



IMPACT OF INCREASING MINIMUM WAGE IN THE BORDER REGION

INCOMEX National Association invites your company to carry out an analysis that reflects the impact of increasing the minimum wage by double as of January 1, 2019 in the border region, which covers 30 kilometers from the Mexican border with the United States of America in the States of Baja California, Sonora, Chihuahua, Coahuila, Nuevo Leon, and Tamaulipas.

The minimum wage of \$4.77 dollars per day will increase to \$9.55 dollars, an increase that will make several companies readjust their budgets and expenses that have been planned for months.

According to a sample taken from a company for this study prepared by INCOMEX, 60% of workers are below two minimum wages, which implies a strong change in their salary following next year.

Below is a comparative between the current daily and weekly salary of a person with the increase as of January 1, disaggregating in both cases the contributions that need to be paid.

Concept	2018		2019	
	Daily	Weekly	Daily	Weekly
Normal salary	\$ 6.86	\$ 48.05	\$ 9.55	\$ 66.87
Overtime	\$ 1.68	\$ 11.77	\$ 2.34	\$ 16.38
Bonuses, benefits, and others	\$ 7.19	\$ 50.30	\$ 7.19	\$ 50.30
Social Security	\$ 1.68	\$ 11.74	\$ 1.85	\$ 12.98
Retirement, unemployment	\$ 0.77	\$ 5.38	\$ 0.91	\$ 6.39
Infonavit Contribution 5%	\$ 0.75	\$ 5.22	\$ 0.89	\$ 6.21
State Tax 1.8% and 35%	\$ 0.35	\$ 2.44	\$ 0.43	\$ 3.01
TOTAL	\$ 19.27	\$ 134.90	\$ 23.16	\$ 162.13
		Increase:	\$ 3.89	\$ 27.22

The exercise shows an increase of \$27.22 dollars with this employee per week, which increases to around \$1,500 dollars per year. Taking for example the 641 employees, there is an increase of \$940,500 dollars that could cover the salary and add 129 employees with taking into account the employer contributions and the state tax, as shown by the columns of the 2018 example.

We hope that the previous example will be useful as a basis for conducting your payroll analysis. At INCOMEX we are at your service and we extend our support in case needed, for the analysis of your company.

Vicente Lopez
President
664.627.7590
www.incomex.org.mx

