

Living Wage Update Report Santo Domingo, Dominican Republic 2023

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Abstract:

This report provides updated estimates of family living expenses and living wages for Santo Domingo, capital of the Dominican Republic. The update for 2023 takes into account inflation and changes in payroll deductions since the original Anker living wage study carried out in November 2021 (Voorend, Alvarado, Anker & Anker, 2021).

Keywords: Living costs, living wages, Anker Methodology, Dominican Republic.

JEL classifications: J30, J50, J80.

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1. BACKGROUND

This report provides updated estimates of family living expenses and living wages for Santo Domingo, capital of the Dominican Republic. The update takes into account the amount of inflation since the original study in November 2021. This is done by updating the November 2021 net living wage and living expenses to June 2023 by inflation. This provides average living wage and living income expenses estimates for 2023. Without accounting for inflation, the net living wage estimated in 2021 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 June 2023 living wage. This is done using the laws in effect in June 2023.

2. LIVING WAGE ESTIMATE IN ORIGINAL COUNTRY REPORT FROM NOVEMBER 2021

The original living wage country report estimated the net living wage as DOP 31,308 in November 2021. This was the required take-home pay for workers for decency in November 2021. The gross living wage, which also takes into account income taxes and mandatory deductions from pay for social security, was estimated as DOP 33,275 in November 2021. The family living expenses for a basic but decent standard of living for a reference family in the original country report was estimated as DOP 53,552 in November 2021. (Voorend, Alvarado, Anker & Anker, 2021).

3. INFLATION RATE USED FOR UPDATE

The Central Bank of the Dominican Republic (*Banco Central Republica Dominicana*) is the government body responsible for reporting price indices in the Dominican Republic. The Central Bank receives their data from the National Statistical Office (ONE - *Oficina Nacional de Estadística*). ONE computes and reports national inflation rates as well as rates disaggregated by region and quintile.

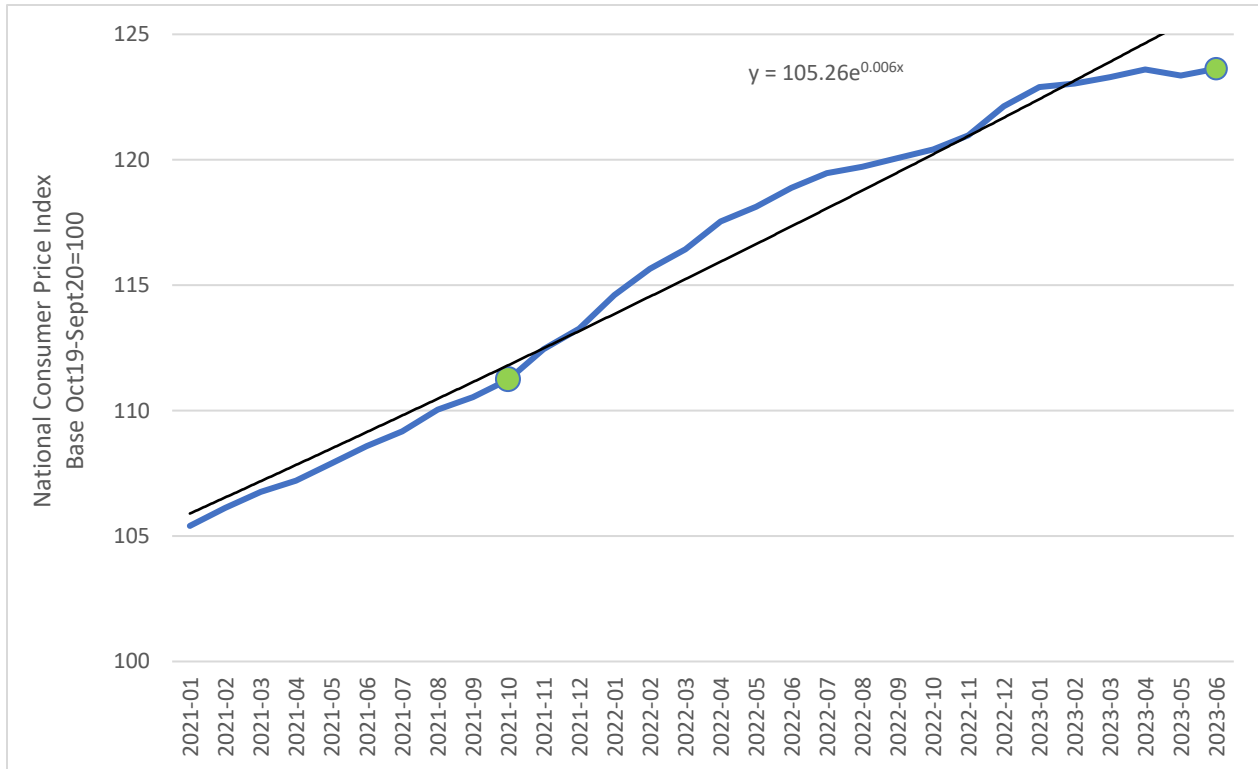
For this report for inflation, we used national CPI, which has October 2019-September 2020=100 as its base.¹

