

Minimum Wage chart for Panama

Written by T. Rob Brown (aka Roberto Chocolate)

Wednesday, 03 November 2010 08:16 - Last Updated Wednesday, 03 November 2010 08:26

The following is an explanation of minimum wages in Panama. The March 2010 law sets up 2 geographical regions and sets wages by job type. The rather complicated formula to calculate the minimum wage is provided. Good luck! Roberto

The new minimum wage

1. From now on, there are only two minimum wage geographical regions (Just a few months ago the minimum wage was divided into 3 geographical regions)

- Region 1: Panamá, Colón, San Miguelito, David, Santiago, Chitré, Aguadulce, Penonomé, Bocas del Toro, La Chorrera and Arraiján

- Region 2: Rest of the country

2. The minimum wage is calculated by hour

3. The new minimum wage rate will also consider the following:

- a. Economic activity (type of industry)
- b. Professional activity (profession)
- c. Size of the company (small or large)

4. In accordance to the labor law what is considered as a small business?

Business:

- a. with 10 or less permanent employees
- b. Agriculture (food and/or animals); service and retail business
- c. Manufacture companies with 15 or less employees
- d. Agriculture-industrial companies with 20 or less employees

5. New salary rate for domestic employees is:

- Domestic employees in Region 1 - US\$ 160.00
- Domestic employees in Region 2 - US\$ 145.00

Schedule of New minimum wage

Economic activity

Agriculture, cattle farming, hunting and aquiculture

- Small Business: Region 1: 1.06 Region 2: 1.06
- Large Business: Region 1: 1.24 Region 2: 1.24

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- Farmyard birds breeding and sub products with more than 50 employees: Region 1: 1.24 Region 2: 1.24

Fishing

- Handmade fishing: Region 1: 1.50 Region 2: 1.50
- Industrial Region 1: 1.56 Region 2: 1.56

Mining and Quarry exploitation Region 1: 1.81 Region 2: 1.81

- Metallic mining extraction Region 1: 1.81 Region 2: 1.81

Manufacture industries

- Small business Region 1: 1.53 Region 2: 1.28
- Large business Region 1: 1.81 Region 2: 1.50
- Distillation, rectification and blending of alcoholic beverages Region 1: 1.81 Region 2: 1.52
- Manufacture of paints, varnish and coating products Region 1: 1.81 Region 2: 1.52
- Production of cement and concrete Region 1: 2.00 Region 2: 1.81
- Machinery repair and refrigeration equipment Region 1: 1.81 Region 2: 1.52

Electricity, gas and water: Region 1: 2.00 Region 2: 2.00

- Production, transmission and distribution of electrical energy: Region 1: 2.00 Region 2: 2.00

Construction Region 1: 2.00 Region 2: 1.90

Wholesale and commission business Region 1: 1.81 Region 2: 1.49

- Import Agencies Region 1: 1.81 Region 2: 1.49
- Free trade Zones and Special economical zones Region 1: 2.00 Region 2: 1.49

Retail

- Small Business Region 1: 1.51 Region 2: 1.26
 - Large Business Region 1: 1.81 Region 2: 1.49
- Supermarkets (chains) Region 1: 1.81 Region 2: 1.49
Gas stations (chains) Region 1: 1.81 Region 2: 1.49

Hotel

- Small Business Region 1: 1.55 Region 2: 1.29
- Large Business Region 1: 1.81 Region 2: 1.49
- Hotel and resorts with franchise Region 1: 1.81 Region 2: 1.49

Restaurants

- Small Business Region 1: 1.53 Region 2: 1.28
- Large Business Region 1: 1.81 Region 2: 1.49

Transportation Region 1: 1.81 Region 2: 1.49

- Cargo transport in free trade zones or special economic zones: Region 1: 1.81 Region 2: 1.49

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- Aquatic and aerial transport and complementary activities related to this type of business:
Region 1: 1.81
Region 2: 1.49
- Port workers with more than 50 employees Region 1: 2.00 Region 2: 2.00
- International airports (with more than 50 commercial business spots) Region 1: 2.00 Region 2: 2.00

- Warehousing, storage and mail Region 1: 1.81 Region 2: 1.49

- Telecommunications and telecommunication network maintenance: Region 1: 2.00 Region 2: 2.00

- Financial intermediation Region 1: 2.00 Region 2: 2.00
- Banks and financial societies Region 1: 2.00 Region 2: 2.00
- Loan and saving cooperative Region 1: 2.00 Region 2: 2.00
- Insurance plan activities and private pensions Region 1: 2.00 Region 2: 2.00

- Real estate activities Region 1: 2.00 Region 2: 1.82
- Commercial centers (with more than 50 commercial spots) Region 1: 2.00 Region 2: 2.00

- Rental activities Region 1: 1.81 Region 2: 1.81
- Auto motor vehicle rental Region 1: 1.81 Region 2: 1.81
- Internet cafes Region 1: 1.72 Region 2: 1.68

- General Business activities Region 1: 1.81 Region 2: 1.81
- Security and investigation activities (security agencies) Region 1: 1.81 Region 2: 1.81

- Common, social and personal services Region 1: 1.81 Region 2: 1.49
- Residential condominium regime (Buildings with more than 10 levels) Region 1: 2.00 Region 2: 2.00
- Gambling, bet and casino activities Region 1: 2.00 Region 2: 2.00
- Discotheques Region 1: 2.00 Region 2: 2.00
- Spas, esthetic clinics Region 1: 2.00 Region 2: 1.49
- Gymnasium Region 1: 2.00 Region 2: 1.49
- Health clinic and hospitals Region 1: 2.00 Region 2: 1.49
- Journalists Region 1: 2.00 Region 2: 2.00

- How to calculate an employee salary?
1 month fixed formula: 4.33

- Labor hours
5 days a week = 40 hours
5 ½ days = 44 hours
6 days = 48 hours

- Salary per hour

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Salary per hour x labor hours x 1 month fixed formula = US\$_____ minimum wage
(i.e. Region 1- import agency 1.81 x 48 hour x 4.33 = US\$ 376.19 minimum wage).