



Department of
Labour and Pensions
Cayman Islands Government

FAQ

National Minimum Basic Wage

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Introduction

In recognition of changes in economic and social conditions, the minimum wage has been adjusted, effective 1 January 2026.

This document has been prepared to provide clear guidance to employers, employees, and the public on the updated wage levels and the continued importance of compliance with the Act.

How much is the National Minimum Basic Wage?

Starting 1 January 2026, the National Minimum Basic Wage in the Cayman Islands will be **CI\$8.75 per hour** (before deductions).

When does the National Minimum Basic Wage officially come into effect?

1 January 2026.

Is the National Minimum Basic Wage figure what an employee would earn before health and pension deductions?

Yes, this is the rate before applicable pension and health insurance deductions.

Is every employer required to pay the National Minimum Basic Wage?

Every employer must pay **at least** the National Minimum Basic Wage, unless they are exempted.

Does the National Minimum Basic Wage apply to all industries and job types?

Yes, unless specifically exempted.

Who is exempted from being paid the National Minimum Basic Wage?

The National Minimum Basic Wage does not apply to:

- Self-employed persons
- Juveniles (a person under the age of seventeen years, who is required by law to attend school)
- Charitable Organisations (one accepted and registered as such by the Director of the Department of Labour and Pensions)
- Churches

Are there special calculations for certain job types?

Yes. There are special calculations for:

- Service Employees who work for an employer with a registered gratuities scheme that has been approved in writing by the Director of the Department of Labour and Pensions (DLP)
- Live-in Household Domestics'
- Employees working on a Commission Basis

What are the special calculations for paying the National Minimum Basic Wage?

For Service Employees:

No more than 25% of the National Minimum Basic Wage (CI\$2.19 per hour) can be counted from gratuities. Importantly, employees are still entitled to keep all gratuities they earn, on top of their regular wages.

For Commission Based Employees:

No more than 25% of the National Minimum Basic Wage (CI\$2.19 per hour) can be counted from commission. Importantly, employees are still entitled to keep all commissions they earn, on top of their regular wages.

For Live-in Household Domestics:

Employers may apply up to 25% of the National Minimum Basic Wage (no more than CI\$2.19 per hour) as a credit for accommodations and utilities. This means the minimum cash wage that must be paid to a live-in domestic worker is CI\$6.56 per hour. This credit applies only to live-in household domestics.

What about household employers who provide food and other items in addition to accommodations for their live-in household employees?

The 25% or CI\$2.19 in-kind credit applies to the provision of accommodations and utilities only.

Do gratuities count toward the National Minimum Basic Wage?

Only employers with a gratuities scheme that has been registered and approved in writing by the Director of the Department of Labour and Pensions (DLP) may count gratuities toward the National Minimum Basic Wage. However, gratuities can account for no more than 25% of the National Minimum Basic Wage (CI\$2.19 per hour).

Does the National Minimum Basic Wage apply to part time employees?

Yes, unless that person falls under one of the exempted categories:

- Self-employed persons
- Juveniles (a person under the age of seventeen years, who is required by law to attend school)
- Charitable Organisations (one accepted and registered as such by the Director of the Department of Labour and Pensions)
- Churches

How can I figure out the hourly rate for my monthly salary?

1. Start with the employee's monthly gross salary (before health insurance and pension are deducted).
2. Multiply it by 12 to get the yearly salary.
3. Multiply the employee's normal weekly hours by 52 to get total yearly hours.
4. Divide the yearly salary by the yearly hours to find the hourly rate.

This hourly rate must be **at least CI\$8.75**.

How is leave calculated in relation to the National Minimum Basic Wage?

All workers—including service staff, live-in domestic helpers, and commission-based employees—must be paid at least the National Minimum Basic Wage when on leave (sick, vacation, maternity, etc.). For live-in domestic helpers, if part of their wage is counted as housing and utilities (for example, in-kind CI\$2.19 per hour), the cash portion of their leave pay must still be at least CI\$6.56 per hour to reach the minimum wage of CI\$8.75 per hour.

How does this change to the National Minimum Basic Wage affect overtime?

Overtime is always calculated at one and a half times an employee's normal hourly rate.

This means that if an employee is earning the National Minimum Basic Wage of CI\$8.75 per hour, the minimum overtime rate will be CI\$13.13 per hour. E.g. $\text{CI\$8.75 per hour} \times 1.5 = \text{CI\$13.13 per hour}$.

If an employee's regular rate of pay is higher than the minimum wage, their overtime rate will also be higher, since it must be based on their actual hourly rate. E.g. If you are paid CI\$17.00 per hour, $\text{CI\$17.00 per hour} \times 1.5 = \text{CI\$25.50 per hour}$ for any overtime worked.

The only exception is if an overtime waiver has been agreed between the employer and employee and approved by a Labour Tribunal.

What happens if an employer does not pay the National Minimum Basic Wage?

Employers can be fined up to CI\$2,500 and/or a prison term of up to six months for a first offence.

For a second or any further offence, the penalty increases to a fine of up to CI\$5,000 and/or imprisonment for up to twelve months.

Who enforces the National Minimum Basic Wage and how can violations be reported?

Enforcement will be carried out by the Department of Labour and Pensions, supported by a team of inspectors. Employees or the public may contact the Department directly at 945-8960 for inquiries or assistance.

Additionally, a confidential tip line is available at 945-3073 for anonymous reporting of suspected violations or breaches of the Labour Act.

Why is the National Minimum Basic Wage necessary in the Cayman Islands?

The government has a social and moral duty to protect people's well-being and prevent unfair treatment at work. A minimum wage helps ensure that the lowest-paid workers earn enough to reduce hardship and avoid economic vulnerability. It is a key tool to improve living standards and promote fairness in the Cayman Islands.

How was the CI\$8.75 amount determined?

A 16-member Minimum Wage Advisory Committee, made up of employers, employees, and independent representatives, agreed on CI\$8.75 per hour after careful review and discussion.

The Economics and Statistics Office calculated a lower limit of CI\$6.44 per hour (based on the poverty and vulnerability line), while businesses said they could pay up to CI\$9.00 per hour. The final amount of CI\$8.75 was chosen as a fair balance.

For full details, see pages 10–12 of the Minimum Wage Advisory Committee's Final Report.

Where can I get more information or clarification about the National Minimum Basic Wage?

You can find the Minimum Wage Advisory Committee's Final report on the Economics and Statistics Office website www.eso.ky under Other Reports.

For more information or enforcement matters, please contact the Department of Labour and Pensions at 945-8960 or email dlp@gov.ky. Employees can also utilise a confidential tip line 945-3073 to report any suspected breaches of the Labour Act.

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