RocaJunyent Informs

Employment Law Department
March 2026

Labour Law Update: Key Court Rulings and Legislative Developments – March 2026

This Labour alert summarises a number of recent court decisions addressing key issues in Spanish employment law. The rulings, handed down by the Supreme Court and the High Court of Justice of Galicia, examine matters such as the accrual of discretionary leave during periods of temporary incapacity, the starting point for family hospitalisation leave, and the commencement of the 20-working-day deadline to challenge a substantial change to working conditions where no written notice has been given. These judgments have relevant implications for both employers and employees and reflect the current judicial approach to the interpretation of employment regulations in Spain. The alert also highlights the most recent legislative developments in this area.

Esta Alerta tiene un objetivo meramente informativo y no supone asesoramiento jurídico de ningún tipo.

Latest case law developments

Judgment of the Supreme Court dated 14 January 2026 (appeal no. 189/2024)

In this collective dispute, the Supreme Court examined two issues concerning the **interpretation and application of Article 53.1(b) of the State Collective Bargaining Agreement for services for dependent persons and the promotion of personal autonomy, which regulates discretionary leave**. Specifically, the Court addressed: (i) whether this leave may be taken at any time during the year, including before it has accrued, or whether it requires three months of effective service prior to each day of leave being taken; and (ii) whether periods of temporary incapacity should be counted as working time for the purpose of accruing entitlement to such leave.

Regarding the first issue, the relevant provision states that "in all cases, employees shall be entitled to take these four days, without justification, before 15 January of the following year. The use of these four days requires a prior period of three months' work for each day of discretionary leave." The Supreme Court interpreted this provision as meaning that each day of discretionary leave accrues at the end of each three-month period and may be accumulated. Accordingly, the first accrued day may be taken in the second quarter of the year; the second day, in the third quarter; the third day, in the fourth quarter; and the fourth day, during the first 15 days of the following year. The Court also confirmed that accrued days of discretionary leave may be taken cumulatively. For example, if by the fourth quarter none of the three previously accrued days has been used, they may all be taken during that period.

As regards the second issue—whether periods of temporary incapacity count towards the accrual of discretionary leave—the Supreme Court held that the collective agreement recognises a form of non-causal rest leave that does not require justification. As a result, the accrual of this leave is equivalent to annual leave for the purposes of Article 2.2 of Directive 2003/88/EC. The Court further noted that Article 5 of ILO Convention No. 158 does not allow periods of absence beyond the employee's control, such as sick leave, to be excluded from the accrual of annual leave. In addition, referring to the case law of the Court of Justice of the European Union (including the Schultz-Hoff and Others judgment, C-350/06 and C-520/06), the Supreme Court reiterated that employees on sick leave must be treated in the same way as those who have been actively working during the same period. Consequently, the Court concluded that discretionary leave continues to accrue during periods of temporary incapacity.

Judgment of the Supreme Court dated 4 February 2026 (appeal no. 251/2024)

The Supreme Court ruled on a cassation appeal against the judgment of the National High Court of 12 September 2024, issued in the context of a collective dispute brought

Esta Alerta tiene un objetivo meramente informativo y no supone asesoramiento jurídico de ningún tipo.

by several trade unions. The key issue was whether an employer may require that the paid leave provided for in Article 37.3(b) of the Workers' Statute—granted in cases of serious accident or illness, hospitalisation, or surgical intervention without hospitalisation requiring home rest—must necessarily start on the first working day following the triggering event.

The dispute arose from an internal notice issued by the company on 29 November 2023, aimed at adapting its leave regime to the reform introduced by Royal Decree-Law 5/2023. That notice stated that the leave under Article 37.3(b) of the Workers' Statute "shall commence on the first working day for the employee following the event giving rise to the leave".

The Court reasoned that this type of leave is functionally linked to a genuine need to provide care and assistance to an ill or recovering family member. That need does not necessarily arise only in the days immediately following the triggering event and may require more flexible planning of care. Consequently, rigidly tying the start of the leave to the triggering event undermines its protective purpose and may prevent effective assistance. Neither the Workers' Statute, nor the applicable collective agreement, nor Directive (EU) 2019/1158 contains an express rule imposing such an automatic link.

To reinforce this reasoning, the Supreme Court referred back to its previous case law on the distinction between hospital discharge and medical discharge, applying it *a contrario*: just as leave cannot be extended once the need for care has ceased, neither can its commencement be artificially restricted while that need persists. The judgment therefore establishes a balanced approach: the leave cannot become a pool of free days disconnected from the protected situation, but nor can it be stripped of its substance through an excessively rigid interpretation of the triggering event.

