

VIETNAM MINIMUM LABOR STANDARDS

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Vietnam Legal Framework

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Employment and labor relations in Vietnam are governed primarily by the Labor Code of the Socialist Republic of Vietnam, adopted by the National Assembly IX at its 5th session on June 23, 1994 and effective on January 1, 1995 (the Labor Code), as amended by Law No. 35/2002/QH10 Revising and Supplementing a Number of Articles of the Labor Code of Vietnam, adopted by the National Assembly of Vietnam on April 2, 2002 and effective on January 1, 2003.

This article is intended to serve as a quick and easy reference on the minimum labor standards available to employees which employers are obligated to provide to their employees.

These minimum labor standards are applicable to all employment relations in Vietnam. In addition to such standards, the State of Vietnam encourages the adoption of agreements which provide more favorable conditions to employees and workers, as stated under Art. 9 of the Labor Code. These additional benefits will depend on each organization's human resource policies. However, although such advantageous policies are welcome in Vietnam, it must be noted that their application may generate tax-related obligations for both the employees and employers.

I. WORKING TIME

Working Hours

- maximum 8 hours a day or 48 hours a week for employees working under normal conditions
- maximum 6 hours a day for employees working under especially strenuous, hazardous or dangerous conditions
- maximum 7 hours a day or 42 hours a week for employees who are minors

Rest Period

- at least 1 day a week or at least 4 days a month on average
- at least 30 minutes for a continuous 8-hour day shift or 45 minutes for night shift
- at least 12 hours between working shifts
- 60 minutes per working day for female workers who are nursing children of less than 12 months old
- 30 minutes for female workers during their menstrual period

Holidays

Eight public holidays in a year:

- 1 day, Solar New Year (January 1 of the calendar year)
- 4 days, Lunar New Year (the last day of the prior lunar year and the first three days of the new lunar year)
- 1 day, Victory Day (April 30 of the calendar year)
- 1 day, International Labor Day (May 1 of the calendar year)
- 1 day, Independence Day (September 2 of the calendar year)

Overtime

- maximum 4 hours a day and 200 hours a year for employees working under normal conditions
- maximum 3 hours a day and 9 hours a week and 200 hours a year for employees working under especially strenuous, hazardous or dangerous conditions
- minimum pay: 150% of the regular pay for overtime on normal working days or 200% of the regular wage for overtime on rest days or 300% of the regular wage for overtime on holidays or days of leave with pay.

II. LEAVE

Annual Leave

- 12 working days per year for employees working under normal conditions
- 14 working days per year for employees working under strenuous, hazardous or dangerous conditions; or employees under 18 years of age; or employees living under severe conditions
- 16 working days per year for employees working under especially strenuous, hazardous or dangerous conditions; or employees working under strenuous, hazardous or dangerous conditions and living under severe conditions.

And

- 1 additional day of annual leave for each 5-year period of continuous service to the employer

Sick Leave

- as prescribed by a doctor and may be paid from the Social Insurance Fund

Maternity Leave

- 4 months total, including period before and after giving birth, paid from the Social Insurance Fund

Paid Personal Leave

- 3 days with full pay for employee's own wedding
- 1 day with full pay for employee's child's wedding
- 3 days with full pay at the death of employee's parent, spouse's parent, spouse or child

III. WAGES AND BONUS

Minimum Wages

- US\$45 per month applicable to offices or branches of foreign entities or organizations located in Hanoi and Ho Chi Minh City
- US\$40 per month applicable to offices or branches of foreign entities or organizations located in Haiphong, Vinh, Hue, Danang, Bienhoa, Cantho, Halong, Nhatrang, and Vungtau

- US\$35 per month applicable to offices or branches of foreign entities or organizations located in other locations
- VND 626,000 per month applicable to foreign-invested enterprises located in urban districts of Hanoi and Ho Chi Minh City
- VND 556,000 per month applicable to foreign-invested enterprises located in suburban districts of Hanoi, Ho Chi Minh City and urban districts of Haiphong, Bienhoa, and Vungtau
- VND 487,000 per month applicable to foreign-invested enterprises located in other locations

Annual Bonus

Annual bonus is no longer statutory.

IV. STATUTORY CONTRIBUTION TO THE STATE SOCIAL INSURANCE FUND

Contribution to the State Social Insurance Fund is a statutory obligation of both the employer and employees in all employment relationships established by a contract with duration of three months or more. This Fund includes the Social Insurance Fund from which shall be paid employee expenses such as pensions, salaries during sick days, salaries and treatment for labor accidents and occupational illnesses, maternity salaries and allowances, and death benefits; and the Health Insurance Fund which shall cover 80% of the medical expenses of working employees and 100% of the medical expenses of retired workers in prescribed hospitals.

- Employer pays 15% of monthly salary pool to the Social Insurance Fund.
- Employer pays 2% of monthly salary pool to the Health Insurance Fund.
- Employee pays 5% of his/her monthly salary to the Social Insurance Fund.
- Employee pays 1% of his/her monthly salary to the Health Insurance Fund.

V. TERMINATION ALLOWANCES

- **Termination support allowance** is equal to one-half of the employee's average monthly salary and salary allowances of six consecutive months prior to the termination for each year of service multiplied by the number of years of service
- **Job loss allowance** is equal to one of the employee's average monthly salaries and salary allowances of six consecutive months prior to the termination for each year of service multiplied by the number of years of service

VI. FACILITIES, HEALTH, SAFETY AND TRAINING

- Employer provides separate locker rooms and washrooms for female workers in the establishment.
- Employer ensures the workplace meets standards as to space, ventilation, lighting, fire, and explosion prevention.
- Employer ensures environment protection measures as to restriction of noise, dust, hazardous substances, radiation and electronic fields, flow of air, heat, humidity, etc.
- Employer provides employees with safety and hygiene-related training, information and guidance, emergency and first aid training.
- Employer provides the employees with safety equipment, gears as well as refreshments.

- Employer provides periodical health checks to workers working in strenuous or hazardous environments.
- Employer bears all medical costs of first aid rescue and treatment until completion for those workers injured due to labor accidents or occupational illnesses.
- Employer pays compensation to employees at various rates compatible with the gravity of the incapacitation due to labor accidents or occupational illness.

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