



22 November 2018

Update on foreigners working in Vietnam

At a glance...

Apart from the recent changes on Social Insurance for foreigners working in Vietnam, the Government has also announced certain changes on work permit, and many of them, are positive developments.



Social Insurance (“SI”)

Following our Newsbrief on 18 September on the draft Decree issued by the Ministry of Labour, War Invalids and Social Affairs, the Government has now issued Decree 143/2018/ND-CP (“Decree 143”) dated 15 October on compulsory SI contributions for foreigners working in Vietnam. Decree 143 takes effect from 1 December 2018.

Decree 143 restates many of the notable points we shared with our readers on 18 September. For the convenience of our readers, we append below the SI contributions requirement for foreigners working in Vietnam.

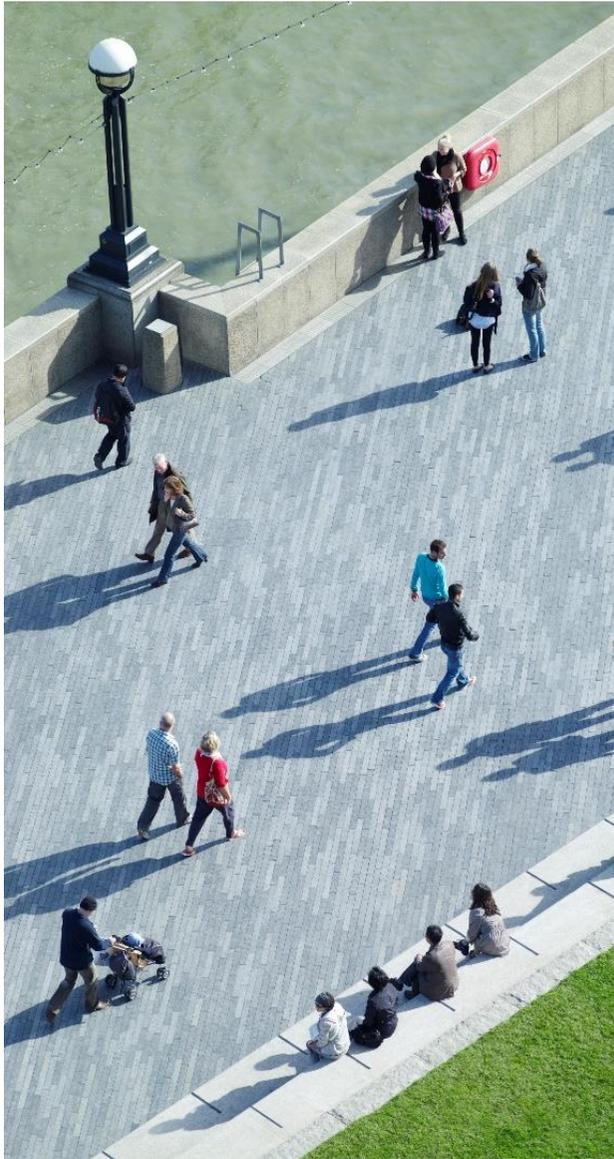
Before 1 December 2018, SI contribution is applicable to Vietnamese individuals only. Pursuant to Decree 143, effective from 1 December 2018, foreign individuals working under a work permit, practicing certificate, or practicing license and having a labor contract with an indefinite term or a definite term of one year or more with a company in Vietnam are required to participate to mandatory SI scheme.

Internal transferred foreigners who continue to be employed under their overseas employment contracts and seconded to Vietnam are not subject to the mandatory SI scheme.

SI scheme covers the following funds and the application of SI contribution will be on a stepped basis. Please refer to the table below.

	Employer’s contribution rate	Employee’s contribution rate	Effective date of contribution for foreigners
Sickness, maternity funds	3%	-	1 December 2018
Occupational diseases and accident funds	0.5%	-	1 December 2018
Retirement and death funds	14%	8%	1 January 2022
Total	17.5%	8%	

Work permit (“WP”)



The Government issued Decree 140/2018/ND-CP (“Decree 140”) amending various Decrees on investment, business conditions and administration procedures. Decree 140 was dated 8 October and came into effect on the same day.

Below are some key changes in Decree 140 on simplification of work permit (“WP”) process for foreigners working in Vietnam:

- Processing time for the issuance of WP is shortened from 7 to 5 working days from the submission date of the WP application.
- Cancellation of WP with the labour authority is no longer required.
- Notarisation on copies of passport or passport equivalent document is no longer required.
- Foreigners exemption from WP is now extended to foreigner who is responsible for establishing a commercial presence in Vietnam. A commercial presence of a foreign enterprise in Vietnam is under one of the following forms: (i) business cooperation contract; (ii) joint venture/100% foreign invested company; and (iii) representative office, branch of foreign enterprise.

Although exempted from WP, WP exemption confirmation needs to be obtained from the labour authority.

- Approval on foreign recruitment plan is required to be submitted to the People’s Committee. However, under Decree 140, approval on foreign recruitment plan is not required when recruiting Chief Representative of a representative office or head of a project office of an international organisation or a non-governmental organisation.

Speak to us

This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. For further information, please reach out to us.

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