VIETNAM'S INTEGRATED SOCIAL PROTECTION REFORM THROUGH EMPLOYMENT LAW 2025 AND SOCIAL INSURANCE LAW 2024

Vietnam has undertaken its most comprehensive social protection overhaul in over a decade through two interconnected legislative reforms that are the Social Insurance Law 2024 (effective July 1, 2025) and the Employment Law 2025 (effective January 1, 2026). These laws do not operate in isolation - they represent a deliberately coordinated framework designed to expand coverage, modernize benefits, and create a multi-layered social security system that addresses the realities of Vietnam's evolving workforce. Understanding their integration is essential for both employers and employees navigating the transformed landscape.

Expanding the Social Protection Umbrella

The most striking feature of these reforms is how they work in tandem to extend social protection to previously excluded labor force. Both laws share a common philosophical foundation: moving beyond traditional full-time employment relationships to encompass the diverse forms of work that characterize modern economies.

The Social Insurance Law 2024 and the Employment Law 2025 extend beyond formally titled "labor contracts" to include any agreements involving paid work, salary arrangements, and managerial oversight by one party, regardless of how the contract is labeled. This is also in line with the Labor Code 2019. This means arrangements previously classified as "service contracts," "consulting agreements," or "cooperation contracts" now trigger mandatory social insurance obligations if they contain the essential elements of an employment relationship.

Building on this expanded foundation, the Employment Law 2025 now requires unemployment insurance participation for employees with contracts of one month or more, as well as part-time workers whose monthly salary meets or exceeds the minimum wage threshold used for compulsory social insurance contributions. This parallel structure ensures that workers brought into the social insurance system also receive unemployment protection.

Disclaimer:

The article cannot and does not contain any legal advice. The information is provided for general informational purposes only and is not a substitute for professional advice.

Accordingly, before taking any actions based upon such information, I encourage you to consult with the appropriate professionals. The use or reliance of any information contained in this article is solely at your own risk.

The coordination becomes even clearer when examining managerial positions. The Social Insurance Law 2024 explicitly includes enterprise managers, supervisors, state capital representatives, and enterprise capital representatives who receive salaries in the compulsory social insurance scheme. The Employment Law 2025 mirrors this by extending unemployment insurance coverage to salaried managerial and supervisory personnel in enterprises and cooperatives, including board members, general directors, controllers, and elected leaders who receive remuneration. This harmonized approach eliminates the protection gap that previously left leadership positions vulnerable.

Inclusion of Informal Workers

Perhaps the most groundbreaking integration appears in how both laws address Vietnam's massive informal workforce. The Social Insurance Law 2024 expands eligibility for voluntary social insurance participation to Vietnamese citizens aged 15 or older who are not subject to mandatory social insurance and do not receive pensions. Newly eligible groups include part-time workers earning below the minimum base, staff under non-labor contracts, Vietnamese residing abroad, and individuals temporarily suspending their labor contracts.

The Social Insurance Law 2024 sweetens the voluntary participation by adding maternity benefits to the voluntary social insurance policy - a significant enhancement designed to attract younger individuals, particularly women, into the system. This creates a compelling proposition, informal staff who voluntarily participate can now access not only pension benefits but also maternity support, previously available only through compulsory schemes.

Harmonized Contribution Calculations

Both laws introduce aligned changes to how contributions are calculated, creating consistency across the social protection system. The Social Insurance Law 2024 replaces the "basic salary" terminology with a "reference level" as the basis for calculating contributions and benefits. This reference level is

CONTACT US

For further information or assistance, please contact us at:

Level 18 - 789 Office Tower,
No. 147 Hoang Quoc Viet,
Nghia Do, Hanoi, Vietnam
: +84 941 236 233
: vtn-partners.com
admin@vtn-partners.com

determined by the government and adjusted according to the consumer price index, economic growth, and state budget capacity.

The Employment Law 2025 builds on this by updating the salary basis for unemployment insurance contributions to include not only the monthly salary but also allowances and other regular additional payments agreed upon in each salary payment period. This represents a shift from the previous system, where unemployment insurance contributions were based only on the social insurance salary. The new approach ensures that both social insurance and unemployment insurance contributions more accurately reflect employees' actual compensation, resulting in higher and fairer benefit payments when needed.

