

# VIETNAM PAYROLL OVERVIEW: THE VIETNAM PAYROLL COMPANION (1 January 2025)

## PERSONAL INCOME TAX

Personal Income Tax (PIT) is a tax levied on individuals. Employers are required to withhold PIT from salaries on behalf of their employees, on a monthly basis, and remit to the Tax Authorities.

Monthly Taxable Income (VND)	Tax Rate
0 - 5,000,000	5%
5,000,001 - 10,000,000	10%
10,000,001 - 18,000,000	15%
18,000,001 - 32,000,000	20%
32,000,001 - 52,000,000	25%
52,000,001 - 80,000,000	30%
over 80,000,000	35%

Personal Deductions (ie, Tax free portion of income) that reduce individual's Monthly Taxable Income, and therefore the amount at which the PIT Rates commence:

- > Personal Allowance - 11,000,000VND per month
- > Dependent Allowance - 4,400,000VND per month, for each dependent

For non-tax resident individuals, a flat PIT Rate of 20% will apply.

## TRADE UNION CONTRIBUTIONS

Employers must pay to trade union contributions for employees, regardless whether an internal (grass roots) trade union has been established.

If an internal trade union exists, employees can join the trade union and will be required to contribute.

Employer: <b>2.0%</b>	Employee: <b>1.0%</b>	Max Salary Cap - Employers: 46,800,000 VND Max Salary Cap - Employee: 234,000 VND
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## CALCULATIONS

Employers are required to calculate, withhold and remit all PIT, Compulsory Insurances and Trade Union Contributions on behalf of employees and employers. The resultant net salary amount, after withholding, is to be paid to employees.

The general basis for determining income subject to PIT in a month is:

**Monthly Taxable Income = Gross (Taxable) Salary, less Compulsory Insurances, less Personal Deductions.**

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## COMPULSORY INSURANCES

### Social Insurance

Employer: <b>17.5%</b>	Employee: <b>8.0%</b>	Max Cap: 46,800,000VND
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### Health Insurance

Employer: <b>3.0%</b>	Employee: <b>1.5%</b>	Max Cap: 46,800,000VND
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### Unemployment Insurance

Employer: <b>1.0%</b>	Employee: <b>1.0%</b>	Max Cap: 99,200,000VND
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Notes:

- > Foreign employees are not subject to Unemployment Insurance contributions.
- > The Max Caps are the maximum monthly salaries upon which Compulsory Insurances are calculated. These are regularly adjusted, based upon government minimum wage publications (last adjusted 1 July 2024).
- > The Max Cap for Unemployment Insurance depends on which region the employer is located. The quoted Max Cap is for Region 1 employers, which is the highest cap.

## MINIMUM MONTHLY WAGES

Effective 1 July 2024, the minimum monthly wage that must be paid to employees, depending upon the region in which they are employed:

Region	Minimum Monthly Wage
1	4,960,000 VND
2	4,410,000 VND
3	3,860,000 VND
4	3,450,000 VND

## OTHER NOTES

- > Employers are generally responsible for annual tax finalisations for employees, but only where the employee has only one source of income in the year, and the employee consents to the employer finalising for them.
- > Foreign Individuals are subject to Work Permit requirements before they can be employed.
- > Labour Law has a very broad definition of "employee", and service contracts may be deemed as employment.
- > Certain payments may be exempt from insurances or taxes, but care should be taken to follow guidances.



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