

SPAIN'S WORKPLACE LAWS MAY BE CHANGING SOON: HERE'S HOW MULTINATIONAL BUSINESSES CAN PREPARE

Insights
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If your company operates in Spain, you should be aware of the country's stringent workplace rules, hefty fines, and a new reform proposal that would ramp up employer obligations even more. Updates to the Workers' Statute (*Estatuto de los Trabajadores*) are currently being debated in the Parliament and, if finalized, will mandate digital tracking, shorten the workweek, and strengthen employees' right to disconnect. If these changes take effect in December as targeted, they will surely affect how businesses manage their workforce. Here's why this matters for US and other multinational companies operating in Spain and how you can prepare.

Quick Guide to the Proposal

- Spain wants to phase out paper records in favor of digital systems that labor inspectors can access remotely.
- Fines would rise. A €7,500 penalty could soon jump to €1 per employee for violations.
- The current 40-hour workweek would be reduced to 37.5 and companies would need to adjust work shifts and pay accordingly.
- Employees, including those working remotely or hybrid, have the right to disconnect, but under the proposed reform they would not be able to waive this right.

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Spain's Current Rules

The existing requirements under the Workers' Statute already set a high bar. Since 2019, employers have been required to record the exact start and end times of every employee's workday in order to curb wage theft and ensure overtime is paid.

How Tracking Works. Companies can still use paper or digital records, for now, but the rules are strict:

- Every workday should be logged, including breaks and overtime.
- Records should be kept for four years and made available to employees or inspectors on demand.

Part-time workers should get monthly summaries with their pay stubs to verify hours worked.

A 2022 court ruling against a Spanish railway company made it clear that simply signing in at the start of a shift isn't enough. Employers must prove employees' actual hours worked, not just their scheduled hours. Moreover, if the reform is finalized, companies that are still using pen-and-paper systems will need to upgrade to electronic systems.

Who's Covered? These rules apply to nearly all workers, whether they're in the office, working remotely, or on a hybrid schedule. The only exemptions are for:

- Top-tier executives with full decision-making power.
- Artists, athletes, and lawyers, whose work doesn't fit neatly into a 9-to-5 structure.

This means you generally must comply if you have any employees in Spain.

What's Changing?

If approved by the Parliament, the new reform will make three major changes:

1. Mandatory Digital Tracking. Companies would need to use digital systems that:

- can't be altered or deleted;
- allow labor inspectors remote access at any time; and
- integrate with payroll to ensure hours match wages.

The intention of this reform is to eliminate fraud and make enforcement easier.

2. Reduced 37.5-Hour Workweek. Spain would join countries like Norway and Denmark in reducing the standard workweek from 40 to 37.5 hours. For employers, this means:

- rethinking schedules and shifts to maintain productivity;
- adjusting payroll and benefits to reflect the change; and
- training managers to handle the transition smoothly.

3. Right to Disconnect. Spain is following France's lead by giving employees the legal right to ignore work messages after hours. This means:

- no more late-night emails or calls unless it's a true emergency;
- clear policies on after-hours communication; and
- creating a culture that respects personal time.

Compliance Risks

Currently, fines for incomplete or inaccurate records range from €751 to €7,500. But under the new reform, penalties would increase to €1,000 to €10,000 per employee for violations.

In 2024 alone, Spanish authorities imposed nearly €3 million in cumulative fines across over 21k employee cases. Those numbers will climb even higher if the proposed changes are finalized.

What US Employers Should Do

If the proposed reform becomes the law of the land, employers should be ready to do the following four things:

1. Go Digital. Look for EU-compliant digital tracking tools that sync with payroll to avoid discrepancies, allow remote access for labor inspectors, and are tamper-proof.

2. Update Policies for the New Reality. Revise employment contracts to reflect the possible 37.5-hour workweek and right to disconnect. Train HR and managers on the new rules. Clarify remote work policies to ensure all hours are tracked.

3. Prepare for Inspections. You should note that Spanish labor authorities don't announce visits, and you should consider conducting internal audits to spot gaps before inspectors do.

4. Shift Company Culture. Respect off-hours and avoid sending non-urgent messages after work. Communicate changes clearly so employees understand their rights and responsibilities.

Conclusion

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