The minimum salary for calculating social insurance contributions equals the reference level (currently VND 2.34 million per month), while the maximum is capped at 20 times this amount (VND 46.8 million). This structure provides employers with predictable contribution obligations while ensuring adequate benefit levels for participants.

Closing the Compliance Gap

The laws introduce complementary enforcement mechanisms that significantly strengthen employee protections. The Employment Law 2025 establishes direct employer liability for unpaid unemployment insurance contributions. If an employer fails to pay, they must compensate the employee for the full amount of benefits the employee would have received, including unemployment allowances, vocational training support, job placement services, and health insurance contributions during unemployment.

This provision resolves a critical weakness in the previous framework where employees often waited indefinitely for employers to settle unpaid contributions before receiving benefits. The new rule ensures immediate access to financial support and serves as a powerful deterrent against employer non-compliance.

The Social Insurance Law 2024 complements this by clearly defining late payment and evasion of contributions, distinguishing between the two with specific consequences. It introduces a daily penalty of 0.03% for late payments and establishes criminal liability for cases of deliberate evasion. However, recognizing business realities, the law extends payment deadlines - employers now have until the last day of the following month to make contributions, providing better cash flow management while maintaining system integrity.

These integrated enforcement mechanisms create a comprehensive compliance framework where employers face both administrative sanctions and direct financial liability to employees, eliminating the previous regulatory gaps that allowed non-compliance to persist.

Reduced Barriers to Pension Qualification

The Social Insurance Law 2024 reduces the minimum contribution period required to qualify for an old-age pension from 20 years to 15 years - a change with profound implications for workforce participation and retirement security. This reduction acknowledges that many people enter formal employment later in life, experience career interruptions, or work in sectors with high informality rates.

The Employment Law 2025 responds to this change by adjusting unemployment insurance eligibility in ways that encourage longer-term participation in the social security system. Employees who are eligible for pensions or receiving monthly social insurance allowances are now excluded from unemployment insurance participation, preventing dual benefits and encouraging workers to pursue pension qualification rather than premature withdrawals.

This integrated approach aims to shift behavior away from one-time social insurance withdrawals toward sustained participation that culminates in pension benefits. The Social Insurance Law 2024 supports this by eliminating lump-sum withdrawals for new participants joining after July 1, 2025, except in special circumstances such as reaching retirement age with fewer than 15 years of contributions, severe illness, emigration, or work capacity reduction of 81% or more.

For employees caught between systems, the laws provide transitional protections. The Social Insurance Law 2024 establishes monthly allowances for employees who reach retirement age but do not qualify for full pensions because they have not met the 15-year requirement. During this period, the state budget covers their health insurance costs, ensuring continuous healthcare access while they receive subsistence support from their accumulated contributions.

Sick Leave and Contribution Flexibility

Both laws state coordinated clauses addressing social insurance contributions during sick leave, demonstrating their integrated design. The Social Insurance Law 2024 specifies that employees must pay social insurance contributions if they take sick leave for 14 working days or more during their first work month or the first month of returning to work. If an employee takes sick leave for 14 working days or more at any other time, they are not required to pay contributions for that month unless the employer and employee agree to continue payments based on the most recent contribution basis.

The Employment Law 2025 formally recognizes the temporary suspension of unemployment insurance contributions when employees are detained or suspended from work, and establishes procedures for back-payment of contributions upon return. This coordination ensures that workers do not lose their accumulated benefits during temporary work interruptions while providing employers with manageable contribution obligations during periods when employees are not actively working.

Enhanced Family and Gender Equity Provisions

The laws are harmonized to strengthen support for family-related needs and promote gender equity. The Social Insurance Law 2024 significantly expands maternity-related benefits by covering female workers required to take time off for infertility treatment, provided they have paid social insurance for at least six months in the 24 months before giving birth. This represents important recognition of modern reproductive healthcare realities.