On this basis, the Supreme Court held that leave under Article 37.3(b) of the Workers' Statute cannot be managed in such a way that its commencement is necessarily tied to the event giving rise to it where neither the law nor the collective agreement expressly so provides. There must be scope for a reasonable distribution of the leave that enables planned and effective care for the person in need. Accordingly, the Court dismissed the cassation appeal and upheld the judgment of the National High Court.

Judgment of the Supreme Court dated 9 February 2026 (appeal no. 734/2025)

The Supreme Court examined **whether a transfer of undertaking had taken place in the context of the termination of a lease agreement for a tourist apartment complex**. The core issue was whether the reversion of the business to the owner following the expiry of the lease with the previous operator constituted a transfer of an economic entity within the meaning of Article 44 of the Workers' Statute, thereby triggering the obligation to take over the workforce of permanent seasonal employees (fijos discontinuos).

Esta Alerta tiene un objetivo meramente informativo y no supone asesoramiento jurídico de ningún tipo.

The dispute arose in December 2022, when the lease of the complex came to an end after ten years. The outgoing operator informed the employees that a transfer of undertaking would occur and that they would be taken on by the new operator. However, the incoming owner rejected any obligation to subrogate the workforce, arguing that it did not intend to continue the tourist activity but would instead proceed with the individual sale of the apartments. Following the absence of any call-back for the subsequent season (March 2023), the claimant brought an unfair dismissal claim. At first instance, the dismissal was declared null and void on the grounds that it amounted to a disguised collective dismissal.

In its analysis, the Court focused on whether there had been a transfer of an economic entity retaining its identity. The Supreme Court held that, in the hospitality sector, the infrastructure—namely the property and its equipment—constitutes the essential element of the activity. As the owner recovered not only the buildings but also all furniture, fittings, licences and utilities required for immediate operation, there was in practice a transfer of decisive tangible assets. The fact that the new owner subsequently chose to change the purpose of the business and sell the apartments individually did not preclude the application of Article 44 of the Workers' Statute, since at the time of the reversion the complex was fully capable of continuing to operate as an economic entity.

As regards liability, the Supreme Court clarified the effects of partially upholding the appeal. While it confirmed the existence of a transfer of undertaking, it held that the outgoing company was not liable for the consequences of the dismissal (reinstatement or compensation), which instead rested with the incoming owner due to its refusal to subrogate the workforce. The outgoing company nevertheless remained liable for employment-related debts accrued prior to the transfer.

Accordingly, the Supreme Court partially upheld the cassation appeal for the unification of doctrine, confirming the existence of a transfer of undertaking and ruling that the obligation to subrogate the workforce, as well as the consequences arising from the dismissal due to the lack of call-back, lay with the new owner of the economic entity.

Supreme Court judgment of 18 February 2026 (appeal no. 243/2024)

In this case, the Supreme Court considered **whether the action brought by the trade union UGT against the removal of employees' entitlement to a paid day off for personal matters** at a company in the province of Alicante was time-barred. Alternatively, the Court examined whether that entitlement amounted to a more beneficial condition (condición más beneficiosa).

The claimant union brought the action under the procedure for substantial modifications of working conditions (SMWC), pursuant to Article 138 of the Law on Labour Jurisdiction (LRJS), which requires claims to be filed within 20 working days of written notification of the employer's decision. In this case, employees were entitled to a paid day off for personal matters under the provincial hospitality collective agreement for Alicante. However, from 2013 onwards, the applicable agreement changed to the company's own collective agreement, which did not provide for such leave. Despite this, the company continued to grant the paid day off to employees who had previously enjoyed it under the provincial agreement until December 2022. At that point, the national sectoral collective agreement for modern restaurant brands was published in the Official State Gazette (BOE), which likewise did not include any entitlement to paid leave for personal matters. It was not until January 2024 that a request for mediation and arbitration was filed challenging the company's decision to stop recognising this paid leave. At that same stage, the company stated that it no longer recognised the entitlement because it was not provided for in the national sectoral agreement.

