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People Advisory Services Tax Alert

September 2025

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Official Letter 1198/CTL&BHXH-BHXH guiding on salary for mandatory social insurance contributions

On 5 September 2025, the Department of Wages and Social Insurance issued Official Letter 1198/CTL&BHXH-BHXH in response to the American Chamber of Commerce in Vietnam, regarding the salary for mandatory social insurance (SI) contributions, specifically as follows:

1. The salary used as the basis for mandatory SI contributions for employees subject to the wage regime determined by the employer is the monthly salary, which includes:
 - (i) **The salary according to the job or title** calculated by time (monthly) of the job or title according to the salary scale, salary table established by the employer in accordance with Article 93 of the Labor Code, as agreed upon in the labor contract (LC).
 - (ii) **Salary allowances** to compensate for factors related to working conditions, the complexity of the job, living conditions, and the level of labor attraction that the salary has not yet accounted for or has not been fully calculated, as agreed upon in the LC.
 - (iii) **Other additional amounts** that can be specifically determined along with the salary, as agreed upon in the LC and paid regularly and stably in each salary payment period.
2. Other regimes and benefits recorded as separate items in the LC according to Clause 5, Article 3 of Circular 10/2020/TT-BLDTBXH¹ (Circular 10) are not considered salary for the purpose of calculating mandatory SI contributions.

According to Clause 5, Article 3 of Circular 10, other regimes and benefits recorded as separate items in the LC include: other regimes and benefits such as bonuses as stipulated in Article 104 of the Labor Code; initiative bonuses; meal allowances; allowances for gasoline, telephone, travel, housing, childcare, support for employees whose relatives have died, employees with relatives getting married, employees' birthdays, allowances for employees facing difficulties due to occupational accidents, occupational diseases, and other support and allowances.

¹ Circular No. 10/2020/TT-BLDTBXH dated 12 November 2020 of the Minister of Labor, Invalids and Social Affairs (now the Ministry of Home Affairs) detailing and guiding the implementation of several provisions of the Labor Code regarding the content of labor contracts, collective bargaining councils, and occupations and jobs that adversely affect reproductive functions and childcare.



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