

Vietnam Increases Base Salary from 1 July 2026: Salary Impacts and Insurance Changes

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Impact on Salary Components and Insurance Entitlements Resulting From 1 July 2026 Base Salary Increases

Vietnam's statutory base salary increases to VND 2.53 million per month from 1 July 2026, following issuance of Decree 161/2026/ND-CP. The adjustment represents an approximate 8% increase and forms part of Vietnam's Government's wider social welfare and wage reform agenda.

Increase in Statutory Base Salary

	From 1 July 2024 to 30 June 2026	From 1 July 2026	Remark
Statutory Base Salary	VND 2.34 million/ month	VND 2.53 million/ month	Approx. 8% increase

The base salary change has broad implications for payroll calculations, social insurance contribution caps, employee benefits, and employer cost obligations.

Impact on Social Insurance, Health Insurance and Trade Union Contribution Caps

Under Vietnam's compulsory insurance framework, the maximum salary subject to Social Insurance (SI) and Health Insurance (HI) contributions equals 20 times the statutory base salary. Therefore, the increase in the base salary directly increases the contribution ceiling applicable to employers and employees.

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1 July 2026 Increase to Base Salary

Applicable Period	Maximum Salary Cap for SI/HI Contributions	Remarks
1 July 2024 – 30 June 2026	VND 46.8 million	Current statutory cap
From 1 July 2026 onward	VND 50.6 million	Revised cap based on new base salary

The revised cap increases contribution obligations for employers with higher paid employees. At the same time, employees contributing at the higher threshold may become eligible for higher long-term social insurance benefits and pension calculations.

For Trade Union Contributions, the updated base salary will impact on both employer and employee monthly contributions as below:

Applicable Period	Maximum amount contributed by employer (2% of employee's insurance salary)	Maximum amount contributed by employee as union membership fee (0.5% of employee's insurance salary and maximum 10% of base salary)
1 July 2024 – 30 June 2026	VND 936,000	VND 234,000
From 1 July 2026 onward	VND 1,012,000	VND 253,000

Key Social Insurance Benefit Adjustments

Several social insurance entitlement levels are directly linked to the statutory base salary. Accordingly, the increase effective from 1 July 2026 raises multiple employee welfare benefits.

	Social Insurance Benefit	Current Level	From 1 July 2026
1	Daily recuperation allowance after sickness	VND 702,000	VND 759,000
2	One-time childbirth/adoption allowance per child	VND 4,680,000	VND 5,060,000
3	Daily recuperation allowance after maternity leave	VND 702,000	VND 759,000
4	One-time allowance for 5% reduction in working capacity	VND 11,700,000	VND 12,650,000
5	Additional allowance for each additional 1% reduction in working capacity	VND 1,170,000	VND 1,265,000
6	Monthly allowance for 31% reduction in working capacity	VND 702,000	VND 759,000
7	Additional monthly allowance for each additional 1% reduction in working capacity	VND 46,800	VND 50,600
8	Attendance/service allowance	VND 2,340,000	VND 2,530,000
9	One-time allowance for death due to occupational accident/disease	VND 84,240,000	VND 91,080,000
10	Daily rehabilitation allowance after treatment	VND 702,000	VND 759,000
11	Funeral allowance	VND 23,400,000	VND 25,300,000
12	Monthly survivorship allowance for each dependent	VND 1,170,000	VND 1,265,000

Practical Implications for Employers and Employees

- Employers may experience increased payroll and insurance contribution costs, particularly for employees earning at or near the contribution ceiling.
- Employees participating in compulsory social insurance may experience higher monthly contributions and benefit from higher maternity, sickness, occupational accident, pension, and survivorship entitlements.
- Public-sector employees whose salary coefficients are tied to the statutory base salary will receive direct salary increases.
- The increase supports the Government's broader objective of strengthening social welfare protection amid inflation and rising living costs.

Conclusion

The increase of Vietnam's statutory base salary to VND 2.53 million per month from 1 July 2026 will significantly impact payroll administration, compulsory insurance contributions, and employee entitlement levels. Employers should proactively review payroll structures, insurance budgets, and employment cost forecasts to ensure compliance and proper financial planning, as well as inform this change to employees for their awareness. Meanwhile, employees and retirees are expected to benefit from stronger social welfare protection and higher statutory benefits under the revised framework.

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


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