

# One-Time Social Insurance Claims in Vietnam: A Guide for Foreign Individuals

A guide for foreign individuals having completed employment contracts to claim their retirement insurance contributions

Alitium

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# Alitium

Alitium was established from the desire to be more than a service provider—to become a guiding force in Vietnam’s complex business ecosystem. Founded on the pillars of integrity, innovation, and excellence, we align decades of expertise with forward-thinking strategies to support foreign investors navigating the region.

Our team fuses seasoned insights with fresh perspectives, offering bespoke advisory and legal services that adapt to the evolving demands of cross-border investment. We bridge cultures and practices, helping global entities integrate seamlessly while staying true to local nuances. This approach reinforces our reputation as a trusted partner in corporate solutions and compliance.

# Vietnam Social Insurance & Refunds

## An Overview

Vietnam's Social Insurance system covers foreign employees working under labour contracts, with the system providing an opportunity for foreign employees to claim a one-time Social Insurance refund. For foreign employees finishing their tenure in Vietnam, this refund provides a means to reclaim part of their contributions.

However, understanding the refund process, including eligibility, documentation, and potential obstacles, can be complex and may require specialized guidance. This article providing a foundational understanding, and explores the key elements of the one-time social insurance refund for foreign employees.

### What is Social Insurance in Vietnam?

Social Insurance in Vietnam is a mandatory program designed to provide financial protection and welfare to employees and their dependents. Governed by the Vietnam Social Security system (and working with the Ministry of Labour, Invalids and Social Affairs, the Ministry of Health and the Ministry of Finance), Social Insurance covers a range of benefits for individuals, including retirement/pensions, sickness cover, maternity payments, work-related accident insurance, and occupational disease insurance. It plays an important role in ensuring that workers receive income security during periods when they are unable to work due to health issues or after reaching retirement age. Both Vietnamese and foreign employees working under labour contracts in Vietnam must contribute to the system.

Contributions to Social Insurance are shared between employers and employees. Employers contribute a higher portion, typically around 17.5% of an employee's salary, while employees contribute approximately 8%. These rates, subject to periodic updates, are applied to salaries up to a capped amount determined by the government, which is adjusted each year. The collected contributions are pooled into a national fund managed by Vietnam Social Security, which controls disbursement for eligible claims.

### Eligibility for One-Time Social Insurance Refunds

Foreign employees in Vietnam may qualify for a one-time social insurance refund upon fulfilling certain conditions. The refund applies to contributions made under Vietnam's Social Insurance system, representing a return on the compulsory contributions made by their employer(s) and themselves. This refund process enables foreign employees to reclaim a portion of these contributions after employment ceases.

Eligibility is generally based on:

- **Employment Termination:** Foreign employees who have terminated their employment contract in Vietnam or whose work permit/practicing license has expired without the possibility of renewal may apply for a one-time refund.
- **Permanent Departure from Vietnam:** Employees eligible for retirement benefits but no longer residing in Vietnam.
- **Serious Health Conditions:** Individuals are diagnosed with life-threatening illnesses such as cancer, paralysis, or other severe conditions as recognized by regulations.
- **Insufficient Contribution Period:** Employees who have reached retirement age but have contributed to social insurance for less than 20 years.

While these eligibility criteria may appear straightforward, individual cases can require specific verification of employment terms and contribution status, especially foreign individuals with unique contract or residency arrangements.



# Calculations and Requirements for Refunds

## Requirements

Compulsory contributions for Social Insurance (SI) in Vietnam are calculated based on a capped monthly salary, which applies to both employers and employees. These salary caps are reviewed and updated annually, with variations depending on the region. For instance, in 2024, the capped maximum monthly salary for Region 1 is set at VND 46,800,000. This means that if an employee's gross monthly salary exceeds this amount, the SI contributions are calculated using the cap, not the actual salary.

For employees earning above the cap, this capped amount becomes their "SI Salary" for contribution purposes. Conversely, for individuals whose gross monthly salary is below the cap, their SI Salary typically matches their actual gross salary, subject to any specific adjustments made by their employer.

### Calculating a One-Time Social Insurance Entitlement

The rate of the one-time social insurance entitlement is determined based on the total number of years of social insurance contributions, with each year entitling applicants to two months benefit based upon their average monthly salary used for social insurance contributions ("Average Monthly SI Salary") for each year of contribution, from 2014 onwards.

*The calculation is therefore essentially:*

$$\text{"One-Time Social Insurance Amount} = 2 \times \text{Average Monthly SI Salary} \times \text{Number of contributing years"}$$

In which: the Average Monthly SI Salary equals the total Social Insurance Salary for Contributing Months, divided by the number of Contributing Months.