The Supreme Court held that Article 138 LRJS requires the 20-working-daytime limit to begin only once the employer's decision has been notified in writing to the employees or their representatives. Where no such written notification is given, the time limit does not start to run, and the claim must therefore be regarded as having been filed in time. The Court further found that, in this case, a more beneficial condition had arisen, as the company had maintained the paid day off for personal matters for an uninterrupted period of nine years (from the application of the provincial agreement in 2013 until the application of the national agreement in 2022). Consequently, the Court concluded that if the company wished to eliminate this more beneficial condition, it should have followed the substantial modification of working conditions procedure set out in Article 41 of the Workers' Statute.

High Court of Justice of Galicia judgment of 10 December 2025 (appeal no. 2683/2025)

In this judgment, the High Court of Justice of Galicia ruled on the appeal lodged by an employee against judgment no. 108/2025 issued by Labour Court no. 4 of Vigo, which had partially upheld the claim by declaring the objective dismissal unfair, while rejecting the request for a declaration of nullity on the grounds that there were no indications of a breach of fundamental rights.

By way of background, the employee, who held a managerial position, was on sick leave from August to December 2023. During that period, on 12 December 2023—and while the employee was still on leave—the company reached an agreement with the trade union representatives whereby employees who had been on temporary incapacity for more than three months in the calendar year would not be entitled to the MIP bonus (individual variable remuneration linked to performance targets). When the employee did not receive the bonus in February 2024, she raised an internal complaint, arguing that the agreement could not be applied retroactively, as her sick leave had begun before it entered into force. The High Court of Justice of Galicia upheld this view, noting that as of the date of her medical discharge (1 December 2023), the three-month threshold had not yet been met. Two weeks after reiterating her claim regarding the bonus, the employee received a letter informing her of her dismissal on objective grounds.

Against this background, the High Court declared the dismissal null and void on two grounds. First, due to a breach of the guarantee against retaliation, considering the close chronological link between the bonus claim and the dismissal. Second, on grounds of sex discrimination, as the company filled the employee's position without any selection process, directly appointing a male employee, particularly significant given that 89.29% of managerial positions were held by men.

As a result, the company was ordered to immediately reinstate the employee, pay back wages, award compensation of €20,000 for non-pecuniary damage, and include the MIP bonus in the calculation of the reference salary for dismissal purposes.

Key legislative developments

Royal Decree-Law 3/2026 of 3 February, revaluing public pensions and introducing other urgent Social Security measures

Royal Decree-Law 3/2026 of 3 February addresses the revaluation of public pensions and introduces other urgent measures in the field of Social Security. Its adoption was prompted by the absence of a General State Budget Law for 2026—which has resulted in the automatic extension of the 2023 Budget—and by the lack of parliamentary ratification of Royal Decree-Law 16/2025 of 23 December, which had provided for the updating of pensions in January 2026. As a result, the approval of this new regulation was considered urgent and necessary in order to preserve the rights of pensioners whose pensions had already been increased in January 2026.

Royal Decree-Law 7/2026 of 20 March, approving a Comprehensive Response Plan to the Middle East crisis

We highlight the following employment-related measures:

- Article 62 of Royal Decree-Law 7/2026 introduces a "**dismissal ban" for companies benefiting from the direct aid provided for under this Royal Decree-Law**. Specifically, such companies may not carry out dismissals on grounds of force majeure or for economic, technical, organisational or production reasons linked to the situation the measures are intended to address, until 30 June 2026. Breach of this obligation will result in the repayment of the aid received and the dismissal being classified as null and void.

- **The deadline for complying with the obligation to implement sustainable commuting plans is brought forward by twelve months for companies with more than 200 employees, or more than 100 employees per shift**. To this end, Article 26 of Law 9/2025 of 3 December on Sustainable Mobility is amended. Accordingly, pursuant to Article 63 of Royal Decree-Law 7/2026, the new deadline is set at 5 December 2026. In addition, a penalty is introduced for companies benefiting from the direct aid established under Royal Decree-Law 7/2026: failure to have a sustainable commuting plan in place by the applicable deadline will require repayment of the aid received (Article 64).

For any questions or to obtain further information on any of these topics, please contact:





Mª José Sánchez García
mj.sanchez@rocajunyent.com

Alberto Novoa Mendoza
a.novoa@rocajunyent.com

Mª Rosa Rodríguez Gutiérrez
r.rodriguez@rocajunyent.com

Albert Martínez Rodríguez
a.martinezr@rocajunyent.com

Pilar Baltar Fillol
p.baltar@rocajunyent.com

Comité editorial: Rubén González Rodríguez y Juan Peña Moncho

Esta Alerta tiene un objetivo meramente informativo y no supone asesoramiento jurídico de ningún tipo.