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نغمه شوق پرستوهای شاد  
خلوت گرم کبوترهای مست ...  
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سال نو مبارک



موسسه حسابرسي و خدمات مالي ديارايان



**DAYARAYAN**  
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## **Minimum Wages, SSO and Tax Salary for 1390(March 21 , 2011-March 21, 2012)**

### **CIRCULAR ON MINIMUM WAGES AND INCREASE OF SALARIES IN 1390(2011)**

According to Article 41 of the Labour Law, the Labour High Council has the obligation to fix the minimum wages in the beginning of each year and to determine the amount that must be added to the daily wage that was paid to an employee on the last day of the previous year.

The Labour High Council (LHC), on March 14, 2011 decided that the minimum daily wage in the Iranian year 1390 (the year that started on March 21, 2011) shall be Rls.110, 100

Further, the LHC decided that 6% (Six per cent) plus a daily sum of Rls.3, 040 must be added to the salaries and wages paid on the last day of the previous Iranian year 1389(the wages on March 21, 2010).

In

addition

to the above increase, those employees employed with an employer for one full year before the last day of the previous Iranian year 1389, shall be eligible to receive a daily sum of Rls.2, 000 in this Iranian year 1389 as annuity. Should an employee have a record of less than one full year of employment in the beginning of 1390 he/she shall be eligible to receive the above annuity soon after one full year of employment or one full year after annuity was adjusted last year in workshops governed by a job classification scheme.

The following is the full translated text of the Circular issued by the Minister of Labour and Social Affairs notifying the Decree of the Labour High Council:

The Office of the Minister of Labour and Social Affairs

**Circular No. 122554 issued on March 14, 2011**

In implementation of Article 41 of the Labour Law, the Labour High Council held a meeting on March 14, 2011 in presence of the representatives of the government, the workers and employers to determine the minimum wages, in 1390.

The following decisions were adopted by unanimous vote, in the said meeting, with due regard to the interests of workers, in order to bring their pay to the level of livelihood by taking into consideration the exigencies governing the economic entities, employers and the economic condition of the Iranian society:

1. From the beginning of the new Iranian year 1390 (March 21, 2011), the minimum wages of workers being subject to the provisions of the Labour Law, to be employed under definite or indefinite agreements shall be one hundred one thousand one hundred Rials (Rls.110,100) per day.

Also, from the beginning of the Iranian year 1390, other wage levels must increase by six percent as compared with the last fixed wage or last basic salary (Article 36 of the Labour Law) paid in 1389, plus a fixed sum of Rls.3, 040.

Note: However, according to the above increase, the daily wages of an employee may not be less than Rls.110, 100, in any case.

2. A daily sum of Rls.2, 000 shall also be payable to the workers, in 1390, if one year has lapsed since their employment or from the date their salary increased during last year. The said increase shall be known as annuity.

**Note 1-** The above annuity shall be used also in determining the salaries of the workers working under job classification schemes approved by the Ministry of Labour and Social Affairs. The above figure must be inserted in Group I wages, in compliance with the instructions given by the Ministry of Labour in respect of job classification schemes.

**Note 2-** Seasonal workers' wages, in 1390, shall increase in proportion with the duration of their service, during 1389.

3. In order to supply the staple commodities to workers, from the beginning of the Iranian 1390, a monthly sum of Rls.280, 000 must be paid by employers, in respect of every worker (whether single or married) according to the Decree of the labour High Council dated October 13, 2008 to the workers as welfare benefit and incentive under Note (3), Article 36 of the Labour Law.
4. The regulations on the manner of increasing the wages set forth in Clause (1) and Note (1) of Clause ( 2) of this Circular in respect of those jobsites complying with a job classification scheme where the workers receive a compensation in respect of every piece they produce and the manner of increasing their grade, shall be in accordance with the pertinent instructions to be given by the Department General of Supervision of Compensatory Systems of this Ministry.

5. These regulations shall not apply to students who may become engaged in works temporarily in 1390 summer vacations.
6. The jobsites being subject to the provisions of the Labour Law, for the purpose of regulating payment of wages and benefits on the basis of efficiency and increased production and in order to create incentives among their workers may, in addition to implementation of this Decree, provide for payment of wages and benefits on the basis of collective agreements with their workers. Such agreements shall enter into force upon confirmation of same by the Ministry of Labour and Social Affairs.

Abdolreza Shiekhalaslami (Sgd.)

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## **REGULATION ON THE MANNER OF IMPLEMENTATION OF LABOUR HIGH COUNCIL'S DECREE IN RESPECT OF PIECE WORK WORKERS**

Circular No.122554 issued on March 14, 2011

In implementation of the provisions of Clause ( 4) of Circular No.122518 dated March 14, 2010 issued by His Excellency, the Minister of Labour and Social Affairs in respect of a Decree of the Labour High Council dated March 14, 2011, the following provisions are hereby declared on the manner of implementation of the said Decree in respect of the workers who receive compensation on the basis of the number of their products.

