



Serviap Global

El Salvador Country Facts 2025





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El Salvador Country Facts

El Salvador is the smallest nation in Central America and it is becoming an attractive hub for companies looking to outsource. Located on the Pacific coast in the Central Standard Time Zone (CST), El Salvador is appealing for foreign businesses due to its large bilingual workforce (Spanish and English). The country is known for its natural beauty, including the Santa Ana volcano, coffee plantations, and Mayan ruins such as Tazumal and Joya de Cerén.

1.- The Economy

El Salvador's economy has shown consistent growth in recent years. According to the UN's Economic Commission for Latin America and the Caribbean (ECLAC), El Salvador remains one of the fastest-growing economies in Central America, though Panama and Costa Rica continue to lead in overall GDP growth.

Average wages in El Salvador remain low compared to the United States and many other Central American countries. The current minimum wage ranges from USD 365 to USD 415 per month (depending on sector) following the 2021 wage reform. On average, bilingual Salvadorans can earn around USD 600–700 per month, nearly double the minimum wage.

According to Salary Explorer and local sources, a software engineer in El Salvador can earn around USD 18,000–20,000 per year, similar to earnings of professionals such as doctors or lawyers in the country.

2.- The Importance of Small and Medium-Sized Companies

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The vast majority of El Salvador's enterprises are micro, small, or medium-sized businesses (MSMEs). The country has more than 635,000 SMEs, supporting over 850,000 jobs.

To strengthen this sector, the government and financial institutions such as FEDECRÉDITO have announced support programs and credit lines. A recent funding program of USD 10 million was allocated to MSME owners to promote entrepreneurship and job creation.

3.- Population Characteristics

El Salvador has a population of approximately 6.5 million people.

While the official language is Spanish, there is a significant group of English-speaking individuals, particularly among professionals with higher education. This is partly due to the country's cultural and economic ties with the United States.

Another contributing factor is the large Salvadoran diaspora living in the U.S., many of whom eventually return to El Salvador. This cross-border exchange helps maintain English proficiency and fosters business opportunities.

4.- Economic Opportunities

Although agriculture was once the backbone of El Salvador's economy, there has been a shift toward manufacturing, services, and technology sectors. The government is encouraging foreign investment in technology, renewable energy, and outsourcing services, which are expected to play an increasingly important role in future economic growth.



5.- Key Sectors of the National Economy

- Agriculture: Agriculture remains important, especially coffee, sugarcane, and basic grains. El Salvador also produces seafood, fruits, and timber for export.
- Manufacturing: A significant portion of El Salvador’s manufacturing involves processing agricultural goods such as food and textiles. It also produces pharmaceuticals, plastics, chemical products, and electronics.
- Tourism: Tourism has grown steadily since the 1990s, particularly with the promotion of the country’s beaches for surfing, volcanoes, and archaeological sites.
- Services: Services remain the largest contributor, making up around 60% of GDP. This includes financial services, outsourcing, and tourism-related activities.

Human Talent

From the early days of outsourcing, El Salvador has specialized in developing contact centers for the North American market. There is a strong pool of workers trained for these roles, including many with experience abroad.

With the government’s continued focus on workforce skills, more companies are also looking to El Salvador for software development and IT outsourcing. Startups are emerging in areas like fintech and digital services, supported by growing local programming talent.

6.- Prominent Cities for Business

- San Salvador: The capital and economic hub, home to headquarters, banking, and financial services.
- Soyapango: A major industrial city, specializing in textiles, footwear, and light manufacturing.
- Santa Ana: The second-largest city, home to manufacturing plants and tourism-related industries.

7.- Technological Ecosystem

El Salvador is investing in its Digital Agenda 2020–2030 to improve internet access, student connectivity, and technical skills.