¹ See <https://www.bancentral.gov.do/a/d/2534-precios>

4. RECENT LEVEL OF INFLATION

Between November 2021 and June 2023, inflation amounted to 9.9% in the Dominican Republic (see Figure 1). This is the inflation used in this report.

Figure 1: National Consumer Price Index for Dominican Republic from January 2021 to June 2023



Notes: Green circles indicate the months of the original study and updates. The black line is the fitted exponential trendline.

Source: Authors' calculations based on CPI data from ONE.

5. MANDATORY DEDUCTIONS

As in the original study, there continues to be a total mandatory payroll deduction of 5.91% for social security (for pensions and family healthcare)². Regarding personal income taxes, the threshold for which income tax should be paid is DOP 34,685 per month for 2023.³ Hence, the living wage is no longer exempted from income tax in 2023. Workers earning a living wage now fall into the range from DOP 34,685 to DOP 52,027 per month, which is subject to a mandatory 15% income tax at a margin.

² See <https://taxsummaries.pwc.com/dominican-republic/individual/other-taxes>

³ See <https://taxsummaries.pwc.com/dominican-republic/individual/taxes-on-personal-income>

6. UPDATED LIVING WAGES AND FAMILY EXPENSES FOR JUNE 2023

The updated net living wage, or take-home pay, for June 2023 is DOP 34,421 per month. The gross living wage (aka living wage), which also takes into account mandatory payroll deductions, is DOP 36,943 per month for June 2023. These are average estimates for the year 2023.

Table 1 provides details of the original and the updated living wages and family living expenses.

Table 1: Family Living Expenses and Living Wages for Santo Domingo, Dominican Republic (in Dominican Pesos and US Dollars per month)

	November 2021 Original Study		2022 Update Report		2023 Update Report	
	DOP	USD	DOP	USD	DOP	USD
Family Living Expenses (1)	53,552	947	56,615	1,029	58,877	1,068
Net Living Wage (2)	31,308	554	33,098	602	34,421	624
Income Taxes and Payroll Deductions on Living Wage (3)	1,967	35	2,079	38	2,522	46
Gross Living Wage (4) = (2)+(3)	33,275	589	35,177	640	36,943	670
Exchange Rate to USD	56.53		55.00		55.12 ^a	
Source of Exchange Rate	Dominican Republic Central Bank		Dominican Republic Central Bank		Dominican Republic Central Bank	

Note: USD values are indicative only because exchange rates are volatile. ^a Average exchange rate for June 2023.
Source: Authors' calculations.

7. REFERENCES

Voorend, K., Alvarado, D., Anker, R., & Anker, M. (2021) *Living Wage Report for Santo Domingo, Dominican Republic*. November 2021, Updated to Mid-2022. Global Living Wage Coalition. Available online: [LINK](#)