# Vietnam Payroll & HR Compliance Update:

## August 2026 Developments for Employers

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## Personal Income Tax, Social Insurance and Employee Data Developments in Vietnam for August 2026

Vietnamese employers are managing a period of material change across personal income tax (PIT), compulsory social insurance and employee data administration. Recent guidance from tax and social insurance authorities provides further direction on several matters with direct implications for payroll processing, employment documentation and internal compliance controls.

The developments considered below address four practical areas: payments made after employment ends, the social insurance treatment of employee allowances, implementation of the 2026 PIT framework, and the transition from social insurance numbers to personal identification numbers. Although some of the guidance has been issued by local authorities and may be case-specific, the underlying message is broader: payroll outcomes must be supported by consistent contracts, policies, calculations and employee records.

### 1. Clarity on Income used to calculate tax regarding post-employment payment

The Ninh Binh Tax Authority, under Official Dispatch No. 10049/NBI-QLDN1 dated 3 August 2026, provided additional guidance on PIT withholding obligations for payments made to former employees after their employment has ended.

Where a company makes salary-related or employment-related payments after an employee has already terminated their labour contract, a temporary PIT withholding obligation may arise. Specifically:

- A 10% PIT withholding applies where the payment is VND 5 million or more per payment.
- For payments below VND 5 million, withholding is only required if requested by the individual.
- The 10% withholding is calculated on taxable salary and wage income before payment.

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- Mandatory insurance contributions and personal or dependent deductions are not to be applied when determining the temporary withholding.
- Eligible individuals may submit a tax commitment to temporarily avoid withholding if their estimated annual taxable income remains below the taxable threshold after applicable deductions.

The 10% deduction is a withholding mechanism rather than necessarily the individual's final PIT liability. Employers should separately consider the nature and timing of each payment, maintain the supporting calculation and documentation, and ensure the amount is correctly reflected in the relevant withholding and year-end reporting.However, this confirmation makes the tax treatment more straightforward for the employer to apply consistently and accurately.

## 2. Treatment of Phone, Travel and Housing Allowances for Social Insurance Contributions

Another important clarification relates to the treatment of phone, travel, and housing allowances for compulsory Social Insurance contribution purposes. The Ho Chi Minh City Social Insurance Authority issued Official Dispatch No. 6101/BHXH-QLT dated 31 July 2026, stating these allowances may be excluded from the contribution base where they are separately identified in the labour contract and are not treated as salary, including where they are paid as fixed monthly amounts. This treatment should not, however, be applied solely by reference to the label used for a payment.

During an inspection, the authorities may consider the substance and consistency of the overall compensation arrangement, including the labour contract, remuneration policies, payroll records and supporting documentation. Employers should therefore ensure that:

- salary and allowances are clearly distinguished in labour contracts and related documentation;
- the nature and level of each allowance are commercially supportable;
- internal remuneration and payroll policies are aligned with contractual terms; and
- payroll records consistently reflect the documented arrangement.

A well-documented and consistently implemented remuneration structure provides a stronger basis for supporting the social insurance treatment adopted and reducing the risk of disputes during an inspection.

## 3. A comprehensive consolidated document for new PIT changes from 2026

The Ministry of Finance's Tax Policy, Fees and Charges Department issued Official Dispatch No. 2231/CST-TN dated 31 July 2026, providing a consolidated summary of key changes introduced by Decree No. 253/2026/NĐ-CP and Circular No. 87/2026/TT-BTC

The changes should not be viewed only as a technical tax update. Depending on an employer's workforce profile and payroll arrangements, they may affect:

- employee net pay and the operation of gross-up arrangements;
- payroll calculation methodologies and system configuration;
- monthly or quarterly withholding processes and annual PIT finalisation;
- employee communications and tax support procedures; and
- internal review, approval and reconciliation controls.

Employers that have not completed a structured impact assessment should review their payroll policies, calculation logic, employment documentation and employee communications before the changes are embedded across future payroll cycles.

## 4. Data Readiness Becomes Critical as Personal Identification Numbers Replace Social Insurance Numbers

A significant administrative change is also on the horizon. Hanoi Social Security, through Official Dispatch No. 5259/BHXH-QLT dated 17 August 2026, announced the implementation of Plan No. 3115/KH-BHXH, under which Personal Identification Numbers will replace Social Insurance numbers from 1 September 2026.

Employers should treat the transition as an employee data governance exercise rather than a purely administrative update. Incomplete or inconsistent information across HR, payroll and social insurance records may result in processing delays or additional reconciliation work.

**Actions to Undertake**

- Review employee identification information for completeness and accuracy.
- Correct outdated, incomplete or inconsistent records.
- Reconcile discrepancies between internal records and social insurance data.
- Maintain a clear mapping between existing social insurance numbers and personal identification numbers during the transition.
- Confirm that HR, payroll and related systems can accommodate the revised identifier.

Organisations with large workforces, multiple employing entities or decentralised HR operations should commence this review promptly and assign clear responsibility for resolving discrepancies.

## Priorities for Employers: Review, Align and Document

While these recent guidance releases address different areas of payroll and workforce administration, a common theme emerges across all updates: compliance increasingly depends on the quality of an organization's payroll controls, documentation, and employee data management.

Employers should consider the following immediate priorities:

- review the PIT treatment and documentation of payments made after employment ends;
- reassess salary and allowance structures for compulsory social insurance purposes;
- evaluate the operational impact of the 2026 PIT framework;
- validate employee master data before the identification-number transition; and
- confirm that labour contracts, remuneration policies, payroll records and statutory filings remain aligned.

Payroll is no longer only an administrative process. It is an important component of tax and employment compliance, employee experience and broader business governance. Organisations that address these matters early will be better positioned to manage implementation risk, respond to regulatory review and maintain confidence in their payroll controls.

For any further questions or assistance, please reach out to us at contact@alitium.com

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