

Living Wage Update Report: Rural Belize, 2023

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Abstract:

This report provides updated estimates of living income expenses and living wages for rural areas of Belize. The update for 2023 takes into account inflation and changes in payroll deductions since the original Anker living wage study carried out in May 2018 (Koen, Anker & Anker, 2021).

Keywords: Living costs, living wages, Anker Methodology, Belize.

JEL classifications: J30, J50, J80.

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1. BACKGROUND

This report updates the Anker living wage and family living expenses to 2023 for rural areas of Belize. The update takes into account the amount of inflation since the original study in May 2018 (Koen, Anker & Anker, 2021). This is done by updating the May 2018 net living wage and living income expenses to June 2023 by inflation. This provides average living wages and family living expense estimates for 2023. Without accounting for inflation, the net living wage estimated in 2018 would not be sufficient for workers to have a basic but decent standard of living in 2023 because the purchasing power of the living wage would have decreased. The gross living wage (aka living wage) is updated to 2023 by also taking into consideration income taxes and mandatory deductions from pay that workers would need to pay on the updated 2023 living wage. This is done using laws in effect in June 2023.

2. LIVING WAGE ESTIMATE IN ORIGINAL COUNTRY REPORT FROM MAY 2018

The original living wage country report estimated the net living wage as BZD 869 in May 2018. This was the required take-home pay for workers for decency in May 2018. The gross living wage, which also takes into account income taxes and mandatory deductions from pay for social security, was estimated as BZD 890 in May 2018. The family living income expenses for a basic but decent standard of living for a reference family in the original country report was estimated as BZD 1,382 in May 2018 (Koen, Anker & Anker, 2021).

3. INFLATION RATE USED FOR UPDATE

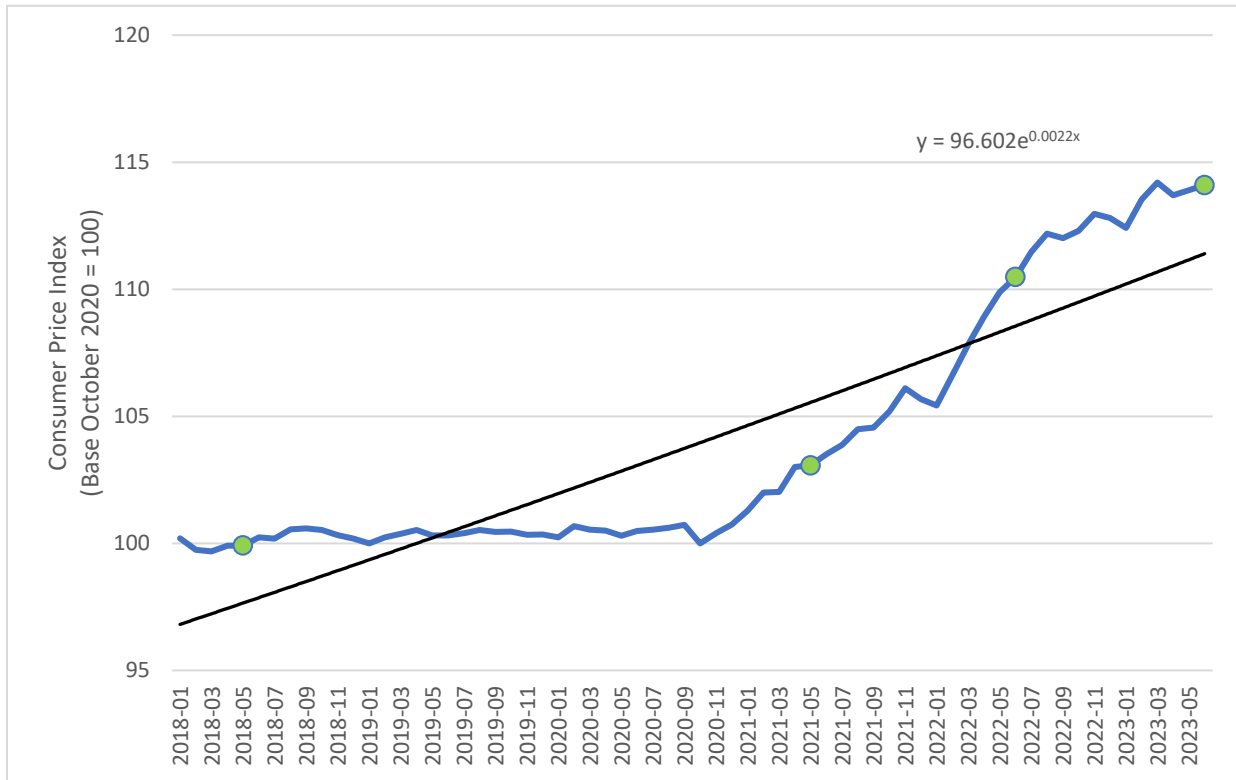
The Statistical Institute of Belize (SIB) is the government body responsible for reporting price indices in Belize. SIB computes a national Consumer Price Index (CPI), as well as indices for each major expenditure group.¹ For this update, we use the national CPI with base October 2020 = 100.

