

1. Government requirements

Registration requirements

Tax Department

Tax code registration is compulsory for income paying bodies and individuals having income subject to Personal Income Tax (PIT). Income paying entities are required to register for a tax code within 10 working days from the issuance date of their business registration certificate. This tax code shall be used to declare and pay all kinds of taxes that such entities are subject to, such as Corporate Income Tax, Value Added Tax, and PIT. The tax code registration form must be lodged at the tax department where the income paying entity is located. Where an individual's PIT is withheld by an income paying entity, that entity must register a tax code for them at least 10 working days prior to the submission of the annual tax finalization return. Individuals who are subject to direct tax filings must register their individual tax code by the due date of the first tax declaration.

Social Insurance Department

There are three types of mandatory social security in Vietnam: Social Insurance (SI), Health Insurance (HI) and Unemployment Insurance (UI), which are together referred to as "SHUI". These compulsory insurances are organized by the State. When the employees contribute to compulsory insurances, they are covered under the insurance regime such as sickness, maternity, labor accident and occupational diseases, retirement, survivorship allowance and others. Income paying entities are required to register a Social Insurance code with their local Social Insurance Department.

When a new employee is hired, the company needs to:

- Register the employee with the Social Insurance Department
- Obtain a Health Insurance card
- Obtain a new Social Insurance book (if required)

When an employee terminates their employment contract with the company, the company is required to:

- De-register such employee with the Social Insurance Department
- Close his or her Social Insurance book

Ongoing compliance requirements

Employer's tax filing and payment

PIT is required to be filed and paid on a monthly or quarterly basis. The employer is required to withhold tax from an employee's income, declare and pay tax to the state budget. Monthly or quarterly PIT payments must be reconciled at the end of each calendar year. The deadline for the monthly filing and payment is by the 20th day of the following month. The deadline for the quarterly filing and payment is by the last day of the first month of the following quarter applicable until 30 June 2020 or by the last day of the first month of the following quarter.

Employer's annual reporting and finalization an income paying body is responsible to summarize the taxable income paid and PIT withheld during the calendar year in its annual finalization return. In addition, it is also responsible to finalize tax on behalf of its employees upon receipt of their authorization letter. The due date of the annual tax filing and payment is the last day of the third month from the calendar year-end (effective from 1 July 2020).

Monthly filing and payment of SHUI

When there is a change of SHUI contributions (increase/ decrease), SHUI filing to the Social Insurance Department is required. The SHUI filing and payment is on a monthly basis and due by the end of the relevant month.

An income paying entity must also lodge documents relating to the social insurance benefit claims on behalf of their employees whenever required.

Vietnamese employees shall be subject to compulsory SI contributions if they work under a labor contract of indefinite term or term of one month or more with Vietnamese entities. Foreign citizens are subject to compulsory SI contribution if they:

- Have a work permit, practicing certificate or practicing license issued by the Vietnamese competent authorities
- Work under labor contracts of indefinite term or a term of one year or more with Vietnamese entities
- Are of working age
- Is not internal transferee as defined in Clause 1, Article 3, Decree 152/2020/ND-CP

Both Vietnamese and foreign employees are subject to compulsory HI

contribution if they sign a labor contract of an indefinite term or a term of three months or more with Vietnamese entities.

Vietnamese employees shall participate in compulsory UI scheme if they sign a labor contract of indefinite term or term of three months or more with Vietnamese entities while foreign employees are not be subject to UI.

The compulsory social security rates for employers (ERs) and employees (EEs) are as below:

- For foreigners:

Period	ERs/EEs	SI			HI	Total
		Sickness and maternity fund	Labor accident and occupational disease fund	Retirement and death gratuity fund		
From December 2018 to December 2021	ERs	3.0%	0.5%		3.0%	6.5%
	EEs				1.5%	1.5%
From January 2022	ERs	3.0%	0.5%	14.0%	3.0%	20.5%
	EEs			8.0%	1.5%	9.5%

- For local employees:

ERs/EEs	SI			HI	UI	Total
	Sickness and maternity fund	Labor accident and occupational disease fund	Retirement and death gratuity fund			
ERs	3.0%	0.5%	14.0%	3.0%	1.0%	21.5%
EEs			8.0%	1.5%	1.0%	10.5%

(*) Salary base for SHUI contribution is the monthly basic salary, allowance and other fixed supplementations. However, the salary base for SI and HI contribution is capped at 20 times of the common minimum wage and the salary base for UI contribution is capped at 20 times of the regional minimum wage.

2. Pension requirements

In Vietnam, the pension scheme is covered under the retirement and death gratuity fund of the SI scheme.

3. Employment obligations

The common minimum wage and regional minimum wage is publicized by the Government and subject to change every year. The current monthly common minimum wage is VND1.49 million, effective from 1 July 2019 and the current monthly regional minimum wage ranges from VND3.07 million to VND4.42 million depending on the employer's location, effective from 1 January 2020.

Normal working hours must not exceed 8 hours per day and 48 hours per week. The number of overtime working hours must not exceed 50% of the normal working hours per day. If working on a weekly basis, the total normal and overtime working hours must not exceed 12 hours per day. The number of overtime working hours must not exceed 40 hours per month (effective from 1 January 2021) and 200 hours per annum which can be extended to 300 hours in certain special cases subject to the notification to the competent authorities.

There are several kinds of required breaks, such as breaks during working hours, breaks between shifts, and weekly breaks.

An employee who has been working for an employer for a full 12 months is entitled to a minimum of 12 fully paid annual leave days per year under normal working conditions. The annual leave of an employee increases by one day for every five working years for an employer.

An employee may take fully paid leave for personal reasons in the following cases:

- Marriage: three days
- Marriage of his or her child: one day
- Death of parents or parents' in-law, spouse or child: three days. From 1 January 2021, the employee shall also be entitled to three days off in case of death of his or her adoptive parents.

There are 11 public holidays: one day for New Year's Day, Reunification Day, Labor Day, two days for Independence Day (from 1 January 2021), Hung Kings Commemoration Day; five days for Lunar New Year. Foreign employees are entitled to an additional day off for their traditional new year and a day off for their home country's Independence Day. If a public holiday falls on a weekend, the employees shall be entitled to take compensation leave on the following workday.

4. Payroll requirements

An employee must be paid a full wage in a direct and timely manner. In some special cases in which the employer is unable to pay wages on time, the employer shall not be allowed to postpone the payment for more than one month and shall pay the employee with interest which is not lower than the deposit interest rate announced by the State Bank of Vietnam at the time of wage payment.

From 1 January 2021, an employer is required to provide an employee with monthly pay slips detailing income and deduction items.

5. Banking requirements related to payroll

Wages may be paid in cash or to the employee's personal bank account. Before 31 December 2020 where a wage is paid to a bank account, the employer shall negotiate with the employee on any fees related to the opening and maintenance of the bank account, for the period from 31 December 2020 backwards. From 1 January 2021, such fees must be borne by the employer. Where the wage is paid in cash, the employer and employee should sign a record to confirm the amount of money that has been paid each pay period.