- Student Connectivity: Programs aim to ensure internet and digital tool access for students.
- Mature Outsourcing Industry: El Salvador has provided BPO services since the early 2000s, with companies experienced in U.S. market practices.
- Cultural Affinity: Many Salvadorans are familiar with U.S. culture, and a large diaspora in the U.S. strengthens this connection.
- Tech-Focused Education: High schools and universities offer programs in coding, IT, and engineering to match outsourcing needs.

8.- Facilities for Foreign Investment

El Salvador is an excellent place to expand and outsource. More than 200 U.S. companies already operate in the country.

The United States and El Salvador are members of the U.S.-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR), which promotes investment by reducing tariffs, opening markets, and ensuring transparency.

9.- Business Culture in El Salvador

Because of exposure to U.S. culture, Salvadoran professionals adapt easily to American-style business practices, but it is still useful to understand local etiquette:

- Pack your patience: Meetings often run late and schedules are flexible.
- Eye contact: Avoid prolonged eye contact, as it may be seen as aggressive.
- Food and drink: Business meetings often end with a meal; leaving a bottle of liquor for the host is a traditional gesture of appreciation.

10.- El Salvador Gastronomy: Regional and Traditional Cuisines

Salvadoran cuisine blends Spanish and indigenous influences.
Main ingredients: corn, rice, beans, chicken, seafood.
National dish: Pupusas — thick handmade tortillas filled with cheese, beans, or pork, often served with curtido (pickled cabbage).
Other traditional foods: tamales, loroco (local flower), and dishes using cuts of meat less common in North America.





General Highlights

Year	2025
Country	El Salvador
Capital	San Salvador
Num. States / Province	14 Departments
Principal Cities	San Salvador, Santa Ana, San Miguel
Language	Spanish
Local Currency	United States Dollar (USD)
Major Religion	Catholic (majority), with Protestant minorities
Date Format	DD/MM/YYYY
Thousands Separator Format	999,999,999.99
Country Dial Code	503
Time Zone	UTC -6
Population	~6,5 million (2025 est.)
Border Countries	Guatemala and Honduras
Continental Surface	20,720 km ²
Fiscal Year	1 January to 31 December
VAT %	13%
Minimum Wage	Ranges from USD 365 to USD 415 per month depending on sector (last reform: Aug 2021, still in effect 2025)
Taxpayer Identification Number Name in the country	NIT (Número de Identificación Tributaria)
Current President	Nayib Armando Bukele Ortiz (re-elected, term 2024–2029)

1. Laws and Agencies that Regulate Labor Relationships

Laws	Brief Description
Labor Code	Issued by the National Congress. Regulates employment relationships, contracts, working hours, wages, terminations, and workers’ rights.
Tax Code	Administered by the Ministry of Finance. Governs tax obligations for individuals and companies.
Social Security	Pensions: To qualify for a full pension, workers must reach age 60 (men) or 55 (women) with at least 25 years of contributions, or any age with 30 years of contributions. Pension equals 30% of base salary for the first three years of contributions plus 1.5% for each additional year. Dependent/Survivor Benefits: Widows/widowers receive 50% of the deceased’s pension; if there are no children, 60% is paid. Each child receives 25%. Parents can receive 20% (or 30% if only one surviving parent). Total survivor benefits cannot exceed 100% of the deceased worker’s pension.

2. Key Tax and Labor Authorities

Authority	Description
National Congress	El Salvador’s legislature consists of 60 deputies (updated after the 2021 reform), all elected by popular vote.
Ministry of Finance	Known as Ministerio de Hacienda, created in 1829, responsible for managing fiscal and tax policy.

3. Labor Contracts

Executive Decree (82)	Regulation of the Organic Law on Finance Administration of the State
International Labor Organization	El Salvador is a member of the ILO.
Work Hours	The standard workweek is 44 hours (typically 8 hours/day, 5.5 days a week). Overtime is paid at double rate.

