

Minimum wage in EU

Minimum wage is becoming a hot topic in several jurisdictions throughout the EU. Currently, each jurisdiction approaches the minimum wage concept differently. How does the EU come together on this?

Directive 2022/2041, published by the European Commission on 25 October 2022, aims to ensure adequate minimum wages for employees in the EU. Indeed, the European Commission, indicates as the main way forward the adoption of a framework of national rules aimed at guaranteeing the adequacy of minimum wages through the activation of formal procedures for the involvement of the social partners. This means maintaining the possibility to continue with only collective bargaining agreements to determine minimum wages (as long as it has a coverage rate of at least 80 percent of employees in the given minimum-wage category).

Have a look at the comparative study that our Dentons teams have prepared on the topic to find out more on the current situation in major EU economies.

	Is there a minimum wage by law?	If yes, is the law hourly based?	If yes, what kind of categories are impacted?	If no, how the wages are determined in your Country?	Anything particularly relevant to point out?
Italy	No	N/A	N/A	Minimum wages are determined by national collective bargaining agreements (NCBAs) or by company-level bargaining agreements. If an NCBA/company level agreement does not apply, the Employment Court can order to employer to apply similar economic treatments to those found in similar (theoretically applicable) NCBAs, according to the employer's business sector.	In the last few months an important debate has been taking place in the Italian Parliament in order to introduce statutory minimum wages.

	Is there a minimum wage by law?	If yes, is the law hourly based?	If yes, what kind of categories are impacted?	If no, how the wages are determined in your Country?	Anything particularly relevant to point out?
France	Yes	<p>Yes, by law the minimum wage (SMIC) is hourly based.</p> <p>For your information, the hourly gross SMIC applicable from May 1, 2023, is €11.52.</p> <p>The minimum monthly wage is calculated based on the legal working week of 35 hours.</p>	All employees under employment contracts in all categories are impacted.	N/A	<p>Collective bargaining agreements (CBAs) provide for a minimum wage, that is normally higher than the SMIC and that must apply in this case.</p> <p>The company must apply the higher of the SMIC and the CBA minimum wage.</p> <p>The SMIC is adjusted in 3 ways:</p> <ul style="list-style-type: none"> • An automatic increase each year on January 1. The increase in the SMIC takes account of inflation for the 20% of households with the lowest incomes and half the gain in purchasing power of the average hourly wage for manual and clerical workers (SHBOE) • An increase during the year if the consumer price index rises by at least 2% compared with the index recorded when the SMIC was last adjusted • A “boost” decided by the government, outside the price index (there has been no increase over and above the mechanical revaluation since July 2012).
Germany	Yes	Yes, the minimum wage is set by law. According to the Minimum Wage Act (MiLoG), this is €12 per hour gross. Further increases are planned for the future.	All employees under employment contracts in all categories are impacted. There are only very minor exceptions (e.g. in the case of internships or persons under 18 years of age without vocational training).	N/A	There are also other minimum wages in different industries that may be higher. These are regulated by collective bargaining agreements and may also be generally binding. Companies must apply the higher minimum wage (statutory/collective bargaining agreement) if there are different minimum wages.
Spain	Yes. Annually, the Spanish government states an annual minimum salary. For 2023, the minimum annual gross salary is €15,120.00.	No.	It is applicable to every employee.	N/A	The minimum wage is established by law and is updated annually based on inflation and other economic factors such as the COLA (cost of living).

