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TAX ALERT

Increasing common minimum salary from 1 July 2023

May 2023



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On 14 May 2023, the Government issued Decree No. 24/2023/ND-CP (“Decree 24”) regulated minimum salary for civil servants, public employees and armed forces.

According to the Decree 24, the common minimum salary is increased 21% from VND 1,490,000/month to VND 1,800,000/month. Decree 24 takes effect from 1 July 2023. This is the first time increase after 4 years since Covid-19 pandemic. The current rate of VND 1,490,000/month has been applied from 1 July 2019 according to Decree 38/2019/ND-CP.

Under current regulations, monthly base income for compulsory Social Insurance (“SI”) and Health Insurance (“HI”) contribution is capped at 20 times of common minimum salary, therefore this change in the common minimum salary will lead to increase in income base for SI & HI contribution accordingly, with details as follows:

Unit: VND

Type of compulsory insurance	Monthly base income for SI & HI contribution	
	Before 01/07/2023	From 01/07/2023 onwards
SI & HI	29,800,000 (20*1,490,000)	36,000,000 (20*1,800,000)

The current income cap applied to Unemployment Insurance (“UI”) has not been changed, currently at 20 times of the regional minimum salary in accordance with Decree 38/2022/ND-CP which took effect from 1 July 2022.

Our recommendations

Enterprises are suggested to review the computation of SI & HI contributions for employees affected by Decree 24 (those with monthly income from VND 29,800,000) to ensure compliance with regulations.

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