Executive Decree (82)	Regulation of the Organic Law on Finance Administration of the State
Contracts – Article 23	Employment contracts must include: 1) Name, surname, sex, age, marital status, profession or trade, domicile, residence, and nationality of each party. 2) Number, place, and date of issue of the identity card, or verified by witnesses if not available. 3) Work to be performed under employer’s supervision. 4) Term of the contract (indefinite or fixed-term, stating cause). 5) Start date of services. 6) Place(s) where services will be rendered and worker’s accommodation if provided. 7) Working hours. 8) Salary to be received. 9) Form, period, and place of payment. 10) Tools and materials provided by employer. 11) Dependents of the worker. 12) Other agreed conditions. 13) Place and date of signing. 14) Signature of both parties.

4. Payroll

El Salvadorian employees can be paid in local or foreign currency. Pay periods can be weekly, bi-weekly, or monthly. Payments must be made on the same day each month and no later than one working day following the end of the pay cycle.

Legal Benefits in El Salvador

Category	Description
Minimum Wage	El Salvador has no single national minimum wage. Rates vary by sector: - Commerce & Services: USD 365/month - Textiles & Manufacturing: USD 359–365/month - Agriculture: USD 272–315/month (last reform: Aug 2021, still in effect 2025)
Wages	Average wages remain low compared to regional standards. Bilingual professionals typically earn USD 600–700/month. A software engineer earns around USD 18,000–20,000/year, comparable to doctors or lawyers.
Overtime	Any work above 44 hours per week is considered overtime and must be paid at 200% of the regular hourly wage (double pay).

Category	Description
Occupational Safety & Health (Aguinaldo)	Annual bonus (“Aguinaldo”) is paid in December (between Dec 12–20). Employers must pay: - 15 days’ salary for 1–3 years of service - 19 days for 3–10 years - 21 days for more than 10 years.
Occupational Safety & Health Standards	Employers must comply with ISO 45001 and local labor safety standards.
Vacations / PTO	Workers are entitled to 15 days of paid vacation annually after one year of service. Leave is paid at 130% of regular salary and must be taken the following year (no cash-out permitted).
Leaves of Absence	- Sick Leave: • 1–5 months of service → 75% salary for 20 days • 5–12 months → 75% salary for 40 days • 1+ years → 75% salary for 60 days - Maternity Leave: 16 weeks (6 weeks before due date, 10 weeks after), fully paid. - Paternity Leave: 3 days paid leave within 15 days of child’s birth. - Bereavement Leave: 1 day for the death of an immediate family member.

18 Employers’ Contribution or Labor Cost

Over this amount	Not over this amount	Tax % on Excess
0	USD 22,857	30%

Corporate Tax Rates

Taxable Gross Income	Tax % on Excess
Up to USD 150,000	25%

5. Types of Disabilities

Disability Benefits (Law No. 927):

- Applies in case of accident, injury, or non-occupational disease causing permanent disability.
- Eligibility: workers under 60 years (men) or 55 years (women) with at least 36 months of contributions, including 18 months in the last 3 years before the disability.
- Permanent Disability Pension: 70% of average salary.
- Partial Disability Pension (50–65% disability): 50% of average salary.



6. Public Holidays

The Labor Code establishes the following mandatory national public holidays in El Salvador:

Date	Holiday Name
1 January	New Year’s Day
March/April (variable)	Maundy Thursday (Jueves Santo)
March/April (variable)	Good Friday (Viernes Santo)
March/April (variable)	Holy Saturday (Sábado de Gloria)
March/April (variable)	Easter Sunday (Domingo de Resurrección)
1 may 2025	Labour Day (Día del Trabajo)
10 may 2025	Mother’s Day (Día de la Madre)
17 June	Father’s Day (Día del Padre)
6 August	Feast of San Salvador (Fiesta de San Salvador)
15 September	Independence Day (Día de la Independencia)
2 November	All Souls’ Day (Día de los Difuntos)
25 December	Christmas Day (Navidad)

7. Migration

Foreign nationals who wish to work in El Salvador must obtain the appropriate visa or residence permit, depending on the length and purpose of their stay.