4. RECENT LEVEL OF INFLATION

Belize had very stable prices before the COVID-19 pandemic, with virtually no inflation between 2018 and 2020. Only in 2021 did prices start increasing (see Figure 1). Between May 2018 and June 2023, total inflation in Belize was 14.2%. This is the inflation used in this report.

¹ See <http://sib.org.bz/statistics/consumer-price-index/>.

Figure 1: Consumer Price Index for Belize from January 2018 to June 2023



Notes: Green circles indicate the months of the original study and the earlier updates.
 Source: Authors' calculations based on CPI data from SIB.

5. MANDATORY DEDUCTIONS

The most important mandatory payroll deduction for workers is for Belize's Social Security Board (SSB), which administers two insurance schemes: 1) Sickness and Maternity; and 2) Old Age, Disability and Survivors. At the time of the original living wage report (May 2018), the contributions were about 2.4% over the net living wage (Koen, Anker & Anker, 2021).

However, a Contribution Reform took place since then and became effective from April 4, 2022. We use these new rates, as in the previous update (Andersen, Anker & Anker, 2022), which are still effective in 2023² (see Table 1). The estimated living wage is in the range of BZD 220 – 260/week, which means the weekly employee contribution is BZD 7.94, which corresponds to BZD 34.41/month.

As in the original study and previous update, the living wage is low enough to be exempt from income tax. Only monthly incomes higher than BZD 2,167 have to pay income taxes.³

² See <https://www.socialsecurity.org.bz/contributions/>. Information accessed 26 July 2023.

³ See <https://www.belize.org/trade-investment-zone/investment-regime/tax-regime/>.

Table 1: SSB Contribution Schedule in effect from 4 April 2022

Wage band (BZD/week)	Employee contribution (BZD/week)
Under 70.00	1.03
70.00 - 109.99	1.69
110.00 - 139.99	2.44
140.00 - 179.99	3.94
180.00 - 219.99	5.94
220.00 - 259.99	7.94
260.00 - 299.99	9.94
300.00 - 339.99	11.94
340.00 - 379.99	13.98
380.00 - 419.99	16.15
420.00 - 459.99	18.45
460.00 - 499.99	20.86
500.00 - OVER	23.40

Source: https://www.socialsecurity.org.bz/wp-content/uploads/2022/03/Cont_Ben_Schedule.pdf

6. UPDATED LIVING WAGES AND FAMILY LIVING EXPENSES FOR 2023

The updated net living wage, or take-home pay, for 2023 is BZD 993 (USD 496) per month. The gross living wage, which also takes into account mandatory payroll deductions, is BZD 1,027 (USD 514) per month for 2023. These are average estimates for the year 2023.

Table 2 provides details of the original and the updated living wages and family living expenses.

Table 2: Monthly Living Wages and Living Expenses for Rural Belize (in Belize Dollars and US Dollars)

	Original study May 2018		Update 2022		Update 2023	
	BZD	USD	BZD	USD	BZD	USD
Family Living Expenses (1)	1,382	691	1,477	738	1,578	789
Net Living Wage (2)	869	435	929	464	993	496
Total mandatory payroll deductions and income tax (3)	21	11	34	17	34	17
Gross Living Wage (2+3)	890	445	963	482	1,027	514

Note: The Belize dollar has been pegged to the US dollar at an average of buy and sell rates of 2 BZD per 1 USD since 1976.

Source: Authors' calculations.

7. REFERENCES

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