### **1. The Manner of Calculation of the 6% Increase Set Forth in Clause (1) of the Circular**

Compensation made in respect of every piece of production to the workers in 1388 must be increased by adding 6% to the piece work compensation paid to all workers (whether working under an indefinite agreement or under a fixed time contract). Should the said workers receive a fixed amount, in addition to the piece work commission, also the said fixed amount must be increased by 6%.

**Note** - In cases where the amount of compensation for production of a piece of product shall be determined on the basis of the fixed part of the wage i.e. the piece work commission shall be a percentage of the fixed amount, in such case only the fixed portion of the wage shall be subject to 6% increase (this being due to the fact that in the above case, also the piece work commission shall increase by 6%, ipso facto).

## **2. The Manner of Calculation of the Fixed Amount of Increment Under Clause( 1) of the Circular**

In addition to the above annual increase, a further daily sum of Rls.3,040 has been added to the salaries that will apply to piece work employees only in case they shall receive a fixed amount as well.

**Note-** If the aggregate amount payable to a worker after the above increments shall be less than Rls.110,100 per day, then the minimum amount of Rls.110,100 per day must be paid.

## **3. Payment of Annuity**

In addition to increase in wages, piece work workers, whether working under job classification schemes or not, shall be eligible to receive the annuity payable to workers according to Clause (2) of Circular No.122518 dated March 14, 2011 of the Honorable Minister of Labour and Social Affairs.

Shakour Ebrahimi - Director General- Compensatory Systems

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**THE MANNER OF INCREASING THE WAGES OF WORKERS UNDER JOB CLASSIFICATION SCHEMES**

Circular No.122518 issued on March 14, 2011

The following are the regulations on the manner of increasing the wages of those workers who work in workshops having job classification schemes as provided under Clause (4) of Circular No. 122516 dated March 14, 2011 issued by the Honorable Minister of Labour and Social Affairs subject to decide of Labour High Council relate to minimum daily wages:

### **A. The Manner of Increasing Wages**

As of the beginning of the year 1390 (March 21, 2011), the basic salaries and wages paid at the end of the Iranian year 1389 shall be increased by 6% plus a fixed daily sum of Rls.3,040 i.e.

(The last basic daily wage paid in 1389  $\times$  1.06) + 3,040 = 1390 Basic Daily Wage

**Note 1-** According to Clause (1) of the Circular, if the aggregate amount payable to a worker after the above increments shall be less than Rls.110,100 per day, then the minimum amount of Rls.101,100 per day must be paid.

**Note 2-** Other items of wages, such as the wage allocable to grade, benefits for retention, annuity, hard work allowance, etc. must be increased by 6%, as of March 21, 2011, compared with payments at the end of 1389, in accordance with the applicable job classification scheme, or in accordance with the practice, in force, at the workshop concerned.

**Note 3-** Also in implementation of Clause 1 of the Circular, the coefficient of the schedules of wages of job classification schemes shall be increased by 6%, as of March 21, 2011. Also, the wage allocable to grade, posting benefits, difficult conditions of work and retention benefits shall be subject to the said coefficient to be determined for 1390 (applicable exclusively to the workshops falling under the provisions of compulsory job classification).

## **B. Provision for Enforcement of Note (1) of Clause (2) of the Circular Concerning Base Rate in 1390**

The table of base rate in the 20 wage-groups in 1390 shall be as follows:

In implementation of Note (1) of Clause (2) in Circular 122518 dated March 14, 2011, all personnel who, by March 21, 2011 and thereafter shall have a job record of at least one year, or one year has passed since their last promotion, shall be granted one higher group, in proportion with their job category, with the calculation of the rate stipulated above.

**Note-** The base wage payable in 1390 under the Table pertaining to this present Clause of this directive shall not be subject to the 6% increase.

**Table of Base Rates for Groups in All 20 Wage-groups (Rls. per day)**

Group	1	2	3	4	5	6	7	8	9	10
Base Rate	2000	2100	2200	2300	2400	2500	2600	2700	2800	2900
Group	11	12	13	14	15	16	17	18	19	20
Base Rate	3000	3200	3400	3600	3800	4000	4300	4400	4600	4800

## **C. Provisions for Enforcement of Clause 4 of the Circular Concerning Wages Rises Resulting from Promotion**

In all workshops operating under a Job Classification Scheme approved by the Ministry of Labour and Social Affairs, the manner of promotion and calculation of the wage increment resulting from such promotion shall be in accordance with the executive regulations and directive pertaining to job classification. Deductions to be made from annuities due to lack of the required education and degree shall be according to the attached schedule and table.