Types of Permits

- Tourist Visa / Entry Permit: Most foreign nationals can enter El Salvador for up to 90 days for tourism or business without a visa, depending on nationality. Extensions may be granted for an additional 90 days.
- Temporary Residence with Work Permit: Required for foreigners intending to live and work in El Salvador. The permit is usually granted for 1–2 years, renewable. The process requires a local employer to sponsor the application.
- Permanent Residence: Available after 3–5 years of continuous legal residence, depending on the applicant’s country of origin (shorter for Central American nationals).

Requirements for Work Authorization

To obtain a Temporary Residence and Work Permit, the following documents are generally required:

- Valid passport (with at least 6 months validity).
- Employment contract with a Salvadoran company.
- Certificate of good conduct (criminal record check) from country of origin and from El Salvador.
- Medical certificate of good health.
- Proof of financial solvency (provided by the employer).
- Recent passport-size photographs.
- Application forms issued by the General Directorate of Migration and Foreigners (DGME).

Processing Time

- The process usually takes 4–8 weeks, depending on the completeness of documentation and workload of migration authorities.

Special Notes

- Central American Integration System (SICA) citizens (e.g., Guatemala, Honduras, Nicaragua) benefit from facilitated mobility and simplified residence procedures.
- Foreign nationals must register with local authorities and obtain a residence card once the permit is approved.
- Employers are legally responsible for ensuring that foreign workers have valid permits before starting employment.





8. Termination

The Salvadoran Labor Code outlines the rules for termination of an employment contract:

Types of Termination

Type of Termination	Brief Description
Justified Dismissal	Grounds where the employer may dismiss the worker without severance include: 1) If the worker deceives the employer using false documents or recommendations (valid only during the first 30 days). 2) Repeated negligence. 3) Loss of employer’s trust for managerial roles (must be proven in court). 4) Disclosure of trade or administrative secrets. 5) Serious acts of immorality inside or outside the workplace. 6) Disrespectful acts against employer or relatives (unless provoked). 7) Serious disruption to company activities. 8) Acts endangering workplace safety or health. 9) Deliberate damage to company property. 10) Absence without justification for 2 consecutive or 3 non-consecutive days within a month. 11) Returning to work after detention if convicted of a crime against employer/relatives or serious misconduct. 12) Disobedience to employer’s lawful orders. 13) Alcohol or drug use during working hours. 14) Failure to comply with obligations under Article 24 LC. In these cases, no severance is owed.
Unjustified Dismissal	Dismissal without valid cause (despido incausado) requires severance pay: 30 days of base salary per year of service (or proportional for partial years), with a minimum of 15 days’ salary (Article 58 LC). This also applies to terminations where the employer breaches the contract (despido de facto under Article 53 LC).
Voluntary Resignation	Under Article 54 LC, employees may resign without employer consent. In this case, no severance is owed.

Severance Pay

- Severance is only owed in cases of unjustified dismissal or employer breach.
- Not owed in cases of justified dismissal or voluntary resignation.
- Formula: 30 days’ salary for each year of service (proportional for fractions of a year).

Length of Employment	Severance Amount
0–30+ years	30 days of salary for each year of service

