April 27, 2023

LEGAL ALERT

Bill on the adjustment of the minimum monthly income for 2023-2024

On April 24, 2023, the Chamber of Representatives received bulletin No. 15864-13, containing the bill that proposes the adjustment of the minimum monthly income (i.e. minimum salary), which immediately passed to the Labor and Social Security and the Finance Committees of said Chamber. Currently, the bill of law has an urgency status for immediate discussion.

As announced by the Government, this bill reflects the agreement reached by the Ministry of Finance, the Ministry of Labor and Social Welfare and the national level union organization named Central Unica de Trabajadores ("CUT"), to anticipate the effective date of a minimum income of $500,000 pesos to 2024 (US$ 620 approx. at the time of this notice)

Increase of the minimum income

This new bill proposes a gradual increase in the minimum monthly income for employees over 18 and under 65 years of age, which would follow the following schedule:

- Increase to $440,000 pesos as of May 1st, 2023
- Increase to $460,000 pesos as of September 1st, 2023
- Increase to $500,000 pesos as of July 1st, 2024

In addition, in the event that the Chilean consumer price index (“IPC”) exceeds 6% during 2023, the minimum income will be raised prior to July 2024, reaching $470,000 pesos as of January 1st, 2024.

As of January 1st, 2025, the bill proposes to adjust the minimum monthly income for the aforementioned employees, according to the accumulated variation experienced by the IPC, between July 1st, 2024 and December 31st, 2024.

Other proposed changes to the minimum monthly income are:

- Increase of the minimum monthly income to $328,230 for employees under 18 and over 65 years of age.
- Increase of the minimum monthly income for non-remunerative purposes to $283,619.

These amounts will increase as of September 1st, 2023 in the same proportion as the minimum monthly income does.

Increase in family and maternity allowances

Family and maternity allowances of the Sistema Único de Prestaciones Familiares (Unified Family Benefits System) will have the following new values as of May 1st, 2023:

- $20,328 per legal burden (i.e. eligible family member) for beneficiaries whose monthly income does not exceed $515,879.
- $12,475 per legal burden for beneficiaries whose monthly income does not exceed $753,496.
- $3,942 per legal burden for beneficiaries whose monthly income does not exceed $1,175,196.
- Persons whose monthly income exceeds $1,175,196 shall not be entitled to the aforementioned allowances.

The monthly income thresholds noted in each of letters (a) to (d) in II above will be raised as of September 1st, 2023 in the same proportion as the minimum monthly income.

Extension of the state subsidy to reach the guaranteed minimum income

The bill proposes to amend Law No. 21,218, which establishes a monthly subsidy paid by the State for dependent employees having an employment contract in force and subject to an ordinary working day in accordance with the first paragraph of Article 22 of the Labor Code, over 30 hours per week.

For such employees to be entitled to this subsidy, they must:

- Receive a gross monthly remuneration of less than $500,000; and
- Be a member of a household belonging to the first nine deciles according to the socioeconomic characterization instrument of Law No. 20,379.

If the bill is approved, this subsidy will be in effect between January 1 and

June 30, 2024.

Extension **of the state subsidy to micro, small and medium-size companies**

Law No. 21,456 establishes a state subsidy for micro, small and medium-sized companies for the payment of the minimum monthly income.

Said law indicates that individuals and legal entities that start activities from August 1st, 2022 onwards, will not be entitled to receive the subsidy unless the minimum monthly salary is increased to $410,000 as of January 1st, 2023 (which occurred), in which case they would be entitled to a subsidy between January and April 2023.

The new bill extends this benefit to the months of May and June 2023. For these months, the subsidy would be $32,000.

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