

Inclusion of Digital Platform Workers in Mexico's Labor and Social Security System.

On October 16, Mexico's President Claudia Sheinbaum signed a proposed decree to reform the Federal Labor Law. The proposal includes adding various provisions to regulate work on digital platforms. The Mexican government aims to integrate platform workers, such as drivers and delivery personnel, into the labor and social security system. These measures seek to balance the flexibility that characterizes such employment with the need to provide security and protection.

New Legal Provisions

The reform proposes the addition of a specific chapter to the Federal Labor Law (LFT) to establish clear rules for labor relations on digital platforms. This regulatory framework aims to:

- Recognize discontinuous subordination: Platforms will only have labor obligations during the hours actually worked, maintaining workers' autonomy to choose their schedules and platforms.
- Formalize hiring processes: Employment contracts can be signed digitally and will be registered with the Federal Center for Labor Conciliation and Registration, offering greater clarity and legal protection to all parties involved.
- Algorithm transparency: Platforms will be required to explain how algorithms work in assigning tasks and other job-related aspects, ensuring fair and equitable treatment.
- New grounds for termination of employment: The project proposes adding new justified causes for terminating employment relationships to the LFT, including the submission of false documentation, endangering user safety through recklessness, committing acts of violence, and repeatedly failing to fulfill tasks without justification.



Access to Social Security

A key aspect of the reform is the inclusion of platform workers in the social security system. Workers earning more than one monthly minimum wage will be entitled to full benefits, including:

- Workplace risk insurance.
- Medical care for illnesses and maternity.
- Pensions and childcare services.
- INFONAVIT housing loans.

Those who do not reach this income threshold may opt for a special scheme as independent workers, allowing for partial inclusion in the system.

The Mexican Social Security Institute (IMSS) will implement a mandatory pilot program targeting digital platform companies to register their workers. To facilitate this, the IMSS will issue specific national employer registrations for these platforms and provide payment flexibility, including retroactive adjustments to ensure proper registration.

Innovations in Labor Protection

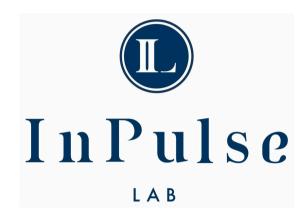
The reform also introduces innovative measures to strengthen worker protections:

- *Right to disconnect mechanisms*: Platforms will be required to ensure that workers can disconnect without penalties, safeguarding their well-being and mental health.
- *Gender perspective*: Provisions will be included to prevent and address cases of harassment and workplace abuse within platforms.
- *Accident insurance*: Platforms will be obligated to cover workers in case of accidents during their effective working hours.



Implications for Digital Platforms

- Increased Costs: The implementation of these obligations will result in higher labor and administrative costs for platforms, as they will need to assume responsibilities similar to those of traditional employers.
- Labor Benefits: Platforms will be required to provide benefits such as paid vacation, year-end bonuses, and profit-sharing (PTU) to workers who meet established criteria, such as more than 288 hours of effective work annually for PTU eligibility.
- Penalties for Non-Compliance: Failure to comply could result in fines ranging from 250 to 25,000 UMAs (approximately \$27,142.50 MXN to \$2,714,250.00 MXN), as well as potential temporary suspensions of operations.



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