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Myanmar News

New Minimum Wage in Myanmar

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Update on Minimum Wage

I. Introduction

In accordance with section 10 (e) Minimum Wage Law (2013), the National Minimum Wage Committee issued Notification 2/2015 in August 2015, announcing that a general minimum wage of 3,600 Kyat per working day with eight (8) working hours (i.e. 450 Kyat per working hour) shall apply for the entire Union of Myanmar, regardless of the location or the type of business. An exception was only made for small enterprises and family-owned and self-managed enterprises with 15 or less employees.

II. Notification 2/2018

Pursuant to section 5 (h) Minimum Wage Law (2013), the stipulated minimum wage rate shall be reviewed at least every two (2) years.

In February 2017, a new National Minimum Wage Committee was formed, which subsequently held workshops and discussions with members of the Union Territorial Council Committee and the State/Regional Council Committees, members of the Pyithu Hluttaw (Upper House) and Amyotha Hluttaw (Lower House), representatives of the Ministry of Labour, Immigration and Population, representatives of the International Labour Organization and other non-governmental organizations as well as representatives of employers and employees to obtain recommendations and proposals to amend the minimum wage.

However, it took nearly two and a half years before a new minimum wage of 4,800 Kyats per day (eight (8) working hours) at a base rate of 600 Kyats per hour was proposed (Notification No. 1/2018 dated 2 January 2018).

Stakeholders were granted two (2) weeks for comments and/or objections to the proposal. After expiry of the deadline, Regional and State Minimum Wage Committees had 30 days to review the submissions and propose a new minimum wage to the National Minimum Wage Committee. The National Minimum Wage Committee then had 60 days to review the proposals together with representatives from the government, employers and workers before announcing a new minimum wage rate.

1. New Minimum Wage

On 14 May 2018, the National Minimum Wage Committee finally issued Notification 2/2018, repealing and replacing Notification 2/2015.

With immediate effect, employees in the entire Republic of the Union of Myanmar – regardless of the location or the type of business – shall enjoy an increased minimum wage of 4,800 Kyat per working day with eight (8) working hours (i.e. 600 Kyat per working hour).

It should be noted, that no mandatory minimum wage shall apply to small enterprises and family-owned self-managed enterprises with ten (10) or less employees.

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:

- Travel allowances;
- pension payments and gratuities for service;
- social security cash benefits;
- allowances for accommodation and meals, electricity charges, water service charges and duties and taxes;
- medical treatment allowances and creation allowances;
- compensation for dismissal from work and compassionate allowance; and
- (vii) Other fees not considered wage in accordance with Minimum Wage Law (2013) as stipulated by notification of the Ministry of Labour, Immigration and Population with the approval of the Union Government.

Comment Luther: *The prescribed minimum wage may thus include other contractual payments in addition to the fixed salary, but not the excluded payments listed above.*

Annex - Unofficial English Translation of Notification No. 2/2018

In accordance with the wording of Notification 2/2018, 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 minimum wage.

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 (1) paid rest day week.

Comment Luther: *The minimum wage of an employee with five contractual working days should thus be calculated on the basis of six (6) paid days per week (i.e. five (5) working days and one (1) rest day).*

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

Government of the Republic of the Union of Myanmar
National Committee for Determination of Minimum Wage
("NCDMW")
Notification 2/2018
14 May 2018

In exercising the powers conferred by section 5 (e) and (h) of the Minimum Wage Law ("MWL"), the NCDMW of the Government of the Republic of the Union of Myanmar ("RUOM") hereby issues this Notification amending the minimum wage ("MW") rate.

Announcement of Amendment of MW

1. In accordance with section 10 (a) of the 2013 MWL, the NCDMW had published the proposed MW with Notification 1/2018.
2. Pursuant to that publication, opinion remarks of employers, employee associations, employees, and employee unions, from Regions/States including Union Territories, were discussed and clarified by the relevant committees from the Union Territories, Region/States, and rates re-proposed.
3. In accordance with Section 10 (d) of the 2013 MWL, the MW is determined **with effect from the date of issuance** [of this Notification] with the approval of the UGC, to be the rate decided in tripartite negotiations held on the re-proposed MW rates, being **"MMK600 (six hundred) per hour, or MMK4,800 (four thousand eight hundred) per day with eight working hours, uniformly for workers in the Union of Myanmar, regardless of location or type of business"**.
4. This determination shall not be applicable to family subsistence businesses, small-businesses of less than ten employees.
5. Notification 2/2015 (28 August 2015) of the NCDMW is repealed herewith.

(by)
NCDMW

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