

Outsourced Payroll Services for Local Employers

Vietnam employers must satisfy a number of employment tax related obligations.

Mandatory insurances contribution

There are three mandatory insurance schemes in Vietnam which are Social Insurance ("SI"), Health Insurance ("HI") and Unemployment Insurance ("UI")

SIHIUI contributions require from both parties employee and employer. The calculation of the amount to contribute is based on the employee's salary, allowance and other income which is paid in regular and in a fixed amount and contribution rates which is announced by the government

An employer is required to withhold the portion of employee's SIHIUI contribution from employee and pay it together with the portion of employer's SIHIUI contribution to the SI authorities.

SI benefit claims

There are some benefits provided to employees when they are on leave such as sick leave, child sick leave and maternity leave by the SI authorities.

An employer is required to process the SI benefit claims on behalf the employee.

Personal income tax ("PIT")

PIT is a tax paid by employee on the income and benefit in kind ("BIK") paid or provided to employees. PIT amount is calculated based on (1) tax resident status of employee, (2) taxable income and BIK and (3) tax rates.

A Vietnam tax resident, the employee is required to pay tax on his/her worldwide income and subject to progressive tax rates.

A Vietnam tax non- resident, the employee is required to pay tax on Vietnam source income and subject to a flat tax rates.

Trade union fee

An employer is required to pay trade union fee to the General Confederation of Labour make. The calculation of the amount to contribute is based on the salary subject to SI contribution and the rates announced by the government

As an employer, you are required to meet the following obligations:



Mandatory insurances contribution

- Initial register your enterprise with the SI authorities
- Obtain the enterprise SI code for making a contribution to SIHIUI Fund for employees
- Calculate SIHIUI contribution for both portions (i.e. employee and employer)
- Pay the SIHIUI contribution to the SI authorities on a monthly basic



Social insurance benefit claims

- Calculate the SI benefit for the employee
- Check the supporting document issued by the hospital to the employee
- Prepare and submit the claims to the SI authorities
- Follow up the SI benefit fund paid to employee's bank account or the employer's bank account
- Pay to employee via or outside monthly payroll in case SI benefit fund is paid to the employer



Personal income tax ("PIT")

- Register dependant for tax relief purposes
- Determine the tax resident status of the employee
- Calculate PIT amount based on a monthly income
- Declare and pay provision monthly/ quarterly PIT to the tax authorities
- Calculate and submit annual PIT finalisation at the year end

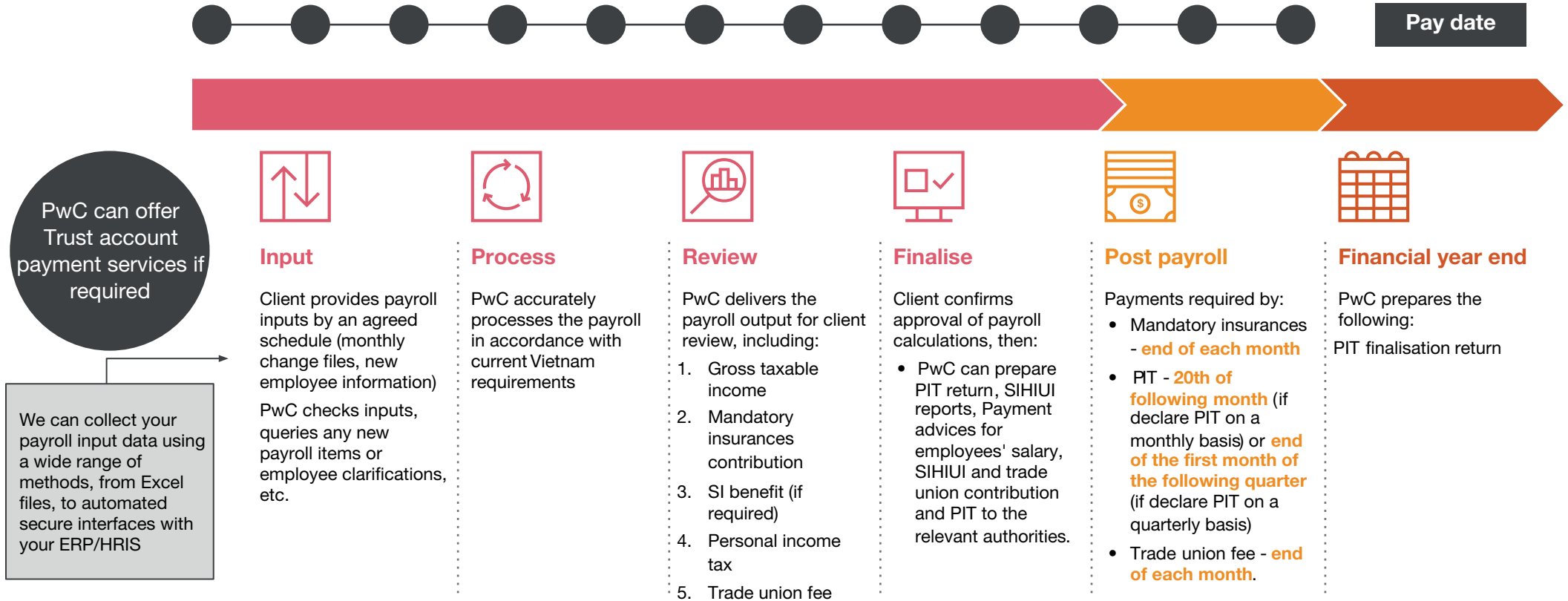


Trade union fee

- Calculate and pay trade union fee to the authorities

PwC can assist with these requirements

Example Payroll Process



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