	Is there a minimum wage by law?	If yes, is the law hourly based?	If yes, what kind of categories are impacted?	If no, how the wages are determined in your Country?	Anything particularly relevant to point out?
The Netherlands	<p>Yes. The minimum wage is fixed by law. All workers aged 21 and over are entitled to the legal minimum wage.</p> <p>Workers older than 15 years but aged under 21 are entitled to the minimum youth wage.</p> <p>In addition, Dutch law also accounts for a minimum holiday allowance to which the employee is entitled.</p>	<p>Yes.</p> <p>The gross minimum hourly wage varies by length of the (full-time) work week. The minimum hourly wage as of July 1, 2023, is as follows:</p> <ul style="list-style-type: none"> • Working 36 hours entitles the worker to a minimum wage of €12.79 • Working 38 hours entitles the worker to a minimum wage of €12.12 • Working 40 hours entitles the worker to a minimum wage of €11.51 <p>The length of a full-time workweek depends on the industry in which the worker works and any applicable collective bargaining agreements. Collective bargaining agreements can also stipulate higher minimum wages than the statutory minimum for a certain industry or company.</p> <p>Fixed minimum daily, weekly and monthly wages also exist. These are dependent on the applicable length of a full-time work week for a specific employee in line with the above.</p>	<p>The legal minimum wage applies to all persons performing work under employment contracts.</p> <p>This includes:</p> <ul style="list-style-type: none"> • Fixed term and indefinite term employees • On-call employees • Payroll employees • Temporary agency workers (Dutch: <i>uitzendkrachten</i>) • Employees with work permits • Employees of contractors or subcontractors <p>If a worker works on the basis of an assignment contract or other agreement for payment, then the statutory minimum wage also applies.</p> <p>This does not apply to self-employed workers (whom the Tax Authorities also consider to be entrepreneurs and not employees).</p>	N/A	<p>The minimum wage level is adjusted by the government twice a year: on January 1 and July 1.</p> <p>The statutory minimum wage applies to those who perform their employment in the Netherlands. If the employee performs the employment outside the Netherlands, but both the employee and the employer live or are located in the Netherlands, the statutory minimum wage still applies.</p> <p>Starting in 2024, the fixed minimum monthly, weekly and daily wages will disappear. There will no longer be a distinction between working 36, 38 or 40 hours per week. There will be one fixed minimum hourly wage for workers aged 21 and older. The minimum wage for workers aged under 21 will be based on the age of the employee and will be pro-rated in relation to the adult minimum wage.</p>

	Is there a minimum wage by law?	If yes, is the law hourly based?	If yes, what kind of categories are impacted?	If no, how the wages are determined in your Country?	Anything particularly relevant to point out?
Poland	Yes	Yes, both hourly and monthly	<p>Starting from July 1, 2023 the minimum hourly rate is PLN 23.50 and the minimum monthly salary (full-time work, i.e.: 40 hours per week) is PLN 3,600 gross.</p> <p>These rates apply to all employees, while the minimum hourly rate applies also to civil law contractors (including B2B), unless</p> <p>(i) they are independent in deciding on time, place and manner in which the services are performed and they receive the remuneration in a form of commission only, or</p> <p>(ii) they engage themselves the employees or subcontractors, or</p> <p>(iii) they perform specific functions connected with the daily care of children, as listed in the Act on minimum wage.</p>	N/A	<p>Minimum wages used to be increased once a year effective from January 1. This year (2023) due to higher inflation, it was increased twice, while the second increase applies from July 1, 2023.</p> <p>Entities engaging civil law contractors are obliged to record information on hours of service performance and to keep it for 3 years (for the purpose of verifying) that at least the minimum wage has been paid.</p>
Czech Republic	Yes	Yes, both hourly and monthly.	The basic minimum wage for a fixed working week of 40 hours is CZK 103.80 per hour or CZK 17,300.00 per month.	N/A	<p>Based on operation of law, the minimum wage can be further increased with respect to the complexity, responsibility and exertion of the work performed up to CZK 207.60 per hour or CZK 34,600.00 per month.</p> <p>The statutory minimum wage increases from time to time.</p> <p>A collective bargaining agreement can stipulate even higher remuneration.</p>
Slovakia	Yes	In some cases	Employees who are remunerated by other form of pay than a monthly salary	N/A	<p>For employees who are remunerated monthly, the minimum wage is set as the monthly minimum wage (so, in this case the minimum wage is not hourly based).</p> <p>The law prefers an agreement between employers' representatives and employees' representatives to determine the exact sum of the monthly minimum wage. In the event of a failure to reach such agreement, the minimum wage prescribed by law applies.</p>

