



28 November 2016

Personal Income Tax updates

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- 1** Minimum basic salary will increase from 1 July 2017
- 2** Minimum regional salary will increase from 1 January 2017
- 3** Cap on meal allowance will increase from 1 January 2016

In details

Minimum basic and regional salary

The salary subject to Social, Health and Unemployment insurance (SI/HI/UI) contributions is the salary stated in the labour contract, but this is capped at 20 times the minimum basic salary for SI/HI contributions and 20 times the minimum regional salary for UI contributions.

At present, the minimum basic salary cap is VND24,200,000 per month (approximately USD1,100 per month) and the minimum regional salary cap varies from VND48,000,000 to VND70,000,000 per month, depending on each region (approximately USD2,180 – USD3,180 per month).

Minimum basic salary

With effect from 1 July 2017, the minimum basic salary cap for SI/HI contributions will increase to VND26,000,000 per month (approximately USD1,180 per month). This has been approved by the National Assembly on 11 November.

Minimum regional salary

Pursuant to Decree 153/2016/NĐ-CP dated 14 November, issued by the Vietnamese Government, with effect from 1 January 2017, the minimum regional salary cap for UI contributions will range from VND51,600,000

to VND75,000,000 per month, depending on each region (approximately USD2,345 – USD3,410 per month).

Effectively, this will increase the compulsory insurance contributions for both employer and employee.

Mid-shift meal allowance

The Ministry of Labours, War Invalids and Social Affairs has recently issued Circular 26/2016/TT-BLĐTBXH. Accordingly, with effect from 1 January 2016, the cap on mid-shift meal allowance provided to employees of some state-owned enterprises will be increased from VND680,000 per month to VND730,000 per month.

For Personal Income Tax purposes, with effect from 1 January 2016, the cap on non-taxable amount of mid-shift meal allowance will be VND730,000 per month.

Although Circular 26 is effective from 15 October 2016, the cap on non-taxable amount of mid-shift meal allowance will be applied in relation to PIT matters from 1 January 2016.



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