

Labor Reform 2022 on increased vacation



On November 3, the plenary session of the Senate of the Republic unanimously approved changes to the Federal Labor Law under which the minimum vacation days to which people working in the formal private sector are entitled were increased from 6 to 12 days.

The initiative's explanatory memorandum is based on the following statistics:

- ▶ The World Health Organization estimates that Mexico has a **75%** prevalence of **stress in its workforce**, a situation that places it in first place above the world's leading economies such as China 73% or the United States 59%.
- ▶ Mexico is the country with the longest working hours in the world (2,124 hours per year) according to the OECD.
- ▶ **Mexico is the country with the fewest vacation days in the world**, below countries such as Cuba, Panama or Nicaragua, which offer 30 days from the first year of work.

The reform proposal consists of the following articles:

- ▶ Article 76. Employees with more than one year of service shall enjoy an annual period of paid vacation, which in no case may be less than twelve working days, and which shall increase by two working days, until reaching twenty, for each subsequent year of service. From the sixth year, the vacation period shall increase by two days for every five years of service.
- ▶ Article 78. Employees must enjoy at least twelve consecutive days of vacation.

According to the initiative, the proposed amendments are just a first step in a broad agenda of labor rights pending to be addressed in our country, with the objective not only to ensure that the minimum vacation conditions and other rights are at least comparable to the provisions of international instruments, but also to provide labor conditions that respond to new employment modalities.

Companies should consider that this reform will lead to an increase in vacation bonuses, severance payments, modifications to individual and collective bargaining agreements, and, in certain cases, the hiring of temporary employees.

The initiative will continue with the legislative process in the Chamber of Deputies and once it is published in the Official Gazette of the Federation, it is estimated that this reform will become effective on January 1, 2023, or the day after its publication.

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