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# Minimum salaries to increase in July 2022

16 June 2022



## At a glance...

The government has issued Decree 38/2022/ND-CP dated 12 June on new minimum salaries which will come into effect from 1 July 2022, replacing Decree 90/2019/ND-CP.

# In detail...

## New minimum salaries

For the first time, Decree 38 stipulates not only the minimum monthly salaries but also the minimum hourly ones, as follows:

	Minimum monthly salary	Minimum hourly salary
Region I	VND 4,680,000 (increase from VND 4,420,000)	VND 22,500
Region II	VND 4,160,000 (increase from VND 3,920,000)	VND 20,000
Region III	VND 3,640,000 (increase from VND 3,430,000)	VND 17,500
Region IV	VND 3,250,000 (increase from VND 3,070,000)	VND 15,600

- With regards to weekly/daily salaries or salaries which are calculated on the basis of products produced or completed pieces of work, such salaries, if converted to monthly or hourly, must not be lower than the stipulated monthly/hourly salaries. Decree 38 provides methods to convert weekly/daily salaries into monthly/hourly salaries.
- Decree 38 removes the requirement that the salary paid to employees who have completed vocational training must be at least 7% higher than the minimum salary level.

# In detail...

## Upgrades to regional classifications

Regions are defined in the Appendix to Decree 38. Some upgrades have been made to the regional classifications in Decree 90, including:

- Upgrades from Region II to Region I: Ha Long city of Quang Ninh province; and Xuan Loc district of Dong Nai province.
- Upgrades from Region III to Region II: Quang Yen and Dong Trieu district of Quang Ninh province; Hoa Binh city and Luong Son district of Hoa Binh province; Vinh city, Cua Lo town, Nghi Loc and Hung Nguyen districts of Nghe An province; Hoa Thanh town of Tay Ninh province; Vinh Long city and Binh Minh town of Vinh Long province; and Bac Lieu city of Bac Lieu province.
- Upgrades to Region III: Van Don, Hai Ha, Dam Ha, Tien Yen districts of Quang Ninh province; Quynh Luu, Yen Thanh, Dien Chau, Do Luong, Nam Dan, Nghia Dan districts and Thai Hoa, Hoang Mai towns of Nghe An province; Mang Thit district of Vinh Long province; and Hoa Binh district of Bac Lieu province.

## Capped salaries for Unemployment Insurance contributions increase

- As a result of the increase of minimum salaries, the capped salaries for UI contributions (equal to 20 times the regional minimum salaries) will increase accordingly, e.g. from VND88.4m to VND93.6m for Region I and from VND78.4m to VND83.2m for Region II.
- For clarification, the capped salary for Social Insurance and Health Insurance contributions remains unchanged, i.e. VND29.8m for all regions (equal to 20 times the current basic salary of VND1,490,000/month).

## Do's and Don'ts for Employers

- Employers are required to review current agreements in labour contracts, collective labour agreements and company's policies to make adjustments accordingly.
- Employers are prohibited from abolishing or reducing overtime, night shifts and the like when applying the new minimum salaries.
- Agreements that are more favourable to employees than those specified in Decree 38 are encouraged to be retained.

## Contact us

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. For further information or if you require our official advice or assistance, please reach out to us.



**Richard Irwin**

Partner - Tax & Legal services

+84 (28) 3824 0117

[r.j.irwin@pwc.com](mailto:r.j.irwin@pwc.com)



**Phan Thi Thuy Duong**

Partner – Legal services

+84 (28) 3823 0796, ext. 1508

[phan.thi.thuy.duong@pwc.com](mailto:phan.thi.thuy.duong@pwc.com)

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