



International  
Labour  
Organization



Get to know your new Labour Code 2019

# Wages

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Viet Nam has modernised its Labour Code to better protect workers' rights, reduce unnecessary bureaucracy for employers, and help support the Government's drive for international integration, economic growth and prosperity for all. The new law, which was passed by the National Assembly in November 2019, is the result of extensive consultations with experts, national and local stakeholders, and the public at large. It will come into effect in January 2021.

## What are wages?

A wage is the amount of money paid to the employee by the employer according to agreement, to perform work. It includes wages which are based on the work or position, as well as wage allowances and additional payments.

The basic wage paid by an employer to a worker (excluding allowances or bonuses) must be equal to or more than the minimum wage. Where a collective bargaining agreement (CBA) applies to the workplace or sector that specifies a higher wage rate than the minimum, this higher rate must be paid by the employer.

The Labour Code makes clear that employers must ensure that women and men are paid the same wage when they perform work of equal value.

## What is the minimum wage?

The Government periodically sets the 'minimum wage' for all workers, with advice from the National Wage Council and the Ministry of Labour, Invalids and Social Affairs. The rates are determined by regions and on monthly and hourly basis.

The Labour Code 2019 sets out criteria that must be taken into account when adjusting the minimum wage. These criteria are (i) the minimum living needs of the worker and his/her family; (ii) the correlation between minimum wages and prevailing wage rates in the labour market; (iii) the consumption price index and economic growth; (iv) labour demand and supply; (v) employment and unemployment rates; and (vi) labour productivity and expenditure capacity of the enterprise.

## Setting wage scales and bonuses

Employers must develop a wage scale and table as the basis for recruitment and the negotiation of wages.

## Equal pay for work of equal value

The law requires employers to pay female and male workers the same if they are doing work of equal value. In some cases, this is obvious: e.g. if the two workers are doing the same job and have the same level of performance. Where a woman and a man are doing different jobs, judging whether they are being paid equally for work of equal value can be more difficult. In this case, employers need to carry out an objective assessment of the two jobs by scoring the jobs against standard criteria: knowledge, skills, responsibility, effort and working conditions. If the jobs score equally, wages should be equal.

The workers' representative organisation must be consulted when developing this, and it must be made publicly available at the workplace before it comes into effect. Bonuses are decided by employers but, like wage scales, must be made publicly known at the workplace and must be the subject of consultation with the workers' representative organization.

## Wages in employment contracts

Employment contracts must set out details of the wage to be paid, how and when wages will be paid, and allowances and other additional payments. Employment contracts should also include details on how wage increases are to be determined.

## When should wages be paid?

An employer and a worker can agree for a wage to be paid on the basis of time worked, or by piece rate or piece work, but the methods and regularity of payments are set out in the law.

Method of payment	When wages must be paid
Where the worker is paid by the hour, day or week	At the completion of that hour, day or week. Alternatively, the parties can agree on payment of a lump sum, providing this does not exceed 15 days.
Where the worker receives a monthly wage	Once a month or once every two weeks. Wage payment date can be negotiated by the parties but must be clearly fixed.
Where the worker is paid a piece rate	As agreed upon between the two parties. If the work is done over a number of months, the worker is entitled to an advance wage payment every month for work completed during that month.

Employers are only permitted to delay wage payments in limited circumstances, such as when there is a natural disaster or a fire. An employer must not delay paying wages for more than 30 days, and if the delay is longer than 15 days the employer must pay the worker interest in addition to the delayed wage payment.

### How should wages be paid?

Wages must be paid directly to employees, in full, and at the time agreed in the contract. They must either be paid in cash or into the worker's personal bank account (Vietnamese dong, except for expatriates, or people not living in Vietnam). If wages are paid into a bank account, the employer must bear all costs relating to opening and maintaining this account as well as the costs for the wage transfer.

If an employer fails to pay a worker their wages in full and on time (except in the limited circumstances mentioned above), the worker has the right to unilaterally terminate the employment contract.

When paying wages, the employer must provide workers with a wage statement that shows:

- The specific contents of the wage
- Wages paid for overtime and/or night work; and
- The nature and amount of any deductions made (if any).

### Can employers make wage deductions or advances to workers?

The new Labour Code prohibits employers from interfering with how a worker spends his or her wages, or from pressuring a worker to use his/her wages to buy goods or services produced by the employer or other third party as appointed by the employer.

**Deductions:** An employer is permitted to deduct sums from a workers' wages for damage caused by the employee to tools and equipment belonging to the employer if this is done in accordance with requirements set out in the Labour Code, including:

- the employer must inform the employee of any such deduction and provide a clear explanation; and
- total monthly deductions must not exceed 30% of the net monthly wage of the worker.

An employer may not apply a fine or deduct wages in cash as a disciplinary measure.

**Advances:** The employer must make an advance of wages to a worker who is required to form 'citizens' duties' for a week or more (up to a month) and before a worker takes annual leave.

### What wages must be paid for overtime and night work?

Workers are entitled to a higher pay rate when they work overtime or at night, as shown in the table below.

Type of work	Lowest rate must be at least:	Example: a worker with agreed normal pay of VND120,000 per hour will be paid (per hour):
Overtime on a normal working day	150%	VND180,000
Overtime on a normal working day on a weekly day off	200%	VND240,000
Overtime on a normal working day on a public holiday or paid leave day	300%	VND360,000
Night work	130%	VND156,000
Overtime night work	The above mention overtime rate plus 20% of the normal working day	

Further detail on the calculation of wages for over-time and night work will be provided by the Government in regulations.

### Probationary workers, apprentices, trainee and dispatch worker wages

*Workers on probation:* The employer and worker may negotiate a probationary wage to be paid during a probationary period of employment, which must be at least 85% of the normal wage payable for the work.

*Apprentices and trainees:* Where an apprentice or trainee performs productive work for the employer, the employer and the apprentice/trainee should reach agreement on an appropriate wage. **See Information Sheet: Apprenticeships and Internships.**

*Dispatch workers:* Dispatch workers are those recruited by one employer (the labour dispatch enterprise) but perform work for a third-party employer (the hiring party). Such workers are entitled to receive a wage at least equal to the wage of a regular worker of the hiring party who has equal qualifications and performs the same work or work of an equal value.

### Other important rules on wages

The new Labour Code also contains provisions on:

- Wage increases, step increments, allowances and financial aid
  - Bonuses
  - Wage payment for periods of annual leave
  - Wage payments made through an intermediary
  - Wages during work suspension
  - Wage entitlements on termination of employment
- (See Information Sheet: Termination of Employment)**



### For more information

This leaflet describes the basic rights and duties provided under the new Labour Code 2021. More details all of the above matters are set out in the following Chapters of the Code: Chapter I: General Provisions; Chapter III: Employment Contract; Chapter VI: Wages.

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