For male employees, the law increases prenatal check-up leave to a maximum of five times, with each visit allowing up to two days off – an increase from previous levels and supporting greater paternal involvement during pregnancy. The addition of maternity benefits to voluntary social insurance policies further extends these protections to self-employed women and those in informal employment.

Digital Infrastructure for Integrated Administration

Both laws emphasize digital transformation as essential to effective implementation. The Social Insurance Law 2024 mandates that social insurance agencies issue the first social insurance book within five working days of receiving complete documentation – down from the previous 20-day timeframe. The law also promotes electronic social insurance books and digital record-keeping, reducing bureaucratic burdens and improving data accuracy.

The Employment Law 2025 establishes a comprehensive framework for employment information collection, creating a national database on employment data and the labor market. All working individuals must register their employment details with authorities, including identity information, educational background, employment status, and employment needs. This database will be integrated with other government systems, including the social insurance database, enabling seamless data sharing and more efficient service delivery.

For employers, this digital integration means streamlined reporting but also increased transparency and accountability. The integrated systems will make it more difficult to evade contribution obligations or misclassify workers, as employment data will be cross-referenced across multiple government databases.

The Employment Law 2025 also requires authorities to annually publish statistics on employment, unemployment, and unemployment insurance policy effectiveness, creating a feedback loop for continuous policy improvement based on real-world data.

Differential Treatment Based on Contract Duration

The laws introduce nuanced eligibility requirements that recognize different employment patterns. The Employment Law 2025 differentiates unemployment insurance requirements for unemployment allowance payment eligibility based on contract type. Employees with contracts ranging from one to less than 12 months must have paid unemployment insurance contributions for at least 12 months within the past 36 months before their contract ends. For contracts of 12 months or more, workmen must have contributed for at least 12 months within the past 24 months.

This differentiation addresses confusion that plagued the previous law's implementation by clearly distinguishing between short-term and long-term employment relationships. The extended lookback period for short-term contracts (36 months versus 24 months) acknowledges that these workers may experience more frequent job transitions and need flexibility in accumulating qualifying periods.

State Financial Support and Sustainability

Both laws balance expanded coverage with financial sustainability through state support mechanisms. The Employment Law 2025 introduces flexible contribution rates where employees pay 1% of their monthly salary, employers contribute up to 1%, and the state may support up to another 1%, with exact rates determined by the government based on the Unemployment Insurance Fund's financial balance. This flexibility allows the system to adapt to economic conditions while maintaining benefit adequacy.

The Social Insurance Law 2024 establishes state-funded social pensions for individuals aged 75 and above who lack a monthly pension or social insurance benefits, reduced from the previous age threshold of 80. Additionally, individuals aged 70 to 75 from poor and near-poor households qualify for these benefits, creating a safety net for Vietnam's most vulnerable elderly citizens funded entirely by the state budget.

During the transition period, when workmen receive monthly allowances while accumulating the 15-year minimum for pension qualification, the state budget covers their health insurance costs, ensuring no one loses healthcare access due to insufficient contribution history.

A Transformation Requiring Collective Action

Vietnam's Employment Law 2025 and Social Insurance Law 2024 constitute a fundamental reimagining of social protection for a modern, diverse workforce. By working in tandem, these laws create an integrated system that extends coverage to previously excluded workmen, modernizes benefit structures, strengthens enforcement, and builds digital infrastructure for effective administration.

The success of these reforms depends on effective implementation across multiple dimensions. Employers must review and update their practices, ensuring that all eligible workers are properly registered and contributions are paid accurately and on time. Employees must understand their rights and responsibilities under the new framework and take advantage of voluntary participation opportunities where available.

Most fundamentally, these reforms require a cultural shift in how Vietnamese society views social protection – not as a burden to be minimized but as an investment in long-term prosperity and shared risk management. For businesses, this means accepting higher labor costs as part of doing business in a developing economy committed to improving employee welfare.

As Vietnam continues its economic transformation and integration into global markets, these labor and social insurance reforms position the country to build a social protection system worthy of a middle-income nation aspiring to high-income status. The coming years will reveal whether the integrated architecture of these laws translates into meaningful improvements in employees' lives and sustainable social security for all workforce.