

REGULATIONS ON STATUTORY MINIMUM WAGES PAID TO EMPLOYEES WORKING UNDER LABOR CONTRACTS

NGOC HA

On June 12, 2022, the Government issued Decree 38/2022/ND-CP prescribing statutory minimum wages paid to employees working under labor contracts (**Decree 38**). Replacing Decree 90/2019/ND-CP (**Decree 90**), this document has some notable contents as follows:

First, regulating hourly statutory minimum wage. The Labor Code 2012 and the Labor Code 2019 both mention hourly statutory minimum wage, but there has been no by-law document providing this content. For the first time, Decree 38 has specifically recognized hourly minimum wages. Accordingly, the hourly statutory minimum wage is the minimum wage used as the basis for any agreement between employers and employees on hourly salary and payment. The job- or position-based salary paid for every working hour to an employee who has fulfilled his/her labor productivity norms or tasks as agreed must not be lower than the statutory minimum wages per hour. In Decree 38, the hourly statutory minimum wage is applied by region as follows:

- Region I: VND 22,500/hour;
- Region II: VND 20,000/hour;
- Region III: VND 17,500/hour;
- Region IV: VND 15,600/hour.

Second, increasing the monthly statutory minimum wage by 6% compared to Decree 90. Specifically, the monthly statutory minimum wage applied by region is specified in Decree 38 as follows:

- Region I: VND 4,680,000/month (increasing by VND 260,000 compared to Decree 90);
- Region II: VND 4,160,000/month (increasing by VND 240,000 compared to Decree 90);
- Region III: VND 3,640,000/month (increasing by VND 210,000 compared to Decree 90);
- Region IV: VND 3,250,000/month (increasing by VND 180,000 compared to Decree 90).

At the same time, Decree 38 has abolished the content that employees doing jobs requiring vocational training (i.e., having vocational degrees, degrees of intermediate schools, colleges, universities) are paid at least 7% higher than the regional statutory minimum wage as prescribed in Decree 90.

Third, adjusting some areas in Regions I, II, III, IV, thereby changing the regional statutory minimum wage in some localities. Specifically:

- Thu Duc City in Ho Chi Minh City is added to Region I.
- Some localities are moved from Region II to Region I, including Ha Long City of Quang Ninh Province, Xuan Loc District of Dong Nai Province.
- Some localities are moved from Region III to Region II: Quang Yen Town, Dong Trieu Town of Quang Ninh Province; Hoa Binh City and Luong Son District of Hoa Binh Province; Vinh City, Cua Lo Town and Nghi Loc and Hung Nguyen Districts of Nghe An Province; Hoa Thanh Town of Tay Ninh Province; Vinh Long City and Binh Minh Town of Vinh Long Province; Bac Lieu City of Bac Lieu Province.
- Some localities are moved from Region IV to Region III: Van Don, Hai Ha, Dam Ha, and Tien Yen Districts of Quang Ninh Province; Quynh Luu, Yen Thanh, Dien Chau, Do Luong, Nam Dan, Nghia Dan Districts and Thai Hoa, Hoang Mai Town of Nghe An Province; Mang Thit District of Vinh Long Province; Hoa Binh District of Bac Lieu Province.



Comments and recommendations

In the current context of increasingly high inflation, Decree 38 has been issued as a support by the Government for employees to ensure the minimum living standards of employees and their families, and at the same time improve their income, especially those who are paid based on regional minimum wages. Decree 38 takes effect from July 1, 2022, thus businesses need to be well prepared to increase salaries for employees who are receiving wages based on regional statutory minimum wages under Decree 90, avoiding any administrative sanction for paying employees under the minimum wages. At the same time, enterprises should increase the respective amount of payment for social insurance, health insurance, unemployment insurance, and trade union contributions for relevant employees. In addition, enterprises need to review the agreements in their labor contracts, collective labor agreements and the employer' rules and regulations to adjust and supplement relevant contents to be more beneficial to employees compared to those in Decree 38.