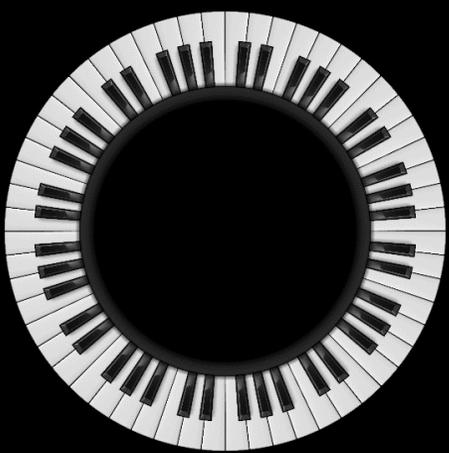


## TAX ALERT

## Draft Decree on the minimum wages

June 2022



## Main contents

The Ministry of Labor, Invalids and Social Affairs (“MOLISA”) is consulting with ministries and agencies on the Draft Decree regulating the minimum wages, applicable to employees working under labor contracts.

According to the Draft, the minimum wages is proposed to increase by an average of **6%** (increase of VND 180,000 - VND 260,000) compared to the current ones. Details are as follows:

Region	Current minimum wages (VND per month)	Minimum wages according to the Draft Decree (VND per month)	Increase (VND per month)
Region I	4,420,000	4,680,000	260,000
Region II	3,920,000	4,160,000	240,000
Region III	3,430,000	3,640,000	210,000
Region IV	3,070,000	3,250,000	180,000

Especially, the Draft Decree provides regulations on the **minimum hourly wages** by region for the first time, particularly: 22,500 VND/hour for Region I, 20,000 VND/hour for Region II, 17,500 VND/hour for Region III, 15,600 VND/hour for Region IV.

Moreover, regions applying the minimum wages also have been adjusted compared to the current ones, such as Ha Long city is classified into Region I (formerly Region II); Hoa Binh, Vinh, Vinh Long, and Bac Lieu cities are classified into Region II (formerly Region III)...

Regarding the effective date, the MOLISA proposes the implementation date of the new minimum wages is from **1 July 2022** as recommended by the National Wage Council to the Government.

## Our recommendations

If the Draft is approved, enterprises should review the terms in labor contracts, collective agreements and internal policies to apply the correct minimum wages for each region in accordance with regulations, especially for enterprises that apply hourly wage policy.

## Contact us



**Thomas McClelland**  
**National Tax Leader**  
+84 28 7101 4333  
tmcclelland@deloitte.com



**Bui Ngoc Tuan**  
**Tax Partner**  
+84 24 7105 0021  
tbui@deloitte.com



**Bui Tuan Minh**  
**Tax Partner**  
+84 24 7105 0022  
mbui@deloitte.com



**Phan Vu Hoang**  
**Tax Partner**  
+84 28 7101 4345  
hoangphan@deloitte.com



**Dinh Mai Hanh**  
**Tax Partner**  
+84 24 7105 0050  
handinh@deloitte.com



**Tat Hong Quan**  
**Tax Partner**  
+84 28 7101 4341  
quantat@deloitte.com



**Vo Hiep Van An**  
**Tax Partner**  
+84 28 7101 4444  
avo@deloitte.com



**Vu Thu Nga**  
**Tax Partner**  
+84 24 7105 0023  
ngavu@deloitte.com

### Hanoi Office

15<sup>th</sup> Floor, Vinaconex Building,  
34 Lang Ha Street, Dong Da District,  
Hanoi, Vietnam.  
Tel: +84 24 7105 0000  
Fax: +84 24 6288 5678

### Ho Chi Minh City Office

18<sup>th</sup> Floor, Times Square Building,  
57-69F Dong Khoi Street, District 1,  
Ho Chi Minh City, Vietnam.  
Tel: +84 28 7101 4555  
Fax: +84 28 3910 0750

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