

Brazil's Minimum Wage Goes Up to US\$ 119 a Month, May 1st

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The monthly minimum wage increase from US\$ 103 (260 reais) to US\$ 119 (300 reais) will inject US\$ 5.1 billion (13.3 billion reais) into Brazilian economy, and rise tax collection to over US\$ 1.19 billion (3 billion reais), estimates the Inter-Union Department of Statistics and Socio-Economic Studies (DIEESE).

This estimate considers workers receiving up to one minimum wage per month which amount to 37 million people (active and retired). The minimum wage increase will be effective May 1st.

DIEESE also indicates that the measure will represent a real increase of 6.5% on the salary, when considering the Cost of Living Index (ICV), or of 8.8%, when the correction is based on the Consumer Price Index (INPC), which is calculated by the Brazilian Institute of Geography and Statistics (IBGE).

According to DIEESE's calculations, the minimum wage increase means that the Social Security will spend additional US\$ 2 billion (5.2 billion reais) per year paying for benefits for retirees and pensioners who earn up to one minimum wage.

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