

Panama – Increase in minimum hourly wage rates for 2020

January 14, 2020

By Executive Decree No. 424 of December 31, 2019, the Executive Branch approved the increase in minimum hourly wage rates, according to economic activity, occupation and company size, throughout the Panamanian national territory. The Executive Decree to be enforced in Panama as of January 15, 2020.

Article 174 of the Labor Code establishes that the minimum wage will be fixed periodically, at least every two years. This adjustment must be evaluated by the National Minimum Wage Commission, made up of members of the Government, private and workers sector. The last adjustment to the minimum wage began to take effect in January 2018.

The National Minimum Wage Commission analyzed salary adjustment options, however, there was no agreement. Therefore, in compliance with the provisions of the law, the Executive Branch set the new minimum wage rates that will govern the activities of the national economy over the next two years.

The average increase is 3.3% for the two productive regions in which the country has been divided. Article 177 of the Labor Code establishes that for the determination of the minimum wage, the following must be taken in account: regional differences in the cost of living, economic and social policies of the country, employment policies and income redistribution, labor risks, conditions, time and place where the work is performed and the differences between professions or occupations. There are currently 37 minimum wage levels, for 85 economic activities.

To obtain legal advice on this topic or any other topic regarding Labor and Employment, please do not hesitate to contact us.