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Minimum Wages, SSO and Salary Tax Table 2010

CIRCULAR ON MINIMUM WAGES AND INCREASE OF SALARIES IN 1389(2010)

Summary:

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 13, 2010 decided that the minimum daily wage in the Iranian year 1389 (the year that started on March 21, 2009) shall be Rls.101,000

Further, the LHC decided that 7% (Seven per cent) plus a daily sum of Rls.7,011 must be added to the salaries and wages paid on the last day of the previous Iranian year 1388(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 1387, shall be eligible to receive a daily sum of Rls.2,000 in this Iranian year 1388 as annuity. Should an employee have a record of less than one full year of employment in the beginning of 1388, 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 Office of the Minister of Labour and Social Affairs

Circular No.131535 issued on March 14, 2010

In implementation of Article 41 of the Labour Law, the Labour High Council held a meeting on March 13, 2010 in presence of the representatives of the government, the workers and employers to determine the minimum wages, in 1389.

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 1389 (March 21, 2009), 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, rials (Rls.101,000) per day.

Also, from the beginning of the Iranian year 1389, other wage levels must increase by five percent as compared with the last fixed wage or last basic salary (Article 36 of the Labour Law) paid in 1388, plus a fixed sum of Rls.7,011.

Note: However ,according to the above increase , the daily wages of an employee may not be less than Rls.101,000, in any case.

2. A daily sum of Rls.2,000 shall also be payable to the workers, in 1389, 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 1389, shall increase in proportion with the duration of their service, during 1388.

3. In order to supply the staple commodities to workers, from the beginning of the Iranian 1389, a monthly sum of Rls.200, 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 1389 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.131888 issued on March 15, 2010

In implementation of the provisions of Clause (4) of Circular No.131535 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 13, 2010, 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 7% 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 7% 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 7%.

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 7% increase (this being due to the fact that in the above case, also the piece work commission shall increase by 7%, 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.7, 011 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.101,000 per day, then the minimum amount of Rls.101,000 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.131535 dated March 14, 2010 of the Honorable Minister of Labour and Social Affairs.

Amir Ahmadi - Director General- Compensatory Systems

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

Circular No.131900 issued on March 15, 2010

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.131535 dated March 13, 2009 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 1389 (March 21,2010) , the basic salaries and wages paid at the end of the Iranian year 1387 shall be increased by 7% plus a fixed daily sum of Rls.7,011 i.e.

(The last basic daily wage paid in 1388 \times 1.07)+7,011=1389 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.101,000 per day, then the minimum amount of Rls.101,000 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 7%, as of March 21, 2010, compared with payments at the end of 1388, 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 7%, as of March 21, 2010. 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 1389 (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 1389

The table of base rate in the 20 wage-groups in 1389 shall be as follows:

In implementation of Note (1) of Clause (2) in Circular No.131535 dated March 14, 2010, all personnel who, by March 21, 2010 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 1389 under the Table pertaining to this present Clause of this directive shall not be subject to the 5% 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.

Amir Ahmadi - Director General- Compensatory Systems

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SSO PREMIUM IN 1389 (21 March, 2010-21 March, 2011)

According to Social Security Organization regulation, the amount of minimum salary and wages paid to a worker in 1389 (from March 21, 2010) shall be Rls.101, 000 per day. Therefore, SSO premium paid on the basis of a monthly salary less than Rls.3, 030,000 (in months having 30 days and Rls.3, 131,000 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	3,131,000	219,170	626,200	93,930	939,300
30	3,030,000	212,100	606,000	90,900	909,000
29	2,929,000	205,030	585,800	87,870	878,700

According to the said Announcement, the maximum daily amount (SSO ceiling) of wages for Social Security Premiums for calculation purpose shall be Rls.707,000 Therefore, 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	21,917,000	1,534,190	4,383,400	657,510	6,575,100
30	21,210,000	1,484,700	4,242,000	636,300	6,363,000
29	20,503,000	1,435,210	4,100,600	615,090	6,150,900

SALARY TAX RATES FOR THE IRANIAN YEAR 1389

According to budget law of 1389 the annual tax exemption has been approved as Rls.52,500,000 .In accordance with the provisions of Articles 84 and 85 of the Direct Taxation Act and other regulations in force in 1389 (the Iranian year that started on March 21, 2010) shall be exempt from taxation up to the amount of Rls.52,500,000 per year (Rls.4,375,000 per month). After that, the salaries and wages shall be subject to taxation at the following rates:

Salary Taxes of Governmental &None Governmental Employees for the year 2010.Annual exemption according to Budget law Rls. 52,500,000

