

Puerto Rico to Increase Minimum Wage

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An McV Labor & Employment Law Alert

September 22, 2021

On September 21, 2021, the Governor of Puerto Rico signed the “Puerto Rico Minimum Wage Act”, Act 43-2021, which provides for a staggered increase in the minimum hourly wage of private-sector employees.

Pursuant to Act 43-2021, effective January 1, 2022 the minimum hourly wage increases to \$8.25. A second hourly wage increase to \$9.50 goes into effect on July 1, 2023; and a third and final increase to \$10.50 is contemplated for July 1, 2024, unless the to-be created Minimum Wage Evaluation Commission issues a mandatory decree to provide otherwise.

The Act’s minimum wage increases will apply to all private-sector employees, including those who work for employers covered under the Federal Fair Labor Standards Act, except for workers in the agricultural industry. The referred increases will not apply to the "Administrators", "Executives", and "Professionals" as such terms are defined by Regulation No. 13 of the Puerto Rico Minimum Wage Board.

For tipped employees, Act 43-2021 provides that they will be entitled to the federal minimum wage that is established for said workers, which in combination with the credit for tips received must reach, at least, the local minimum wage established in Act 43-2021, or in an applicable mandatory decree that may be approved by the Minimum Wage Evaluation Commission.

In cases where the federal minimum wage is higher than the Puerto Rico minimum wage, the federal minimum wage will prevail.

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