

July 2023

## Madagascar – Minimum Wage Update

On the 14th of June 2023, the Madagascar Ministry of Labour, Employment, Public Service and Social Laws published Decree No. 2023 – 563, fixing the minimum wages for hiring and seniority by professional category and the minimum monthly remuneration.

The Decree increases the minimum hiring wage from 217 000.00 to 238 800.00 effective 01 January 2023.

Click [here](#) for the full Decree.

## Statutory Contributions based on the minimum hiring wage

All statutory contributions based on the minimum hiring wage should be backdated retrospectively to 01 January 2023.

### Social Security (CNaPS):

Where an employee's income is less than the minimum, contributions to CNaPS will be capped using the minimum limit of MGA 238 800.00. The maximum income limit is determined by taking eight times the national minimum wage. Where an employee's income is more than the maximum, contributions to CNaPS will be capped using the maximum limit of MGA 1 910 400.00.

### Health Insurance (ESIA, FUNHECE, OSTIE, and SALFA):

Employers are required to contribute to a medical health scheme or corporate health organisation. Where an employee's income is less than the minimum, contributions to specific Health Insurance will be capped using the minimum limit of MGA 238 800.00. Where an employee's income is more than the maximum, contributions to specific Health Insurance will be capped using the maximum limit of MGA 1 910 400.00.

### Training Fund (FMFP):

Employers registered with the National Fund for Social Welfare (CNaPS) are required to contribute to the FMFP Training Fund. Where an employee's income is less than the minimum, contributions to FMFP will be capped using the minimum limit of MGA 238 800.00. The maximum income limit is determined by taking eight times the national minimum wage. Where an employee's income is more than the maximum, contributions to FMFP will be capped using the maximum limit of MGA 1 910 400.00.

## Paymaster Impact

The following changes have been made to the Madagascar MGA and USD entities, effective 01 January 2023:

1. The minimum ceiling of 217 000.00 has been updated to 238 800.00.
2. The maximum ceiling has been changed from 1 736 000.00 to 1 910 400.00.
3. Both the minimum and maximum ceiling will affect contributions to:
  - Social Security (CNaPS),
  - Statutory Health Organisations (ESIA, FUNHECE, OSTIE, and SALFA) and
  - Training fund (FMFP).

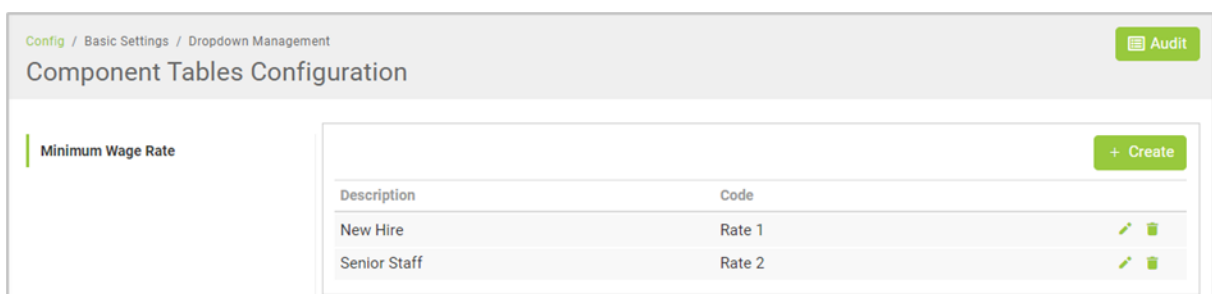
4) All Madagascar payrolls have been recalculated.

5) Since the non-cumulative tax method is used for all Madagascar payrolls, the updated ceiling values will not be backdated. If necessary, manual adjustments should be made using the relevant adjustment components. Please refer to the Product User Guide for more detail on the adjustment components.

6) The contribution percentages remain unchanged.

7) Paymaster has acknowledged the importance of flexibility in setting up minimum wage rates due to the varying rates dictated by labour law in different sectors and industries. Customers now have the flexibility to configure these rates with the applicable minimum wage rates using the Component Tables Configuration feature.

- Add the applicable minimum wage rates on company level (Config > Basic Settings > Dropdown Management > Component Tables Configuration).







Config / Basic Settings / Dropdown Management

Audit

### Component Tables Configuration

Minimum Wage Rate

Description	Code	
New Hire	Rate 1	 
Senior Staff	Rate 2	 

+ Create

- Add the new Minimum Wage Rate note component (Tax code MINWAGERT) as a Company Payroll Component (Config > Payroll > Payroll Components).
- Add the Minimum Wage Rate note component (Tax code MINWAGERT) as a Recurring Payroll Component with the correct Effective Date, and link the employees to the applicable rates (Payroll Processing > Recurring Payroll Components).



The screenshot shows a configuration form for the 'Minimum Wage Rate - MINWAGERT' component. It features a title bar at the top. Below the title bar, there are two main sections. The first section is a dropdown menu labeled 'Minimum Wage Rate - MINWAGERT' with a right-pointing arrow. The second section contains two fields: 'Minimum Wage Rate: \*' with a dropdown menu showing 'Senior Staff (Rate 2)' and a right-pointing arrow, and 'Effective Date: \*' with a text input field containing '2023/07/01' and a calendar icon to its right.

- If the Minimum Wage Rate note component exists on an employee's payslip, this rate will override the system default minimum and maximum ceiling amounts.
- The Minimum Wage Rate note component value will then be used as the minimum ceiling and converted to the maximum ceiling (times 8) when calculating the contributions to Social Security (CNaPS), Statutory Health Organisations (ESIA, FUNHECE, OSTIE, and SALFA) and Training fund (FMFP).

Please note:

The functionality of the new non-taxable Allowance component Subsidised Wage (Tax code SUBWAGE) remains unchanged (see release note #48906) :

- This component can still be used as a once-off or recurring component to process the gap between the minimum hiring wage of 238 800.00 and the minimum paid wage of 250 000.00, which is subsidised.
- The Subsidised Wage component is included in the CNaPS and Health Organisation contributions but excluded from the FMFP contributions and Tax.