

Madagascar's minimum wage increase impacts social contributions

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In Madagascar, the minimum wage is increased annually by Decree. On 27 March 2018, the Government of Madagascar adopted the Decree No. 2018 - 260 (the Decree) stating the new minimum wage for employment and seniority by occupational category applicable for 2018. The effectivity date of the new minimum wage cap is 1 March 2018 (Art.1 of the Decree).

Madagascar's minimum wage increased by 8% on average compared to 2017. Adjustments must be performed for the period starting March 2018.

The minimum wage is used as a basis for the calculation of the monthly salary cap subject to social contributions to be paid to the "CNAPS" (*Caisse Nationale de Prévoyance Sociale*), the national social security fund in Madagascar. Therefore, an increase of the minimum wage also implies an increase of the social contributions cap.

The monthly salary cap subject to social contributions is equal to the new minimum wage multiplied by eight. The monthly social contributions caps applicable for CNAPS and for some intercompany medical services are calculated on the basis of the monthly salary caps multiplied by the social contributions rate. CNAPS' social contribution caps are presented in the following table for employers and employees:

Sector	Minimum wage 2018 in MGA (a)	Amount of monthly salary cap subject to social contributions in MGA (b) = (a) x 8	Social contributions rate (c)	Social contributions cap in MGA (d) = (b) x (c)
Non-agricultural	168,019	1,344,152	Employer (13%)	174,739.76
			Employee (1%)	13,441.52
Agricultural	170,422	1,363,376	Employer (8%)	177,238.88
			Employee (1%)	13,633.76

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