Amount: Rls,

Monthly Salary	Annual Salary	Annual taxable salary	Salary tax rates	Governmental		None Governmental		Remark
				Annual tax	Monthly tax	Annual tax	Monthly tax	
4,375,000	52,500,000	-	Exempt	-	-	-	-	
4,500,000	54,000,000	1,500,000	10	150,000	12,500	150,000	12,500	
5,000,000	60,000,000	7,500,000	10	750,000	62,500	750,000	62,500	
5,500,000	66,000,000	13,500,000	10	1,350,000	112,500	1,350,000	112,500	
6,000,000	72,000,000	19,500,000	10	1,950,000	162,500	1,950,000	162,500	
6,500,000	78,000,000	25,500,000	10	2,550,000	212,500	2,550,000	212,500	
7,000,000	84,000,000	31,500,000	10	3,150,000	262,500	3,150,000	262,500	
7,300,000	87,100,000	34,600,000	10	3,460,000	288,334	3,460,000	288,334	
7,500,000	90,000,000	37,500,000	10	3,750,000	312,500	3,750,000	312,500	
7,785,000	94,500,000	42,000,000	10	4,200,000	350,000	4,200,000	350,000	
8,000,000	96,000,000	43,500,000	10 / 20	4,350,000	362,500	4,500,000	375,000	in excess of 10%
8,500,000	102,000,000	49,500,000	10 / 20	4,950,000	412,500	5,700,000	475,000	
9,000,000	108,000,000	55,500,000	10 / 20	5,550,000	462,500	6,900,000	575,000	
9,500,000	114,000,000	61,500,000	10 / 20	6,150,000	512,500	8,100,000	675,000	
10,000,000	120,000,000	67,500,000	10 / 20	6,750,000	562,500	9,300,000	775,000	
10,500,000	126,000,000	73,500,000	10 / 20	7,350,000	612,500	10,500,000	875,000	
11,000,000	132,000,000	79,500,000	10 / 20	7,950,000	662,500	11,700,000	975,000	
11,500,000	138,000,000	85,500,000	10 / 20	8,550,000	712,500	12,900,000	1,075,000	
12,000,000	144,000,000	91,500,000	10 / 20	9,150,000	762,500	14,100,000	1,175,000	
12,708,333	152,500,000	100,000,000	10 / 20	10,000,000	833,334	15,800,000	1,316,667	

13,000,000	156,000,000	103,500,000	10 / 20 / 25	10,350,000	862,500	16,675,000	1,389,584	for excess sum
14,000,000	168,000,000	115,500,000	10 / 20 / 25	11,155,000	929,584	19,675,000	1,639,584	
16,000,000	192,000,000	139,500,000	10 / 20 / 25	13,950,000	1,162,500	25,675,000	2,139,584	
18,000,000	216,000,000	163,500,000	10 / 20 / 25	16,350,000	1,362,500	31,500,000	2,625,000	
20,000,000	240,000,000	187,500,000	10 / 20 / 25	18,750,000	1,562,500	37,675,000	3,139,584	
21,000,000	252,000,000	199,500,000	10 / 20 / 25	19,950,000	1,662,500	40,675,000	3,389,584	
22,000,000	264,000,000	211,500,000	10 / 20 / 25	21,150,000	1,762,500	43,675,000	3,639,584	
23,000,000	276,000,000	223,500,000	10 / 20 / 25	22,350,000	1,862,500	46,675,000	3,889,584	
24,000,000	288,000,000	235,500,000	10 / 20 / 25	23,550,000	1,962,500	49,675,000	4,139,584	
25,000,000	302,500,000	250,000,000	10 / 20 / 25	25,000,000	2,083,334	53,300,000	4,441,666	for excess sum
30,000,000	310,000,000	257,500,000	10/20/25/30	25,750,000	2,145,834	55,550,000	4,645,834	
40,000,000	480,000,000	427,500,000	10/20/25/30	42,750,000	3,562,500	106,550,000	8,879,166	
60,000,000	720,000,000	667,500,000	10/20/25/30	66,750,000	5,562,500	178,550,000	14,879,166	
70,000,000	840,000,000	787,500,000	10/20/25/30	78,750,000	6,562,500	214,550,000	17,879,166	
87,708,333	1,052,500,000	1,000,000,000	10/20/25/30	100,000,000	8,333,334	278,300,000	23,191,667	
Up 87,708,333	Up 1,052,500,000	-	10/20/25/30/35	-	-	-	-	for excess sum