

LABOR ASPECTS IN FREE ZONES



A. LAW 8-90

The Law 8-90, who rules and promotes the establishment of enterprises and free zone parks, establish in the Chapter 10 and articles, among others, the following:

In **Article 41**, the law establish: “The Operators and the enterprises installed in the Free Zone under the protection of this Law, should obey all the laws, rules and current dispositions of the Work Code and labor laws. Likewise should satisfy the established duties drawn by the Social Insurance Law, Law No. 116 which creates the National Institute for Technical Professional Education (INFOTEP), the international agreements subscribed and rectify by the Dominican government and the Sanitary Laws for the industrial infrastructures.

Article 42 establish: The minimum salary for the apprentices under the Work Code will be applicable to the Free Zones in the following way:

- a) By three (3) months in most of the free zones;
- b) By six (6) months in the Free Zones located in the borders of the country.

Article 43: If a worker is dismiss after the period of his/her apprentices, and subsequently hired by the same enterprise, he/she will not be able to qualify again as an apprentice, and if he/she has partially done the apprenticeship, only will be able to qualify as it, by the time of completion the above mentioned enterprise in each case.

Article 44: The Operators and Free Zone Enterprises which decides to end their operations in the country, should notify with three (3) months prior to the Free Zone National Council and the Council will reveal it for the appropriated matters to: Central Bank of the Dominican Republic, State Secretaries of Finances, of Industries and Commerce and Work, National Institute of Social Insurance and General Custom Direction.

B. MINIMUM WAGE AND MARGINAL BENEFITS

Under of the special dispositions for the Free Zone is the appointment of the minimum wage to pay, which is determined by National Wage Committee. The last wage arrangement for the Free Zone Sector was done by Resolution No. 08-2013 dated September 27, 2013. This resolution establish as a minimum salary the amount of **7,220.00** effective october 1, 2013.

MINIMUM WAGE

MONTHLY: RD\$7,220.00 = US\$169.88 (Rate US\$1.00 = RD\$42.50, as of october/13)

TOTAL OF WEEKLY WORKED HOURS 44 HOURS

NOTE: IN DECLARED SITES AS ECONOMICALLY DEPRESSED AREAS, THERE IS A MINIMUM WAGE OF RD \$3,600 (US\$ 99.50)

EXTRA HOURS PAYMENT

- More than 44 hours 35% of the basis salary
- More than 68 hours 100% of increase
- Night work 15% over the established salary for the Daily Work, for the work executed from 7:00 A.M. to 6:00 P.M.

VACATIONS

The employees with one year and no more than five years of services: **14 days of ordinary salary**

The employees with more than five years of services: **18 days of ordinary salary**

Holidays and weekends will not be counted.

In the event of the end of the work of the employee, the vacations will be calculated in the following way:

- Five months of services Six days
- More than six months Seven days
- More than seven months Eight days
- More than eight months Nine days
- More than nine months Ten days
- More than ten months Eleven days
- More than eleven months Twelve days

Way to calculate the payments per vacations:

$$\begin{aligned} \text{Monthly salary} / 23.83 &= \text{daily salary} \\ \text{RD\$ } 7,220.00 / 23.83 &= \text{RD\$ } 302.97 \text{ (US\$ } 7.12 \text{ daily)} \end{aligned}$$

Daily salary	X	Vacations	=	Vacations payment
RD\$ 302.97	X	14	=	RD\$ 4,241.58
US\$ 7.12	X	14	=	US\$ 99.68

END OF THE WORKING CONTRACT

The notice in advance is the notice that the enterprise or the employee should give by law to end the contract. If the company decides to end the employee contract without the notice in advance, it will have to pay the following:

- 3 months but no more than 6: 6 days of salary
- 6 months but no more than one year: 13 days of salary
- 1 year but not more than five: 21 days of salary per each year of

service

CHRISTMAS SALARY

Should be calculated in the following way:

RD\$ 7,220.00	X	worked time/ 12	=	Months at year
US\$ 169.88	X	worked time/12	=	Christmas Salary

LICENCES

The paid brakes, named special brakes for which the employee has the right:

- By marriage 5 days
- By decease of any of their grandparents, parents, Children or their spouse or wife 3 days
- By the confinement of his wife (child -birth) 2 days

MATERNITY

- The dismissal of female employees during pregnancy is void and up to three (3) months after the date of delivery of the baby.
- Regarding dismissal the woman can not be fired by reason of pregnancy. All dismissals for this cause are void or null.
- Pre natal and post natal rest for the female worker will never be less than 12 weeks.
- If the employee request their vacations immediately after the post natal rest the employer is obligated to admit this request.
- Is also set that during the first year of the baby the employee will be able to have one half day in each month, at her convenience, to take the baby to pediatric visits.

INFOTEP

Companies will pay on a monthly basis 1% (one) percent of the total amount of the ordinary salaries paid to their permanent staff. This obligation is imposed to free zone companies in Article 41 of the law 8-90.

