



**GLOBAL VIETNAM
LAWYERS**

LEGAL ALERT

**ENTERPRISES NEED TO BE AWARE OF
REGIONAL MINIMUM WAGES APPLICABLE
FORM 01 JULY 2022**



On 12 June 2022, the Government issued Decree No. 38/2022/ND-CP (“Decree 38/2022”) prescribing regional minimum wages applicable to employees working under labour contracts. Decree 38/2022 will take effect from 01 July 2022 and supersede Decree 90/2019/ND-CP with notable new points that are attracting the attention of enterprises and employees:

1. Increase monthly minimum wages

Decree 38/2022 prescribes that monthly minimum wages for employees are increased as follows:

- Region I: VND 4,680,000 (an increase of VND 260,000 compared to the previous level).
- Region II: VND 4,160,000 (an increase of VND 240,000 compared to the previous level).
- Region III: VND 3,640,000 (an increase of VND 210,000 compared to the previous level).
- Region IV: VND 3,250,000 (an increase of VND 180,000 compared to the previous level).

The detailed list of geographical areas is provided in the Appendix issued in attachment to Decree 38/2022.

2. Application of hourly minimum wages

For the first time, Decree 38/2022 prescribes the hourly minimum wages, although the hourly minimum wages have been mentioned in both Labour Codes 2012 and 2019. Accordingly, the hourly minimum wage is the lowest salary used as a basis for negotiating and paying wages to hourly-paid employees, ensuring that the salary paid according to the employee's job or title (for each hour of working and completion of the

amount of work as agreed) will not be less than the hourly minimum wages.

The hourly minimum wages for employees according to the List of geographical areas are specified in the Appendix issued in attachment to Decree 38/2022 as follows:

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

3. Abolish the regulation that the minimum wages for those who have finished vocational training or apprenticeship are increased by 7%

According to Article 4.1 of Decree 38/2022, the monthly minimum wage is the lowest salary used as a basis for negotiating and paying wages to monthly-paid employees, ensuring that the salary paid according to the employee's job or title (working for full hours in a month and completion of the amount of work as agreed) will not be less than the monthly minimum wages.

Thus, compared with Decree 90/2019/ND-CP, Decree 38/2022 has removed the regulation that employees assuming jobs that require vocational training or apprenticeship (i.e. having a vocational degree, high school, college, university degrees, etc.) will be paid at

least 7% higher than the prescribed regional minimum wage. Therefore, paying wages at least 7% higher than the regional minimum wage for employees who have undergone vocational training or apprenticeship is no longer compulsory for employers.

In addition to the notable new points mentioned above, Decree 38/2022 also adjusts the geographical areas where regional minimum wages are applied, such as: adding Thu Duc city in Ho Chi Minh city to Region I, moving Ha Long city in Quang Ninh province, and Xuan Loc district in Dong Nai province from Region II to Region I, etc.



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