

NEW REGULATIONS ON THE ADJUSTMENT RATE OF THE MONTHLY SALARY AND INCOME FOR WHICH SOCIAL INSURANCE PREMIUMS HAVE BEEN PAID

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On January 3, 2023, the Ministry of Labour, War Invalids and Social Affairs issued Circular No. 01/2023/TT-BLDTBXH prescribing the rate for adjusting the monthly salary and income for which social insurance premiums have been paid (**Circular 01**), replacing Circular No. 36/2021/TT-BLDTBXH (**Circular 36**). Circular 01 takes effect from February 20, 2023, but it applies to the relevant subjects of application from January 1, 2023. The followings are some notable contents of this Circular:

Firstly, amending the regulation on subjects of application. Accordingly, Circular 01 adjusts the time to receive one-off social insurance or one-off death benefit payments, the time to receive pensions, one-off allowances upon retirement, one-off social insurance payments, or death after bequeathing their relatives the right of entitlement to enjoy one-off death benefit payments of the application subjects stipulated in Circular 36, specifically:

(i) Persons subject to adjustment of the monthly salary for which social insurance premiums have been paid in accordance with clause 1 and clause 2, Article 10 Decree 115/2015/ND-CP:

- Employees subject to the pay scheme under the State's regulations and starting to engage in social insurance programs from January 1, 2016 up to now, who receive one-off social insurance payments, or death after bequeathing their relatives the right of entitlement to enjoy one-off death benefit payments within the period from January 1, 2023 to December 31, 2023. Previously, in Circular 36, the corresponding period is from January 1, 2022 to December 31, 2022.



- Employees paying social insurance premiums according to the pay scheme decided by their employer, who receive pensions, one-off allowances upon retirement, one-off social insurance payments, or death after bequeathing their relatives the right of entitlement to enjoy one-off death benefit payments in the period from January 1, 2023 to December 31, 2023. Previously, this period in Circular 36 is from January 1, 2022 to December 31, 2022.

(ii) Persons subject to the adjustment in monthly salary for which social insurance premiums have been paid in accordance with clause 2 Article 4 Decree 134/2015/ND-CP being voluntary social insurance participants, who receive pensions, one-off allowances upon retirement, one-off social insurance payments, or death after bequeathing their relatives the right of entitlement to enjoy one-off death benefit payments from January 1, 2023 to December 31, 2023. According to Circular 36, this period is accounted from January 1, 2022 to December 31, 2022.

Secondly, adjusting the monthly salary and monthly income for which social insurance premiums have been paid. Accordingly, the adjustment rates applied to monthly salary and income for which social insurance premiums have been paid from before 1995 to 2021 are increased compared to those stipulated in Circular 36. Typically, the adjustment rate for monthly salary and income for which social insurance premiums have been paid in 2021 is increases to 1.03 in Circular 01 instead of 1.00 as prescribed in Circular 36. Besides, Circular 01 also supplements the adjustment rate of monthly salary and income for which social insurance premiums have been paid in 2023 at 1.00.

Thirdly, stipulating the method to calculate monthly salary and income for which social insurance premiums have been paid for some specific subjects.

Accordingly, the provisions of Circular 01 inherit the corresponding regulations in Circular 36, specifically:

- If employees have paid social insurance premiums for periods under both the pay scheme prescribed by the State's regulations and the pay scheme decided by employers, the monthly salary for social insurance payment of the employees who started participating in social insurance programs according to the pay scheme regulated by the State from January 1, 2016 up to now, and the monthly salary for social insurance payment according to the pay scheme decided by employers shall be adjusted in accordance with clause 1 Article 2 Circular 01.
- If employees have engaged in both compulsory social insurance and voluntary one, the monthly income for payment of voluntary social insurance premiums shall be adjusted according to clause 1 Article 3 Circular 01; meanwhile, the monthly income for payment of compulsory social insurance premiums shall be adjusted according to Article 10 Decree 115/2015/ND-CP and Article 2 Circular 01. The average rate of monthly salary and income for social insurance premium payment, which is used as the basis for calculation of pensions, one-off allowances upon retirement, one-off social insurance payments and one-off death benefit payments shall comply with the provisions of clause 4 Article 11 Decree 115/2015/ND-CP and clause 4 Article 5 Decree 134/2015/ND-CP.

COMMENTS AND RECOMMENDATIONS

The adjustment of monthly salary/income applied for social insurance premium payment according to Circular 01 aims to ensure benefits for employees engaged in social insurance. According to Vietnam Social Insurance, this is the annual adjustment by competent authorities to help to preserve value of social insurance participants' money. Therefore, enterprises should disseminate the information on such changes to employees, helping them understand the benefits related to the social insurance regime that they are engaging.