

Vietnam's New Social Insurance Law: 1 July 2025 Implementation Approaches

Alitium
Level 5, L'Mak Signature Building
147 Hai Ba Trung, District 3
Ho Chi Minh City
Vietnam

P: +84 (28) 3535 6460
E: vietnam@alitium.com

Contact

Phuong Vo
Managing Partner
phuong.vo@alitium.com

Matthew Lourey
Chairman & Advisor
mlourey@alitium.com

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July 2025 Changes to Vietnam's Social Insurance

Vietnam's amended Social Insurance Law (Law No. 41/2024/QH15), passed by the National Assembly in 2024, enters into force on 1 July 2025. This extended transitional period has presented a critical window for employers, employees, and relevant stakeholders to review their internal policies and prepare for upcoming changes, with only few days left for final implementation.

The new Law introduced significant reforms to Vietnam's social insurance framework, including expanded coverage, broader benefit entitlements, and stricter enforcement measures. As the effective date approaches, here is a quick reminder of the key implications, including:

- Who must contribute
- What's new for voluntary participants
- Payment methods
- Late payment penalties

1. What is Social Insurance (SI)?

Social Insurance (SI) in Vietnam is a state-managed benefit system that includes:

- Compulsory SI: covering sickness, maternity, occupational accidents and diseases, retirement, and survivorship benefits
- Voluntary SI: available to individuals not covered by the compulsory scheme

It is important to note that Unemployment Insurance (UI) is regulated separately under the Employment Law, even though it is often discussed alongside SI in practice.

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2. Who Must Contribute?

Compulsory Social Insurance

From 1 July 2025, Vietnam's revised Social Insurance Law significantly expands the scope of mandatory participation. In addition to traditional groups like full-time employees and public sector workers, the law now covers part-time workers (with sufficient income), household business owners, non-salaried managers, and others previously excluded. The table below summarizes the key changes.

Group of Individuals	Mandatory under 2014 Law	New from 1 July 2025
Employees with contracts \geq 1 month (<i>including seasonal & part-time workers, if income \geq statutory minimum base</i>)	Yes	Yes
Civil servants, public employees, armed forces	Yes	Yes
Foreign Workers	Yes (with work permit/practice certificate)	Yes (Labour contract of 12 months or more, except for some cases)
Non-labour contracts with employment nature	No (legal basis unclear)	Yes
Non-specialized personnel at village or residential levels	Yes (limited benefits)	Yes (full benefits)
Registered household business owners	No	Yes
Managers of enterprises/cooperatives without salary	No	Yes
Spouse accompanying public official's overseas mission (<i>with allowance</i>)	No	Yes
Standing militia force	No	Yes

Voluntary Social Insurance (Voluntary SI)

From 1 July 2025, Vietnam's revised Social Insurance Law expands the eligibility for Voluntary SI. In addition to informal workers, the new law allows participation by Vietnamese citizens aged 15 or older who are not subject to mandatory social insurance and not receiving a pension. Newly eligible groups include part-time workers earning below the minimum base, workers under non-labour contracts, Vietnamese residing abroad, and individuals temporarily suspending their labour contracts if not covered by mandatory SI during the suspension.

Importantly, the new law also expands the scope of Voluntary SI benefits. From 1 July 2025, voluntary participants will be entitled to four benefit categories: (1) maternity allowance (2mil VND), (2) retirement pension, (3) survivorship allowance, and (4) occupational accident and disease insurance under the Law on Occupational Safety and Health. This marks a major shift from the previous law, offering more comprehensive protection for informal and flexible workers.

3. Payment Methods and Deadlines

- Monthly contributions: due by the end of the following month
- Quarterly or semi-annual contributions: the last day of the month following the end of the payment cycle
- Voluntary SI: choose one of the following payment methods: monthly, every 3 months, every 6 months, or annually.

4. New Late-Payment Penalty: 0.03% per Day

- Effective from 1 July 2025, per Article 40, Law No. 41/2024/QH15, employers must pay:
 1. The full amount of overdue SI/UI contributions
 2. A daily penalty of 0.03% on the overdue amount, calculated from the due date until full payment
- Additionally, they face administrative sanctions (e.g., fines, ineligibility for commendations), and criminal liability may apply in cases of deliberate evasion

5. Compliance Reminders & Best Practices

- Register all eligible employees promptly, within 60 days of eligibility
- Monitor contribution deadlines strictly; avoid accumulating daily 0.03% penalties
- Track overdue amounts and calculate penalty interest accurately until full payment
- Retain evidence of full payment to SI and UI funds to prevent penalties and disputes
- Plan proactively for expanded obligations and new voluntary SI entitlements from July 2025

For any further questions you may have, please reach out to us at vietnam@alitim.com


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