



# newsflash

28 september 2012

## Compulsory salary increase as of 1st October 2012

As of 1 October 2012 the index applicable to employees' remuneration will increase from 737.27 to 756.27. This raise implies a mandatory salary increase of 2.5% in gross salaries paid under Luxembourg employment contracts.

The salary index is a mechanism for the automatic adaptation of salaries linked to the cost of living index as determined by the National Institute for Statistics and Economic Studies (STATEC). Salaries are hence subject to an automatic increase by operation of law every time the cost of living index increases by more than 2.5%. The aim of this mechanism is to compensate employees' losses in purchasing power due to inflation by granting a revenue increase.

By virtue of the law dated 31 January 2012 adapting certain methods for applying the sliding wage scale, the adaptation of salaries will be operated no more than once per year in 2012, 2013 and 2014 with an interval of a minimum of 12 months between each salary index increase. The next compulsory salary increase due to the index mechanism will thus occur at the earliest on 1 October 2013.

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