COUNTRY PAYROLL GUIDE

Vietnam Payroll, Benefits and Tax 2026

What employing someone in Vietnam costs, what your employee takes home, and the three regulatory changes that make 2026 different.

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The headline numbers

23.5% Added to gross salary in employer contributions	**10.5%** Deducted from the employee's own pay	**15.5m** VND monthly PIT deduction from 1 January	**46.8m** VND monthly cap on the SI and HI base

Both sides are capped. Social and health insurance stop at 20 times the base salary, or VND 46.8 million a month in 2026. Unemployment insurance stops at 20 times the regional minimum wage. Above those ceilings contributions stop growing, so the effective employer uplift falls as salary rises.

Statutory contributions

Percentages of gross salary, capped as above.

	Employer pays	Employee pays
Social insurance	17.5%	8%
Health insurance	3%	1.5%
Unemployment insurance	1%	1%
Trade union fee	2%	None (union dues are separate)
Total	23.5%	10.5%
Foreign nationals	22.5% (no UI)	9.5% (no UI)

> **The trade union fee catches foreign employers out**
>
> You owe 2% of the social insurance salary fund whether or not a union exists at your company. Union members separately pay their own dues, which is a different payment.

Personal income tax in 2026

Two changes, on two different dates.

- **From 1 January 2026** (Resolution 110/2025/UBTVQH15): the personal deduction rose from VND 11m to VND 15.5m a month, and the dependant deduction from VND 4.4m to VND 6.2m.
- **From 1 July 2026** (PIT Law 109/2025/QH15): the progressive schedule drops from seven brackets to five, and the 35% threshold moves from VND 80m to VND 100m.

Monthly taxable income (VND)	Rate
Up to 10 million	5%
Over 10 million to 30 million	10%
Over 30 million to 60 million	20%
Over 60 million to 100 million	30%
Over 100 million	35%

Taxable income means gross pay after statutory insurance and the family circumstance deduction. Non-residents pay a flat 20% on Vietnam-sourced employment income.

> **Confirm the transition before you run mid-year payroll**
> The law carries an effective date of 1 July 2026, while its employment income provisions are set to apply to the 2026 tax year as a whole. Guidance on withholding across the July boundary was still settling when this guide was written. Confirm with your tax adviser or your EOR before the June and July runs.

What a hire actually costs

Region 1 tax resident, no dependants, 2026 deduction, five-bracket schedule. VND per month.

	Gross 40 million	Gross 80 million
Employee contributions	4,200,000	5,246,000
Taxable income after deduction	20,300,000	59,254,000
Personal income tax	1,530,000	8,350,800
Employee takes home	34,270,000	66,403,200
Employer contributions	9,400,000	11,330,000
Total cost to employer	49,400,000	91,330,000
Effective employer uplift	23.5%	14.2%

The cap effect: the employer uplift falls to about 14.2% at VND 80 million because most of the salary sits above the VND 46.8 million ceiling.

Regional minimum wage from 1 January 2026

Decree 293/2025/ND-CP, an average rise of 7.2%.

Region	Monthly minimum (VND)
Region 1 (urban Hanoi, Ho Chi Minh City)	5,310,000
Region 2	4,730,000
Region 3	4,140,000
Region 4	3,700,000

Re-check your worksite region after the province mergers

Where a new area was formed from areas that previously carried different minimum wage levels, employers apply the highest of those levels until the government issues further guidance. Getting this wrong understates the wage floor and every contribution calculated on it.

Working hours, overtime and leave

- **Standard hours:** 8 per day, 48 per week.
- **Overtime caps:** 40 hours a month and 200 hours a year, rising to 300 hours a year in specified sectors.
- **Overtime premiums:** 150% on a normal day, 200% on a weekly rest day, 300% on a public holiday or paid leave day. Night work adds 30%.
- **Annual leave:** 12 working days after 12 months, plus one day for every five years with the same employer.
- **Public holidays:** 11 paid days a year. Tet dominates the calendar, with nine days off in the 2026 public sector schedule.

Probation, notice and severance

- **Probation:** 6 to 60 days for most roles, up to 180 days for enterprise managers. Pay at least 85% of the full rate.
- **Notice:** 45 days for an indefinite-term contract, 30 days for a fixed term of 12 to 36 months.
- **Severance allowance:** half a month's salary per year of service for employees with 12 months or more, reduced by periods already covered by unemployment insurance.
- **Job loss allowance:** one month per year of service where a role is cut, with a two month minimum.
- **No at-will employment.** Termination has to fit a statutory ground, and the process matters as much as the reason.

Bonuses and benefits

Vietnam does not mandate a 13th month payment, but a Tet bonus of about one month's salary is close to universal and candidates will assume it. Treat it as a real cost of employment.

- **Private health insurance:** standard for professional and technical staff.
- **Meal and travel allowances:** exempt from PIT up to the caps in the tax regulations; anything above is taxable pay.
- **Phone and remote work allowances:** exempt where set out in policy and reflecting actual expense.

Structure allowances in the employment contract and internal labour rules. The exemptions depend on documentation, and an undocumented allowance is taxable salary with extra steps.

Sources

- Law on Social Insurance 2024 (Law No. 41/2024/QH15), in force 1 July 2025.
- Resolution 110/2025/UBTVQH15 on the family circumstance deduction, from 1 January 2026.
- Personal Income Tax Law 109/2025/QH15, approved 10 December 2025, effective 1 July 2026.
- Decree 293/2025/ND-CP on regional minimum wages, issued 10 November 2025, effective 1 January 2026.
- Labour Code 2019 (Code No. 45/2019/QH14) on hours, leave, probation, notice and severance.

This guide is general information, current as at the date shown, and is not tax or legal advice. Vietnamese payroll rules change often, and the 1 July 2026 PIT transition in particular is still bedding in. Confirm your position with a qualified adviser before acting.