	Is there a minimum wage by law?	If yes, is the law hourly based?	If yes, what kind of categories are impacted?	If no, how the wages are determined in your Country?	Anything particularly relevant to point out?
Romania	<p>Yes. The value of the minimum wage is determined by law (Government Decision no. 1447/2022). Starting January 1, 2023, the minimum gross, base wage is RON 3,000 (currently approximated €610).</p> <p>As an exception to the aforementioned rule, the minimum gross base wage in the construction field is RON 4,000 (currently approximated at €800).</p>	<p>The minimum gross base wage of RON 3,000 is established and calculated for a normal work schedule on average 165.333 hours per month, representing RON 18.145/hour (currently approximated at €3/hour). The minimum gross base wage for a part-time employee is calculated by multiplying the number of hours worked by the minimum wage/hour (RON 18.145/hour).</p>	<p>As a rule, the conditions related to the minimum gross base wage are applicable for all categories of employees that execute their professional activities in Romania.</p> <p>Exceptions are made where international laws may apply and there is an international element in the employment agreement (such as: the employer is a foreign entity, and its laws create a more favorable situation for the employee wage-wise).</p>	N/A	N/A
Hungary	<p>Yes. It is determined by Government Decree no. 573/2022 (XII.23).</p>	<p>Yes, but there is a mandatory minimum wage (calculated for a full-time employee) for monthly, weekly and daily distribution as well. These are the following: HUF 232,000.00 per month, HUF 53,340.00 per week, HUF 10,670.00 per day, and HUF 1,334.00 per hour.</p>	<p>The minimum wage rule applies to all kinds of employees and employers. For this purpose budgetary authorities are construed as employers; employees are construed as persons employed by budgetary authorities; remuneration in the case of civil servants, employees in government service, healthcare services, political service and commissioner's relationships remuneration in the case of persons employed under public service relationship by bodies of special legal status, and the aggregate of base and supplemental remuneration in the case of employees in public service relationship are construed as the personal base wage.</p> <p>There are two different minimum wages: a "mandatory minimum wage" for workers whose employment does not require a secondary school diploma or advanced vocational training or higher, and a "guaranteed wage minimum" applied to jobs that require a secondary school diploma or advanced vocational training or higher. This "guaranteed wage minimum" is higher, HUF 1,704.00/hour.</p>	N/A	<p>Worth noting that a change in the minimum wage level in the near future is likely.</p> <p>In connection with part-time employment, the monthly, weekly and daily wages must be decreased in proportion to the time differential.</p> <p>If the full work period (i) is longer than 8 hours a day, or (ii) is less than 8 hours a day, the hourly wage is proportionally increased or decreased as appropriate.</p>

	Is there a minimum wage by law?	If yes, is the law hourly based?	If yes, what kind of categories are impacted?	If no, how the wages are determined in your Country?	Anything particularly relevant to point out?
Luxembourg	Yes. The minimum wage is fixed by law.	No.	N/A	<p>Minimum wages are determined by law, and all employers must abide by legal provisions.</p> <p>Minimum wages vary, depending on the level of qualification and age of the employees concerned.</p> <p>Nonqualified employees at least 18 years of age are entitled to 100% of the amount fixed by law.</p> <p>Employees aged between 17 and 18 years are entitled to 80% and employees aged between 15 and 17 years are entitled to 75%.</p> <p>Qualified employees are entitled to receive 20% more than nonqualified employees.</p> <p>To be considered as being qualified, the employee must have completed an education or training leading to an official certificate. Certificates considered official are those recognized by the Luxembourg State and which are at least at the level of a <i>certificat d'aptitude technique et professionnelle</i> (CATP) or the <i>diplôme d'aptitude professionnelle</i> (DAP) in technical secondary (DAP) from technical secondary education.</p>	All salaries (including minimum wages) are indexed, according to the cost of living. Index is mandatory and employers must increase the salaries in line with the evolution of the cost of living. When the consumer price index increases by 2.5% over the previous semester, salaries are adjusted by the same proportion. The State is authorized to negotiate tripartite agreements with unions representing employees and the representatives of employers in order to freeze the indexation when necessary.

Contacts

Italy



Davide Boffi
Partner & Europe
Head of E&L practice group
D +39 02 726 268 27
davide@boffi@dentons.com



Mattia Maestrini
Associate
D +39 02 726 268 97
mattia.maestrini@dentons.com

France



Katell Dénier-Allioux
Partner
D +33 1 42 68 48 32
katell.denier-allioux@dentons.com



Sofia Allegri
Junior Associate
D +33 1 42 68 93 50
sofia.allegri@dentons.com

Germany



Frank Lenzen
Partner
D +49 69 45 00 12 280
frank.lenzen@dentons.com

Spain



Nurdan Adamidis
Senior Associate
D +49 69 45 00 12 421
nurdan@adamidis@dentons.com



Juan Alonso Berberena
Managing Counsel
D +34 91 43 22 600
juan.alonso@dentons.com

Netherlands



Eugenie Nunes
Partner
D +31 20 795 36 05
eugenie@nunes@dentons.com

Poland



Aleksandra Minkowicz-Flanek
Partner
D +48 22 242 56 65
aleksandra.minkowicz-flanek@dentons.com

Czech Republic



Tomáš Bílek
Partner
D +420 236 082 226
tomas.bilek@dentons.com

Slovakia



Stanislav Ďurica
Partner
D +421220660248
stanislav.durica@dentons.com

Romania



Tiberiu Csaki
Partner
D +40 21 371 5403
tiberiu.csaki@dentons.com

Hungary



Anita Horváth
Partner
D +36 1 488 5221
anita.horvath@dentons.com



Viktória Széll
Junior Associate
D +36 1 488 5285
viktoria.szell@dentons.com

Luxembourg



Christel Dumont
Senior Counsel
D +352 46 83 83 211
christel.dumont@dentons.com