MINIMUM WAGE	RD\$ 7,220.00 (US\$169.88)
INFOTEP (1%)	RD\$ 72.20 (US\$1.69)

WORK RISK INSURANCE (SRL) 1% OF THE PAYROLL AND AN ADDITIONAL VARIABLE PERCENTAGE FROM 0.1 TO 0.6%, DEPENDING ON THE ACTIVITY OF THE COMPANY (LAW 87-01) FROM 04/05/01 about the Dominican Social Security System.

HEALTH INSURANCE AND RETIREMENT INSURANCE

The affiliation of the Worker and the employer in the regulatory regime is obligatory (art. 36 Law 87-01) all employees of companies to be installed in Dominican Republic should know about the cost of the Retirement Insurance; is also obligatory the inclusion of the employees in the Family Health Insurance in accordance with the scale amended to this document.

As of August 2007, the fifth year of the Insurance Aging, Disability and Survivorship, contributions will be as follows:

ITEMS	FROM AUGUST 2007 YEAR 5	YEAR 6	YEAR 7
TOTAL	9.00 %	9.47%	9.97%
Personal Account	7.00%	7.50%	8.00%
Life Insurance affiliate	1.00%	1.00%	1.00%
Social Solidarity Fund	0.40%	0.40%	0.40%
AFP commission	0.50%	0.50%	0.50%
Operation of the Superintendency	0.10%	0.07%	0.07%
DISTRIBUTION OF INPUT			
Affiliate	2.58%	2.72%	2.87%
Employer	6.42%	6.75%	7.10%

During the first five years form the date of entry into force of the Family Health Insurance contributory scheme, its cost and inputs are as follows:

ITEMS	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TOTAL	9.53%	10.03%	10.13%	10.13%	10.13%
Health care of individuals	9.53%	9.53%	9.53%	9.53%	9.53%
Kids Stay		0.10%	0.10%	0.10%	0.10%
Subsidies		0.33%	0.43%	0.43%	0.43%
Operation of the Superintendency		0.07%	0.07%	0.07%	0.07%
DISTRIBUTION OF INPUT					
Affiliate	2.86%	3.01%	3.04%	3.04%	3.04%
Employer	6.67%	7.02%	7.09%	7.09%	7.09%

C. WORK OBLIGATIONS

Under Law 8-90 free zone companies are subject to all work and social security dispositions of Dominican Republic the rules among other matters work contracts, work conditions, unions, economical conflicts, strikes, wages and collateral benefits.

The Work Code and Regulation No. 7676 set the obligatory use of the following work forms for all companies operating in the country, these are:

- a) Work schedule and vacation poster (Form. DGT-3) indicating hours of beginning and termination of the working day of each worker, rest time or breaks during the work day and days off per week of each worker, as well as a vacation terms for each worker. This Form is for sale in the Work Secretary of State and should be filled by the company to and submitted to the Work Department of such Secretary to be sealed and they will return a copy duly sealed to be posted in a visible place in the company.
- b) Extra hours poster (Form DGT-2) this Form is for sale in the Work Secretary of State and should be filled in two original copies and submitted in a monthly basis, reporting the number of extra hours worked per employee during that month to the Work Department of such Secretary which will return one of its original copies duly sealed to be posted in a visible place in the company.
- c) Fixed Staff Template (Form DGT-3) This is also for sale in the Work Secretary of State and should be filled in two original copies and submitted to the Work Department of such Secretary in the first fifteen (15) days of January of each year or at the beginning of the operations of the company, which will return one of the original copies duly sealed to be posted in a visible place in the company.
- d) Visit Book (Form DGT-8) this is also for sale in the Work Secretary of State and it has a file to be filled by the employer and returned to National Inspection Direction of such Secretary in a term of 72 hours after its acquisition.

There are some features of the work regime established by the law 8-90 that should be noticed:

- i) There is a particular regime for the traineeship contracts in free zones.
- ii) Operators and free zone companies are exempt of payment to their employees of the annual participation of 10% of the company benefits, normally established by the Dominican work laws.
- iii) In the event of closing of activities in the free zone parks and companies they should notify it to the National Free Zone Council and to the work authorities at least three (3) months in advance to ensure the respect of the rights of the workers in payment for seniority and other compensations.



Member,
National Association of Judiciary
Interpreters & Translators

Jethel Fiallo Pellerano
Intérprete Judicial

I hereby, Jethel María Fiallo Pellerano, Dominican citizen, of age, married, with Identification and electoral card number 001-0196326-2, Judiciary Interpreter of the First Instance Court of the National District, duly sworn, with registered number 17350 of date 10/13/1992.

CERTIFY that the precedent document, **Main Labor Aspects in the Free Zone**, originally written in Spanish and translated to English, to the best of my knowledge and belief, has faith in accordance with the original and nothing was omitted. In Santiago de los Caballeros, Dominican Republic, on this fourth (4) day of the month of May of the year two thousand one (2001).-----

Jethel Fiallo Pellerano

