

Vietnam Salary Calculations

Quick guide

(Updated for salaries from 1 January 2021)

Employer Costs and calculations

SALARY COST CALCULATION FOR THE EMPLOYER IS:

Gross Salary for Employee

Plus:

- Social Insurance* @ 17.5%
- Health Insurance* @ 3%
- Unemployment Insurance* @ 1%
- Trade Union* @ 2%

Equals: Total Salary Cost to Employer

Notes:

- (1) *These Insurances and Trade Union are subject to caps on amounts to be paid. See reverse side for details
- (2) From 1 December 2018, foreign employees are subject to Social Insurance, with employers contributing 3.5%. This will increase to 17.5% effective from 1 January 2022
- (3) Foreign employees are not subject to Unemployment Insurance
- (4) Certain one-off bonuses and specific allowances may be excluded from insurance and/or tax calculations
- (5) Overtime rates can apply ranging from 150% to 390%.

Employee Costs and calculations

SALARY RECEIVED BY AN EMPLOYEE IS CALCULATED AS:

Gross Salary for Employee

Less:

- Social Insurance* @ 8%
- Health Insurance* @ 1.5%
- Unemployment Insurance* @ 1%

Equals: Taxable Salary

Less: Personal Income Tax

Equals: Total Cash Received by the Employee

Personal Income Tax ("PIT") is based upon the PIT scales shown on the reverse side. The Personal Allowance and any Dependent Allowances are deducted from the Taxable Salary before calculating the applicable PIT

Notes:

- (1) *These Insurances and Trade Union are subject to caps on amounts to be paid. See reverse side for details
- (2) From 1 December 2018, foreign employees are subject to Social Insurance, however employee contributions will only start from January 2022 when the full 8% applies
- (3) Foreign employees are not subject to Unemployment Insurance.
- (4) Certain one-off bonuses and specific allowances may be excluded from insurance and/or tax calculations.

Government Share

**CONTRIBUTIONS AND PAYMENTS TO
GOVERNMENT AUTHORITIES:**

Amounts paid by the Employer and Employee:

- Social Insurance of: $17.5\% + 8\% = 25.5\%$
- Health Insurance of: $3\% + 1.5\% = 4.5\%$
- Unemployment Insurance of: $1\% + 1\% = 2\%$
- Trade Union of: 2%

Plus:

Personal Income Tax deducted from Employee, and based upon relevant PIT scales

Total contribution/withholdings to the Government are remitted by the Employer for both Employer and Employee portions.

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Personal Income Tax (PIT)

Tax Rate	Monthly Taxable Income (VND)	Maximum Tax in Bracket (Cumulative Tax including current Bracket) (VND)
5%	up to 5,000,000	250,000
10%	5,000,001 - 10,000,000	500,000 (750,000)
15%	10,000,001 - 18,000,000	1,200,000 (1,950,000)
20%	18,000,001 - 32,000,000	2,800,000 (4,750,000)
25%	32,000,001 - 52,000,000	5,000,000 (9,750,000)
30%	52,000,001 - 80,000,000	8,400,000 (18,150,000)
35%	80,000,001 and above	

Taxable Income for each employee, prior to calculating PIT, is further reduced by:

- Personal Allowance of 11,000,000 VND per month, and
- Dependent Allowance of an additional 4,400,000 VND per month for each registered dependent.

Social Insurance

Social Insurance is levied on the Gross Salary of the Employee as follows:

Employer	17.5%
Employee	8%

The maximum monthly salary that is subject to Social Insurance is capped at **29,800,000 VND** (being 20 times the Minimum Basic Wage, which is currently 1,490,000 VND per month).

Health Insurance

Health Insurance is levied on the Gross Salary of the Employee as follows:

Employer	3%
Employee	1.5%

The maximum monthly salary that is subject to Health Insurance is capped at **29,800,000 VND** (being 20 times the Minimum Basic Wage, which is currently 1,490,000 VND per month).

Unemployment Insurance

Unemployment Insurance is levied on the Gross Salary of the Employee as follows:

Employer	1%
Employee	1%

The maximum monthly salary that is subject to Unemployment Insurance is capped at 20 times the Minimum Monthly Wage of the Zone the Employer is in. The Zone 1 minimum is 4,420,000 VND, which equates to a cap of **88,400,000 VND** per month.

Trade Union

Trade Union is levied on the Gross Salary of the Employee as follows:

Employer	2.0%
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The maximum monthly salary that is subject to Trade Union is capped at **29,800,000 VND** (being 20 times the Minimum Basic Wage, which is currently 1,490,000 VND per month).

Vietnamese employees will be subject to Trade Union cost at 1% of their gross salary and the cost is capped at **149,000 VND** (10% of Minimum Basic Wage) only when they participate Trade Union.

Minimum Wages

Zone	Minimum Monthly Wage (VND)
Zone 1	4,420,000
Zone 2	3,920,000
Zone 3	3,430,000
Zone 4	3,070,000

Zones are designated by the Government. For example, Zone 1 covers areas including urban areas of Hanoi, Ho Chi Minh City and Hai Phong, along with certain industrial areas of Binh Duong and Dong Nai.