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People Advisory Services Tax Alert

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Notable points regarding the mandatory social security from 1 July 2025

The 15th National Assembly has passed the Social Insurance Law No. 41/2024/QH15 (SI Law 2024) on 29 June 2024, and Law No. 51/2024/QH15 amending and supplementing several provisions of the Health Insurance Law on 27 November 2024 (HI Law amendment 2024), with many changes effective from 1 July 2025, aimed at the following major goals:

- Ensuring social security
- Expanding the participation of subjects; increasing rights and benefits to attract more participants
- Fundamentally addressing the obstacles and inadequacies from the practical implementation
- Strengthening penalties for late payment and evasion of social insurance (SI) and health insurance (HI) contributions

This Alert summarizes some key changes that businesses and employees need to pay attention to regarding mandatory insurance contributions starting from 1 July 2025, as follows:

1. Participants¹:

The SI Law 2024 and the HI Law amendment 2024 have expanded the categories of employees participating in mandatory social insurance and health insurance, including:

- Employees working under indefinite-term labor contracts, and fixed-term labor contracts with a duration of one month or more, including cases of part-time work but with monthly wages equal to or higher than the minimum wage used as the basis for mandatory social insurance contributions.
- In cases where the employee and employer agree under a different agreement type but the content reflects paid work, wages, and the management, administration, and supervision by one party, with a duration of one month or more, they also fall under the category of mandatory SI and HI participants.
- Workers going abroad for work under contracts specified in the Law on Vietnamese Workers Going Abroad for Work, except in cases where there are different provisions according to international treaties of which Vietnam is a member.

⁽¹⁾ Points a, g, i, n of Clause 1, Clause 2, and Clause 3 of Article 2 of the SI Law 2024; Clause 10 of Article 1 of the HI Law amendment 2024; Article 43 of the Employment Law No. 38/2013/QH13 issued on 16 November 2013, and effective from 1 January 2015; Article 2 of Decree 143/2018/NĐ-CP issued on 15 October 2018, and effective from 1 December 2018.

- Managers of enterprises, controllers, representatives of state capital, representatives of capital of enterprises as prescribed by law; members of the Board of Directors, General Directors, Directors, etc., whether they receive a salary or not.
- Foreign workers working in Vietnam under fixed-term labor contracts with a duration of 12 months or more, except in cases of intra-company transfers or if, at the time of signing the labor contract, they have reached retirement age or have different provisions according to international treaties of which Vietnam is a member.
- And some other categories.

The subjects contributing to unemployment insurance will still follow the current regulations and apply to Vietnamese workers working under indefinite-term labor contracts or fixed-term contracts with a duration of three months or more.

2. Basis for calculating contributions and benefits for social insurance

Workers who are subject to a wage regime determined by the employer will have their wages used as the basis for mandatory social security contributions², which include (i) monthly wages consisting of the salary based on the job or position, (ii) salary allowances, and (iii) other additional amounts agreed upon for regular, stable payment in each salary period.

The SI Law 2024 has stipulated a “reference level”³ as the basis for calculating contributions and benefits for certain social insurance regimes. The reference level is adjusted based on the increase in the consumer price index, economic growth, and in accordance with the capacity of the state budget and the social insurance fund. Until the base salary is abolished, the reference level specified in this Law will be equal to the base salary.

Thus, starting from 1 July 2025, the contribution rates and maximum mandatory social security contributions for enterprises and workers are specified as follows:

	Social Insurance			Health insurance	Unemployment insurance (*)	Total
	Retirement and dead	Sickness and maternity	Occupational diseases and accident			
Maximum Contribution Levels	<ul style="list-style-type: none">■ The maximum salary for mandatory social insurance and health insurance contributions is 20 times the reference level. Currently, the reference level is equal to the base salary of VND2,340,000/month.■ The maximum salary for unemployment insurance contribution is 20 times the regional minimum wage. Currently, the regional minimum wage ranges from VND4,960,000/month (Region I) to VND3,450,000/month (Region IV).					
Contribution rate						
Employee	8%	0.0%	0.0%	1.5%	1.0%	10.5%
Employers	14.0%	3.0%	0.5%	3.0%	1.0%	21.5%

(*) Not applicable to foreign employees

⁽²⁾ Point b, Clause 1, Article 31 of the SI Law 2024

⁽³⁾ Article 7 of the SI Law 2024, Point đ, Clause 1, Article 31, Clause 13, Article 141 of the SI Law 2024.

3. Strengthening penalties for violations

The SI Law 2024 aims to enhance compliance with the law and protect the legal rights and interests of workers through regulations on the management of mandatory insurance contributions, emphasizing the recovery of unpaid contributions and criminal prosecution for employers who evade payments. At the same time, the late payment interest rate applied is 0.03% per day⁴ on the overdue amount, instead of being calculated based on interbank interest rates as before.

However, the SI Law 2024 has also extended the deadline for mandatory insurance contributions for employers⁵ by one month compared to current regulations, specifically as follows:

- The last day of the following month for monthly contribution methods.
- The last day of the following month after the contribution cycle for contributions made every three months or six months.

In addition to the main points mentioned above, the SI Law 2024 and the HI Law amendment 2024 also amend and supplement regulations on social insurance schemes for sickness, maternity, retirement, and survivors, making them more aligned with practical realities and better ensuring the rights of workers; ensuring better participation and benefits from social insurance for Vietnamese workers going abroad and foreign workers coming to work in Vietnam; regulating electronic transactions in the field of social insurance as well as adding provisions on international cooperation, and clarifying the state management responsibilities of the Ministry of Labor, Invalids and Social Affairs (currently is the Ministry of Home Affairs), the Ministry of Finance, etc.

The changes in the SI Law 2024 and the HI Law amendment 2024 not only affect employees but also have a significant impact on enterprises. It is recommended that enterprises proactively seek to understand and grasp the relevant regulations, review the participating subjects as well as the types of labor contracts, income structures, and budgets for mandatory insurance contributions to ensure compliance, thereby contributing to promoting production development and social stability.

⁽⁴⁾ Article 41 of the SI Law 2024

⁽⁵⁾ Clause 4, Article 34 of the SI Law 2024



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