

# NEWSLETTER



Dear: **Esteemed Clients**

This week, we are to send you the Newsletter No. 16.

In this issue, we would like to keep you updated with latest HR news and information with subjects pertaining to 3 areas:

- ▲ *Labor – Wages*
- ▲ *Insurance*
- ▲ *PIT*

We hope that the newsletter will be a helpful source of latest updates in laws and regulations to best serve your business.

Should you have any contributions, please feel free to send to us by [contact@nhanviet.com](mailto:contact@nhanviet.com).



## I. Labor – Wage

Oct 30<sup>th</sup> 2009, Prime Minister Nguyen Tan Dung signed Circular No 97/2009/ND-CP and 98/2009/ND-CP regulating the minimum wage applied for each region to employees who work simplest tasks in normal conditions. The Circular is officially implemented from Jan 1<sup>st</sup> 2010 and applied for particular businesses:

| Unit: Dong |  |           |           |            |           |
|------------|--|-----------|-----------|------------|-----------|
| No         | Business   | Region I  | Region II | Region III | Region IV |
| 1          | Foreign investment<br>Foreign organizations<br>International organizations<br>Foreign individuals in Vietnam         | 1.340.000 | 1.190.000 | 1.040.000  | 1.000.000 |
| 2          | Local companies and enterprises<br>Co-operations<br>Farms<br>Family<br>Individuals<br>Other Vietnamese organizations | 980.000   | 880.000   | 810.000    | 730.000   |

The circular also regulates the minimum wage compensated for trained workers which are at least 7% higher than minimum wage in the above table.

Category of Region I, II, III, IV under the Circular No 97-98/2009/ND-CP dated Oct 30<sup>th</sup> 2009. Below are some featured regions of Region I & II

- **Region I:** districts in HCMC & Hanoi
- **Region II:** suburban districts in HCMC & Hanoi and the towns of Son Tay; the town of Thu Dau Mot, Thuan An, Di An, Ben Cat, Tan Uyen of Binh Duong; Districts and towns of Thuy Nguyen, An Duong, An Lao of Hai Phong city

## II. Insurance:

1. Pursuant to Circular No 09/TTLT-BYT-TC issued by Ministry of Health and Ministry of Finance on August 14<sup>th</sup> 2009, the Social Insurance Departments have distributed official documents to guideline the compulsory insurance attendance of foreign employees who are contracted over 3 months. The responsibility is governed as follow
  - a. Compulsory social insurance attendance is from Oct 1st 2009
  - b. Payment method: every 6 months or 1 year, following the health insurance card extension of local employees. For this year, 2009, payment will be settled once for 3 months, from Oct 2009 to Dec 2009.
  - c. Payment rate:
    - i. From Oct 1st 2009: employer contribute 2%, employee contribute 1%
    - ii. From Jan 1st 2010; employer contribute 3%, employee contribute 1.5%
  - d. The social insurance payment will be settled base on the wage stated in the labor contract. If contract salary is foreign currency, it must be converted into VND with exchange rate governed by Social Insurance Department (equivalent to that of Inter Bank: rate of Jan 2<sup>nd</sup> will be applied for 6 first months and rate of Jul

1<sup>st</sup> will be applied for last 6 months). The maximum wage for social insurance contribution is 20 times of minimum wage at the time of payment (current minimum wage is 650.000 VND)

- e. Initial hospital treatment registered: Foreign employees are permitted to register a non-public hospital, provincial hospital and the equivalent
2. As well as regulated of this circular, during the time employees are on pregnancy leave or bring up adopted children under 4 month old, employer and employee are exempted from paying health insurance and employee still beneficiaries of continuous health insurance (As stipulated in Point a, Clause 1, Article 13 of the Law on health insurance). Read more revenue guidance as defined by the provincial social insurance Department specific instructions.



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- ▲ HR Consulting
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