currently in force.

The labor reform also modifies art. 151 TRLGSS to establish that fixed-term contracts of less than 30 days will have an additional contribution to be paid by the employer at the end of the contract.

### What is maintained from the 2012 reform?

Apart from certain aspects that have not been so controversial, such as the right to 20 hours of annual training for all workers, it maintains controversial aspects such as compensation for unfair dismissal, which was reduced from 45 to 33 days, with a maximum of 24 monthly payments instead of 42.

Temporary employment agencies may continue to act as employment agencies in collaboration with the public employment offices.

The 2012 reform expanded the causes of objective dismissal such as a persistent decrease in income for three consecutive quarters.

Nor does it recover the need to obtain prior authorization to carry out an ERE.

And, except for the determination of the amount of the base salary and its supplements, the hierarchy of the company agreement is maintained.