

# Social Insurance for Foreign Employees in Vietnam: New Rules from July 2025

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## New Social Insurance Regulations in Vietnam from July 2025

The 2024 Law on Social Insurance, together with Government Decree No. 158/2025/ND-CP, came into effect on 1 July 2025, introducing significant changes to Vietnam's compulsory social insurance (SI) regime. These reforms not only refine the policy framework for domestic employees but also clarify how the system applies to foreign workers.

### 1. Who Is Covered?

Under the new regulations, foreign nationals must participate in Vietnam's compulsory social insurance scheme if they are employed under a fixed-term labor contract of 12 months or more, regardless of whether they possess a work permit or practice certificate/license issued by Vietnamese authorities, unless they:

- Are assigned to work in Vietnam within the same enterprise under the regulations on foreign workers in Vietnam;
- Have reached the statutory retirement age at the time of signing the labor contract (as per Clause 2, Article 169 of the Labor Code); or
- Are covered by an international treaty to which Vietnam is a signatory, where such treaty provides otherwise.

### 2. Enterprise managers, controllers, and enterprise capital representatives – Key Distinction

The law makes a clear distinction between Vietnamese and foreign managers:

- Vietnamese enterprise managers, controllers, and enterprise capital representatives – must participate in compulsory social insurance, even if unpaid.
- Foreign enterprise managers, controllers, and enterprise capital representatives – are not required to participate, unless they are working under a fixed-term labor contract of 12 months or more.

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## 3. Updated Contribution Structure & Calculation

From July 2025, SI contributions are calculated on a broader salary base, including:

- Monthly wages, allowances, and regular payments as agreed between the employer and employee.
- A "reference level" tied to CPI, economic growth, and fiscal capacity. Until the base salary system is phased out, this remains aligned with the current base salary (approx. VND 2,340,000/month).

### Maximum salary thresholds:

- Social insurance & health insurance: 20 × reference level, corresponding to VND 46.8 million.
- Unemployment insurance: 20 × regional minimum wage. This amount varies by region, ranging from VND 69 million to VND 99.2 million.

### Contribution rates for foreign employees:

Category	Employee (%)	Employer (%)
Retirement & Survivors	8%	14%
Sickness & Maternity	0%	3%
Occupational Accidents & Diseases	0%	0.5%
Health Insurance	1.5%	3%
Unemployment Insurance*	N/A	N/A
<b>Total</b>	<b>9.5%</b>	<b>20.5%</b>

\*Note: Unemployment insurance does not apply to foreign employees.

## 4. One-Time Lump-Sum Social Insurance Refunds

While participation is compulsory for eligible foreign employees, the law maintains the one-time social insurance refund option for those who leave Vietnam and do not qualify for a pension.

Foreign workers can request this payout if they:

- Termination of employment or expiration of their work permit, practice certificate, or license without renewal.
- Old enough to receive a pension but without the required 15 years of social insurance contributions;
- Eligible to receive a pension but no longer reside in Vietnam, or
- Fall under other legal eligibility (e.g., severe illness).

This refund mechanism allows foreign employees to recover part of their contributions, ensuring financial closure when their employment in Vietnam concludes.

## Key Takeaways for Employers and Employees

These July 2025 updates require both employers and foreign employees to review contract terms, payroll systems, and HR compliance practices. Employers should update internal policies promptly to ensure smooth implementation and avoid penalties for non-compliance.

For any further questions you may have, please reach out to us at [vietnam@alitim.com](mailto:vietnam@alitim.com)

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*This article is intended to provide an overview of regulations. While it aims to present useful insights, it is important to note that the content shared here should not be considered as formal legal or financial advice. For specific guidance on tax obligations or legal matters related to your business, we strongly recommend consulting with a qualified professional, such as a tax advisor or legal expert or directly reach out to us.*


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