

Labor, Social Security and Immigration Newsletter September 27, 2019

Minimum wage is back!

Legal decision No. 2020651 issued by the Eighteenth Collegiate Court in Administrative Matters of the First Circuit was published in the Judicial Gazette on September 20, 2019, in which it is determined that given their nature, both, the daily contribution and the pensions limit on social security, must be calculated with the minimum wage and not the Unit of Measurement and Update (UMA).

As you remember, on January 27, 2016, the Political Constitution was modified to de-index the salary as a basis for calculating obligations outside labor matters. In particular, the Technical Council of the Mexican Social Security Institute (IMSS) issued a resolution establishing that the worker-employer contributions, as well as the limit of the pensions would be calculated based on the UMA, ceasing to use the minimum wage as a reference for that effect.

This legal decision returns the base of calculation to the minimum wage.

In practice, this will take effect until the IMSS makes the corresponding modifications to its affiliation systems and will basically affect employers who pay contributions of workers registered with a minimum of one UMA or with a maximum of 25 UMAs, which will increase the cap amount from \$2,112.25 to \$2,567.00 as base for contributions.

For workers, it will bring an increase in the minimum and maximum pensions granted by the IMSS.

Therefore, we must wait until there is an official communication by the IMSS, as well as the corresponding modifications to the SUA (Self-Determination Contribution System) in order to inform the modifications.

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We hope this note is useful for you, and the members of the Labor, Social Security and Immigration Practice at Sánchez Devanny Eserverri, S. C., will be glad to provide any additional information on the subject discussed herein. Please do not hesitate to contact us.

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Sánchez Devanny es una firma de abogados líder en México que brinda asesoría legal integral a clientes mexicanos y extranjeros.

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