

Unhealthy tasks in the Mining Industry, which employees generate a higher cost in terms of social security?

The increase in employers' contributions with respect to employees performing differential tasks requires an analysis on future costs for the employer and the risks associated with the criteria adopted.

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In July 2018, Decree No. 633/2018 was issued which established modifications to the financing of differential pension systems, i.e. systems that allow retirement at an earlier age or with a lower number of years of service, as compared with the provisions of Law No. 24241.

In order to guarantee the sustainability of the system, the payment of an additional employer's contribution equivalent to 2% on the salary was made for employees who carry out the activities covered under this framework, as of the remunerations accrued in September 2018.

As regards the Mining Industry, Decree No. 4257/68 set forth:

1. Employees performing mining tasks or open pit mining tasks relating to the direct collection of mining products may retire at the age of 55 (men) and 52 (women), provided they have 30 years of service.
2. Employees working in underground mines on a regular basis may retire at the age of 50, provided they have 25 years of service.

In this context, we understand that it is essential to evaluate the tasks carried out by the employees to determine in each case if these regulations apply and the related obligations.

The incorrect social security treatment of these employees could lead to the following consequences:

1. If employees falling within the scope of the differential system are treated as employees falling within the scope of the general system:
 - a. Employees may file claims as their access to the pension system in advance could be affected.
 - b. The lack of payment of the corresponding contributions could generate a claim by the tax authorities and the imposition of penalties.
2. If employees falling within the scope of the general system are treated as employees falling within the scope of the differential system:
 - a. In the event of an inspection, the early retirement benefit could be denied if there was an error in the classification of employees.
 - b. Excess contributions would have been paid, with the associated additional cost.



PwC has a multidisciplinary team that can help you assess the correct planning and decisions for your human resources management in compliance with current regulations, evaluating in each case their correct interpretation and application.