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# Myanmar News: Update on Minimum Wage

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# Update on Minimum Wage

On 28 August 2015, the National Minimum Wage Determination Committee issued Notification 2/2015 announcing the Stipulation of Minimum Wage.

Pursuant to the new notification, the minimum wage has been set at Kyats 3,600 (US\$ 2.80) per day calculated at a rate of Kyats 450 (US\$ 0.35) per hour.

## 1. Notification No. 2/2015

Please find an unofficial translation below:

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### *Republic of the Union of Myanmar National Minimum Wage Determination Committee Notification No. 2/2015, August 28, 2015 Announcement of Stipulation of Minimum Wage*

1. *With the objective that minimum wages be determined for workers in the Union of Myanmar, the Minimum Wage Law was enacted on the date of 22 March 2013; and Minimum Wage Rules have been issued on the date of 12 July 2013.*
2. *In accordance with the Minimum Wage Law and Rules already enacted and issued, respective National, Union-Territory, Region/state Minimum Wage Committees have been formed and worked on the determination of Minimum Wage for workers in the Union of Myanmar under a 5-item process.*
3. *To date, eight sessions of National Minimum Wage Determination Committee meetings, 30 sessions of Region/state level tri-partite (government, employer and employee) consultative meetings, and a workshop with participation of professionals, domestic/foreign organizations and interested civic leaders for the gathering of opinions and suggestions concerning the determination of Minimum Wage have been held.*
4. *Subsequently, the 7th National Committee was convened, and a proposed Minimum Wage was determined in negotiation and consideration of the opinions and suggestions of members of the National Committee, Union-Territory Committee, and Region/state Committees; results of meetings of the National Committee already convened; results of discussions held with participation of employer representatives and employee representatives; proposed rates from tri-partite discussions held by committees of Region/state governments including that of the Union-Territory; average cost of living per person obtained through a cost of living survey covering 108 townships and 22,032 households in the entire country; minimum wage of civil service personnel as well as remuneration of daily wages workers.*
5. *In accordance with the said negotiations and discussions, the National Minimum Wage Determination Committee issued Notification No. 1/2015 on the date of 29 June 2015 and announced:*
  - *that the Minimum Wage determined uniformly for the entire country without differentiation in respect of location or type of enterprise is to be Kyat 3,600 per day with eight working-hours, being a rate of Kyat 450 per hour; and*
  - *that such determination shall not apply to small enterprises and family-owned self-managed enterprises with 15 or less employees.*
6. *It was announced at the same time, that any individual or organization that desires to make opinion remarks, objections or amendments may, within two weeks of the announcement of the proposed Minimum Wage, fill in the prescribed form and send it to the relevant the Union-Territory Minimum Wage Committee, Region/state Minimum Wage Committee.*
7. *Pursuant to said announcement, the Union-Territory Committee and Region/state Committees held clarification discussion in the field until 3 August 2015 on opinion remarks such as objections, amendments, proposals and approvals from employers, employer-organizations, employees, employee-organizations.*
8. *Having carried out the above, the National Minimum Wage Determination Committee again held, on 18 August 2015, a consultative meeting with the participation of the chairpersons of the Union-Territory Committee, and Region/state Committees, for the determination of an approved Minimum Wage, and it was resolved:*

- that the Minimum Wage determined uniformly for the entire Union of Myanmar without differentiation in respect of location or type of enterprise should be Kyat 3,600 per day with eight working-hours, being a rate of Kyat 450 per hour; and
- that such determination shall not apply to small enterprises and family-owned self-managed enterprises with 15 employees or less.

9. Therefore, in accordance with Section (10d) of the 2013 Minimum Wage Law, it is hereby announced with the approval of the Union Government:

- **that the Minimum Wage determined uniformly for the entire Union of Myanmar without differentiation in respect of location or type of enterprise should be Kyat 3,600 per day with eight working-hours, being a rate of Kyat 450 per hour; and**
- **that such determination shall not apply to small enterprises and family-owned self-managed enterprises with 15 or less employees.**

National Minimum Wage Determination Committee

## 2. Definition of Wage

The Minimum Wage Law, 2013 defines “wage” as follows:

**Wage** means the fee, wage or salary entitled to be obtained by an employee for carrying out hourly work, daily work, weekly work, monthly work or any other part-time work with an employer. This expression shall include overtime fee or bonus paid by the employer for good work or character, or other remunerations or benefits which may be determined as income. However, it shall not include:

- (i) travel allowances;
- (ii) pension payments and gratuities for service;
- (iii) social security cash benefits;
- (iv) allowances for accommodation and meals, electricity charges, water service charges and duties and taxes;
- (v) medical treatment allowances and creation allowances;

(vi) compensation for dismissal from work and compassionate allowance;

(vii) Other fees not considered wage in accordance with this Law as stipulated by notification of the Ministry of Labour, Employment and Social Security with the approval of the Union Government.

It is our understanding, that the prescribed minimum wage may thus include other contractual payments in addition to the fixed salary, but not the excluded payments listed above.

In accordance with the wording of Notification 2/2015, which explicitly refers to the working hours applicable for the respective daily or hourly minimum wage, we would further submit that overtime payments are not to be considered in the calculation of an employee’s relevant wage.

While this has been verbally confirmed by the Department of Labour in Nay Pyi Taw, we would caution that the respective township offices may apply a different interpretation of the Minimum Wage Law, 2013 and Notification 2/2015.

## 3. Paid Rest Day

It should further be noted that the law Minimum Wage Law, 2013 provides for a salaried employee’s right to enjoy one paid rest day week.

The minimum wage of an employee with five contractual working days should thus be calculated on the basis of six paid days per week (five working days and one rest day).

Should you require further clarification or assistance, please do not hesitate to contact us.



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