



## Tax Newsletter

Timely news and information on national tax issues

# Considerations regarding the New Pension Savings System Law



On 20 December 2022, the Legislative Assembly passed the Comprehensive Pensions System Law, which was published in the official gazette on 21 December 2022. Therefore, it is important to know which aspects remain the same and which ones change with respect to the previous version.

Following we detail the main aspects of the law:

**1. Contribution rate:** It is established that the contribution rate will be 16% of the base income, which corresponds to a 7.25% employee contribution and an 8.75% employer contribution and represents an increase of 1% for the employer with respect to the previous methodology. It is worth mentioning that according to what it is established in the Income Tax Legislation, for employers, the expenses recognized for this item are considered as expenses deductible from the income obtained.

**2. Maximum wage subject to contributions:** Previously, there was a maximum wage subject to contributions that was based on the highest remuneration paid by the Public Administration. For 2022, the maximum wage subject to contributions was US\$ 7,045.06.

However, the new law does not establish a maximum amount, so it is understood that contributions should be made based on the total wages.

**3. Exclusions from the base income subject to contributions:** The exclusions from the base income remain the same, which are as follows:

- a) Occasional gratuities and bonuses
- b) Christmas bonus
- c) Travel expenses, entertainment expenses, and social benefits established by law.

**4. Special cases:** When an employee is receiving a maternity, illness or accident benefit, 7.25% will be deducted from the benefit as an employee contribution, and likewise, the employer should calculate its contribution (8.75%) based on the amount of the benefit that the employee is receiving.

**5. Allocation of the contribution:** Following are the changes in the allocation of the contribution:

Item	Previously	New	Difference
<b>Individual Account</b>	8.1%	9.0%	0.9%
<b>CGS*</b>	5.0%	6.0%	1.0%
<b>Insurance and commission</b>	1.9%	1.0%	(0.9%)
<b>Total</b>	15.0%	16.0%	1.0%

\*Cuenta de Garantía Solidaria

**6. Advance withdrawal of funds:** The new law does not consider the advance withdrawal of funds.

**7. Contribution payroll deadline:** Under the new law, the deadlines for the declaration and payment of the contribution payrolls remain the same, that is, within the first 10 business days of the following month.

**8. Retirement ages:** The ages to opt for the old-age pension remain the same (60 years for men and 55 years for women).

All these provisions will go into effect as of **January 2023**. Therefore, it is necessary that taxpayers that have employees review the contents of this new law, to **comply with all of these requirements**.

More information:



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Tax Obligations before the  
Tax Office (Ministerio de Hacienda)



Municipal Tax Obligations



Payroll Management  
Obligations

## January 2023

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

To learn more about **January's** tax obligations:



Download the 2023  
Tax Calendar

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