In workshops devoid of a job classification scheme approved and accepted by the Ministry of Labour, the increase in wages resulting from job promotion shall be in accordance with the wage increment procedures of the workshop concerned.

Shakour Ebrahimi - Director General- Compensatory Systems

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### **SSO PREMIUM IN 1390 (21 March, 2011-21 March, 2012)**

According to Social Security Organization regulation, the amount of minimum salary and wages paid to a worker in 1390 (from March 21, 2011) shall be Rls.110, 100 per day. Therefore, SSO premium paid on the basis of a monthly salary less than Rls.3, 303,000 (in months having 30 days and Rls.3, 413,100 in months having 31 days) shall not be acceptable to the SSO.

#### **Minimum SSO Premium**

Amounts: Rls.

Number of days in Month	Minimum Monthly Salary	7% Premium Payable by Workers	20% Premium Payable by Employers	3% Unemployment Insurance Premium	Total Premium
31	3,413,100	238,917	682,620	102,393	1,023,930
30	3,303,000	231,210	660,600	99,090	990,900
29	3,192,900	223,503	638,580	95,787	957,870

According to the said Announcement, the maximum daily amount (SSO ceiling) of wages for Social Security Premiums for calculation purpose shall be Rls.770, 700 Therefore, and the maximum amount of premium for salaries higher than the above sum shall be as follows:

### Maximum SSO Premium

Amounts: Rls.

Number of days in Month	Maximum Monthly Salary	7% Premium Payable by Workers	20% Premium Payable by Employers	3% Unemployment Insurance Premium	Total Premium
31	23,891,700	1,672,419	4,778,340	719,451	7,167,510
30	23,121,000	1,618,470	4,624,200	693,630	6,936,300
29	22,350,300	1,564,521	4,470,060	670,509	6,705,090

### SALARY TAX RATES FOR THE IRANIAN YEAR 1389

According to note 21 Budget bill 1390 the annual tax exemption has been approved as Rls.58,000,000 .In accordance with the provisions of Articles 84 and 85 of the Direct Taxation Act and other regulations in force in 1390 (the Iranian year that started on March 21, 2011) shall be exempt from taxation up to the amount of Rls.58,200,000 per year (Rls.4,833,333 per month). After that, the salaries and wages shall be subject to taxation at the following rates:

Monthly salary	Annual Salary	annual taxable salary	Tax rate	Employees' Governmental		Non-Government Employees		Comment
				Annual tax	Monthly tax	Annual tax	Monthly tax	
4,850,000	58,200,000	-	-	-	-	-	-	
5,000,000	60,000,000	1,800,000	10	180,000	15,000	180,000	15,000	
5,666,666	68,000,000	9,800,000	10	980,000	81,667	980,000	81,667	
6,000,000	72,000,000	13,800,000	10	1,380,000	115,000	1,380,000	115,000	
6,500,000	78,000,000	19,800,000	10	1,980,000	165,000	1,980,000	165,000	
7,000,000	84,000,000	25,800,000	10	2,580,000	215,000	2,580,000	215,000	
7,333,333	88,000,000	29,800,000	10	2,980,000	248,333	2,980,000	248,333	
7,500,000	90,000,000	31,800,000	10	3,180,000	265,000	3,180,000	265,000	
8,350,000	100,200,000	42,000,000	10	4,200,000	350,000	4,200,000	350,000	
10,000,000	120,000,000	61,800,000	10 / 20	6,180,000	515,000	8,160,000	680,000	Includes20%
10,500,000	126,000,000	67,800,000	10 / 20	6,780,000	565,000	9,360,000	780,000	
11,000,000	132,000,000	73,800,000	10 / 20	7,380,000	615,000	10,560,000	880,000	
11,500,000	138,000,000	79,800,000	10 / 20	7,980,000	665,000	11,760,000	980,000	
12,000,000	144,000,000	85,800,000	10 / 20	8,580,000	715,000	12,960,000	1,080,000	
13,183,333	158,200,000	100,000,000	10 / 20	10,000,000	833,333	15,800,000	1,316,667	
14,000,000	168,000,000	109,800,000	10 / 20 / 25	10,980,000	915,000	18,250,000	1,520,833	Includes25%
16,000,000	192,000,000	133,800,000	10 / 20 / 25	13,380,000	1,115,000	24,250,000	2,020,833	
18,000,000	216,000,000	157,800,000	10 / 20 / 25	15,780,000	1,315,000	30,250,000	2,520,833	
20,000,000	240,000,000	181,800,000	10 / 20 / 25	18,180,000	1,515,000	36,250,000	3,020,833	
21,516,666	258,200,000	200,000,000	10 / 20 / 25	20,000,000	1,666,667	40,800,000	3,400,000	
21,666,666	260,000,000	201,800,000	10/20/25	20,180,000	1,681,667	41,250,000	3,437,500	
25,683,333	308,200,000	250,000,000	10/20/25	25,000,000	2,083,333	53,300,000	4,441,667	
40,000,000	480,000,000	421,800,000	10/20/25/30	42,180,000	3,515,000	104,840,000	8,736,667	Includes30%
60,000,000	720,000,000	661,800,000	10/20/25/30	66,180,000	5,515,000	176,840,000	14,736,667	
70,000,000	840,000,000	781,800,000	10/20/25/30	78,180,000	6,515,000	212,840,000	17,736,667	
88,183,333	1,058,200,000	1,000,000,000	10/20/25/30	100,000,000	8,333,333	278,300,000	23,191,667	

