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## EY TAX Flash

# New General Minimum Wage 2020

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### **General: \$123.22 pesos per day** **North Border Zone: \$185.56 pesos per day**

On December 16, 2019, a resolution by the National Minimum Wage Commission ("CONASAMI", for its acronym in Spanish) was issued, in which the minimum wages effective as of **January 1<sup>st</sup>, 2020** in our country were determined.

The general minimum wage was set in **\$123.22** pesos per day, which was obtained through the procedure of Independent Amount of Recovery ("MIR", for its acronym in Spanish), by adding \$14.67 pesos to the current minimum wage, which is of \$102.68 pesos per day, resulting in an amount of \$117.35 pesos, and adding to such amount the inflationary factor of 5%. Also, the minimum professional wages were increased with the application of MIR and the inflationary factor of 5% with respect to the current amounts.

On the other hand, the minimum wage in the Free Zone of the North Border was increased through the same resolution, from \$176.72 pesos to **\$185.56** pesos per day, corresponding to the update by inflationary factor of 5%, same which will also be applied to the minimum professional wages in such area.

What are the implications? As of January 1<sup>st</sup>, 2020, the workers earning a salary below the new general minimum wage should be granted a salary increase according to the new minimum. Likewise, the workers earning a minimum professional wage should be granted a salary increase according to the professional minimum wage that corresponds to their profession. The minimum wage increase percentage is occasionally considered as a parameter in the negotiation of the wage tables within the collective bargaining agreements' revisions; however, there is no legal obligation to take into account such percentage or the MIR as a negotiation parameter.

For further information about this bulletin, please contact any of the following professionals:

**Diego González**  
diego.gonzalez.aguirre@mx.ey.com

**Yeshua Gómez**  
yeshua.gomez2@mx.ey.com

**Alejandro Caro de la Fuente**  
alejandro.caro2@mx.ey.com

**Juan Carlos Curiel**  
juan.curriel@mx.ey.com

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