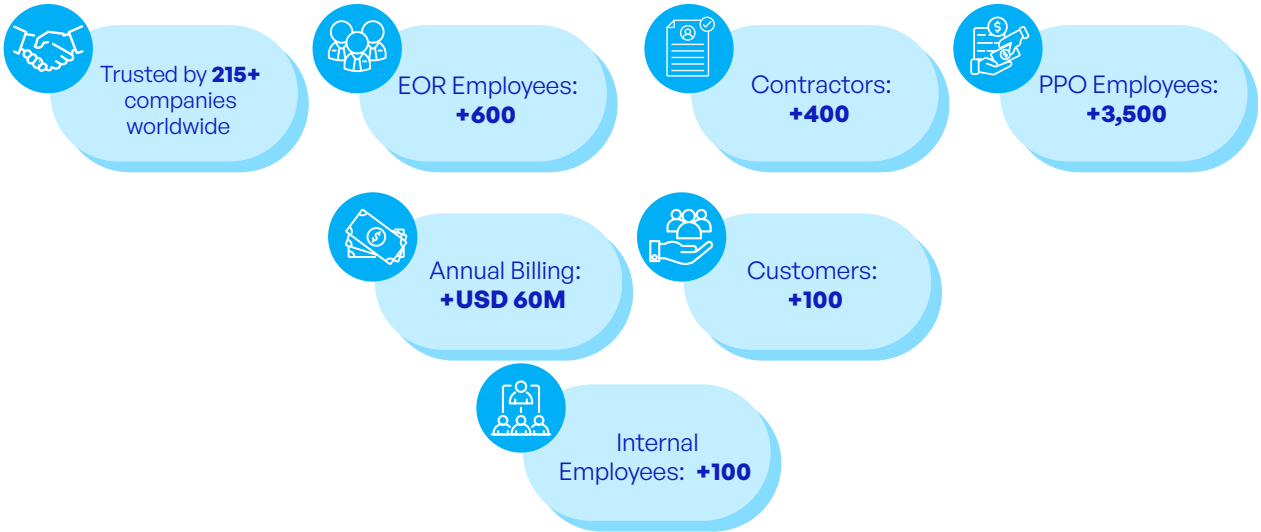
A man in a dark shirt is seen from the side, working on a laptop. The background is a blurred office setting. Overlaid on the image is a semi-transparent blue layer with a grid of six video call windows showing various people. The overall color scheme is blue and dark, with a pink-to-blue gradient bar at the bottom.

How Serviap Global Supports Your Expansion

Who we are?

Serviap Global, headquartered in Mexico City, brings over 25 years of local HR expertise and **15 years as a global Employer of Record (EOR) leader.**

With teams across the Americas, Europe, and Asia, we help companies build international teams without the complexity of foreign entities or regulations.



Our Solutions

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At Serviap Global, we provide comprehensive HR and workforce solutions to help companies expand and manage teams anywhere in the world.



How We Help You Hire and Onboard Talent

At Serviap Global, we simplify your international hiring process by managing every step , from contract creation to onboardin, ensuring full legal compliance in each country.

Below is an overview of our standard onboarding process for new hires, whether local or foreign:

Step	Description	Estimated Timeframe
1. Validate Onboarding Data	We verify candidate information and prepare the Service Order for client review.	2 business days
2. Formalize Service Order & Payment	The process begins once the Service Order is signed and advance payment is received.	2 business days (depending on client response)
3. Create Onboarding Documents	Draft job offer and employment contract.	1-2 business days
4. Send Documents to Candidate	Deliver approved documents to the candidate.	1 business day
5. Candidate Response	Candidate reviews, signs, and provides personal documentation.	2-4 business days
6. Confirm Acceptance & Finalize Onboarding	Receive signed documents and complete onboarding.	1 business day

Please note: timelines may vary depending on country-specific requirements such as background checks, pre-employment medical exams, or visa processing.

Why partner with us?

- **15+ Years of Expertise:** Proven track record in global expansions across 180+ countries.
- **LATAM Specialists:** Deep local knowledge for seamless hiring in high-growth regions.
- **Full Compliance & Agility:** Handle regulations so you can focus on business growth.
- **Human-Centered Support:** Multilingual team provides personalized, responsive service.
- **Cost-Effective Solutions:** Save on setup and operations with tailored, scalable plans.
- **All-in-One Platform:** Serviap Hub for total control and visibility.
- **Client-Driven Success:** 4.7/5 satisfaction, trusted by 215+ companies.
- **Value Differential:** Unlike competitors, we combine tech with human expertise for faster, more reliable global expansion.

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