More than 88,183,333	More than 1,058,000,000	-	10/20/25/30/35	-	-	-	-	Includes35%
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**Minimum wage comparison 2005-2011 in Iran**

Minimum wage 2005 March 21, 2005	Rls.	Minimum wage workers 2006 March 21, 2006		Minimum wage 2007 March 21,2007 Rls.	Minimum wage 2008 March 21,2008 Rls.	Minimum wage 2009 March 21,2009 Rls.	Minimum wage 2010 March 21,2010 Rls.	Minimum wage 2011 March 21,2011 Rls.
		Permanent workers Rls.	Fixed period workers Rls.					
Daily minimum wage <sup>(1)</sup>	40,864	50,000	60,000	61,000	73,200	91,500	110,000	110,100
Monthly minimum wage (30 day) <sup>(2)</sup>	1,225,920	1,500,000	1,800,000	1,830,000	2,196,000	2,745,000	3,030,000	3,303,000
Workers subsidy	40,000	100,000	100,000	100,000	100,000	100,000	200,000	280,000
Housing allowance	100,000	100,000	100,000	100,000	100,000	100,000	10,000	
Family allowance (40,864×3) <sup>(3)</sup>	122,0592	150,000	180,000	183,000	219,600	274,500	303,000	330,300
Hourly minimum wage	5,575	6,821	8,185	8,321	9,986	12,482	13,778	15,014
Hourly Overtime wage	7,805	9,550	11,460	11,650	13,980	17,476	19,289	21,020
Tax exception subject article 84 tax act	1,900	2,160,000	2,160,000	2,270,000	2,270,000	---	4,375,000	4,850,000
Salary coefficient (as article 84 tax act) <sup>(4)</sup>	380	432	432	454	454	---	---	-
SSO daily minimum wages	40,864	50,000	50,000	61,000	73,200	91,500	101,000	110,100
SSO daily maximum wages <sup>(5)</sup>	208,000	254,500	254,500	366,000	512,000	640,500	707,000	770,700

(1) **Article (7) of Labour law:** The expression "employment contract" means a written or an oral agreement whereby a worker undertakes, in return for remuneration, to perform work for an employer for a fixed term or an indefinite period.

Note 1: The maximum duration of a definite or fixed period in respect of types of work with an impermanent nature shall be determined by the Ministry of Labour and Social Affairs and approved by the Council of Ministers.

Note 2: Where no period is specified in a contract for work which is permanent by nature, the contract shall be deemed to be permanent.

**Article (8) of Labour law:** No stipulation in an employment contract or its subsequent revisions shall be binding if it is less favorable to the worker than the provisions of this Code.

(According with vote no.179 dated Nov. 3,1996 of Administration High Court all labour contracts that period is specified, the contract is name temporary and non permanent.)

(2) - **According to Note of article (37) Labour law :** In months of 31 days, salary and allowances shall be calculated and paid to the worker on the basis of 31 days

(3)- **According with Article 86 of Social security act Family allowance shall be paid exclusively up to two (2) children provided that:**

3/1-The insured has a record of payment of premium for at least 720 working days.

3/2- The age of the children shall be less than 18 full years, or that they are exclusively engaged in studies (up to the completion of their studies), or that they are not able to engage in work due to a disease or loss of a limb as certified by the Medical Boards described in Article 91 of this Act. The amount of family allowance shall be equivalent to three times of the minimum daily wages of an ordinary laborer in different regions for each child every month.

(4)- **Salary coefficient for the year 1387 has not been approved by board of ministers and according to circular of state tax organization the coefficient of 1386 is valid till issue new coefficient.**

(5)- **The daily minimum & maximum wages includes SSO are respectively 110,100 and 770,700 Rls. . (The SSO ceiling has been equal seven times minimum wages ).Please kindly note might be this would be change.**

(6)- **According to Bill Budget 1390 the annual tax exemption is equal 58,000,000 Rials.**