### Required Documents for the Application

The application process requires several key documents and compiling all documents is essential for a successful refund claim. Generally, these documents serve to confirm the applicant's contributions and legal status in Vietnam:

- **Social Insurance Book:** The original Social Insurance book, which includes the record of contributions.
- **Application Form:** An official form used for applying for the one-time Social Insurance payment.
- **Authorization Document:** If an agent or representative is filing on the employee's behalf, this document grants them the necessary authority.
- **Certified Passport Copy:** The applicant's passport, translated into Vietnamese and certified according to Vietnamese regulations.
- **Employment Contract and Termination Notice:** The original labor contract and official termination document to verify employment completion.
- **Work Permits:** Valid work permits that cover the applicant's period of employment in Vietnam.

Ensuring the accuracy and completeness of these documents is important, as any discrepancies could potentially lead to delays or complications in the claim process.

# TIMELINE & PROCESS

## ONE-TIME SOCIAL INSURANCE CLAIM FOR VIETNAM

Timeline - Approx 2-3 weeks,  
in most cases

1.

### Document Preparation

After gathering required documents, the applicant (or their representative) should prepare them for submission. Document preparation usually takes two business days.



2.

### Application Submission

The completed application is submitted to the relevant social insurance agency, generally within two business days. If additional documents are needed, the agency will contact the applicant or representative.



3.

### Social Insurance Agency Review

It often takes a week for the agency reviews the application. Upon successful review, the agency issues approval.



4.

### Confirmation of Payment Schedule and Refund Receipt

Following approval, the agency issues a confirmation receipt that includes the refund outcome, payment schedule, and method of disbursement.



After receiving the confirmation, the applicant or their authorized representative can expect to receive the payment either through direct bank transfer or other designated means.

*Though these timelines provide general guidance, variations may occur, and foreign individuals are encouraged to allow for potential processing delays, especially if their documentation requires additional verification or is difficult for them to obtain from previous employers.*

# Practical Considerations

## Processes and Issues

There are various practical aspects to keep in mind when navigating the one-time social insurance refund process. Attention to these matters can improve the chances of a smooth application and refund experience:

- **Document Preparation:** Foreign employees should ensure that all required documents are current, accurate, and certified as needed. Delays frequently arise due to incomplete or incorrect documents, so applicants may benefit from double-checking all requirements with a professional.
- **Submission Methods:** There are three methods to submit the application, each offering distinct advantages:
  - **Postal Submission:** Documents can be sent by mail to the relevant social insurance agency.
  - **In-Person Submission:** Applicants or representatives may deliver documents in person to expedite the process.
  - **Online Submission:** Applications may be filed through the Vietnam Social Insurance e-Government Portal: <https://dichvucong.baohiemxahoi.gov.vn/>.

Each method has its own potential benefits and drawbacks, depending on the applicant's specific situation and location. For example, in-person submissions may reduce the risk of lost or delayed mail but may not be feasible for employees already residing outside Vietnam.

- **Authorized Agents and Representation:** Employees who are outside Vietnam or otherwise unable to submit applications themselves can authorize a representative to file on their behalf. This requires a certified authorization document, which allows the agent to submit the application and, if needed, receive a refund payment.
- **Bank Accounts:** As one-time refunds are generally processed by payment into a Vietnamese bank account, foreign individuals that have not maintained a local bank account will likely need to make arrangements with another party to receive the funds on their behalf.

## Final Advice

Claiming a one-time Social Insurance refund in Vietnam offers a valuable benefit for foreign employees concluding their employment in the country. However, the process requires careful attention to detail, from gathering the correct documents to understanding the eligibility criteria and navigating the submission methods. It is quite common for applications to be denied on technical grounds, and for the process to become drawn-out where corrections are required.

While this guide provides an overview, individual cases may present unique challenges. Consulting with a professional or agency knowledgeable in Vietnamese Social Insurance regulations and current practices can provide clarity and help avoid potential complications, particularly for employees whose circumstances may fall outside the typical process. If you're uncertain about any aspect of the one-time refund process, expert assistance can be a wise step to ensure a smooth and successful claim.

## About Alitium

Alitium provides professional support in Vietnam for foreign investors. Supporting Market Entry, Company Establishment, Taxation, Advisory and Ongoing Compliance services, Alitium's professionals are focussed on ensuring international best practice and governance standards are maintained at all time for foreign investors.

Contact Alitium to discuss how we can assist with your professional needs in Vietnam.

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Matthew has more than 30 years professional services experience, with 20 of these in Vietnam. He previously established and leading services firm in Vietnam supporting foreign investors that grew to 150 staff, and later rolled into a regional group.

Matthew is an Australian Chartered Accountant, and is renowned for his understanding and application of Vietnamese structures, compliance and strategies for foreign investors. His practical advice and experience in market brings value to any client wishing to operate in Vietnam.



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Phuong is a Vietnamese qualified lawyer, who spent over 8 years leading the licensing and legal services division at an international market entry specialist, before founding Alitium.


Phuong has extensive experience supporting international organisations, including representing numerous foreign governments, listed companies from dozens of markets, and multi-national organisations from across the globe.


She has broad exposure to all facets of market entry, governance and compliance for foreign companies, and understands the needs to develop compliant yet commercially practical solutions for client needs.





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