

Newsletter

October 2017

Key issues:

- (i) Draft Decree on the Regional Minimum Salary Increase Applicable in 2018
- (ii) Forthcoming Simplifications of Administrative Procedures and Citizenship Documents
- (iii) 2018 MOLISA Inspection Plan Vietnam Chapter Available Now

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I. Draft Decree on the Regional Minimum Salary Increase Applicable in 2018

Following the National Wage Council's agreement on an average increase of 6.5 percent to the Regional Minimum Salary ("RMS") in 2018 as mentioned in our monthly update in June and July 2017, the Ministry of Labor, Invalids and Social Affairs ("MOLISA") has issued a draft Decree prescribing such increase. Accordingly, if approved by the Government, the new RMS in 2018 will be effective from 1 January 2018 and be applied as follows:

Region	RMS in 2018	
	VND (million)/month	USD/month
Region I	3,98	175
Region II	3,53	155
Region III	3,09	136
Region IV	2,76	121

By law, the RMS is the minimum monthly salary level applicable to employees who perform occupations in normal working conditions with normal working hours and meet labor productivity norms or agreed work duties under employment contracts. Vietnamese geographical areas are categorized into four regions with different applicable RMS standards (i.e., urban areas such as Hanoi and Ho Chi Minh City are classified under Region I). The RMS is also used to determine a cap premium in calculating unemployment insurance contributions for both employers and employees. Therefore, labor costs will be increased accordingly (i.e., increase of RMS applicable to employees and unemployment insurance contribution premiums) when the Decree comes into force. Opinions and comments on this draft Decree were collected until 23 October 2017.

II. Forthcoming Simplifications of Administrative Procedures and Citizenship Documents

In late September 2017, the Government issued Resolution No. 93/NQ-CP on the simplification of administrative procedures and citizenship documents in respects to citizenship management under the management scope of MOLISA ("**Resolution**"). In particular, the Government approved a plan to simplify administrative procedures and citizenship documents by removing a number of unnecessary documents or information and supplementing other information such as individual identity numbers (Vietnamese: "*số định danh cá nhân*") in application dossiers. Such simplifications focus on administrative procedures pertaining to occupational safety and hygiene, social protection, vocational education, labor (the relationship between salary and employment), social evils prevention, overseas labor management and employment.



For implementation purposes, the Government has assigned the MOLISA to be the authority chairing and collaborating with other relevant ministries and authorities to formulate decrees to amend, supplement, supersede and/or repeal relevant provisions as prescribed under the Resolution. Thus, several new pieces of legislation will soon be promulgated to effectuate these simplifications.

III. 2018 MOLISA Inspection Plan

On 16 October 2017, the MOLISA issued Decision No. 1628/QD-LDTBXH regarding the approval of its inspection plan in 2018 ("**Decision**"). Accordingly, attached to the Decision are fourteen annexes detailing a list of approximately **810 enterprises and corporations** and their subsidiaries or affiliates, construction projects, vocational institutes and other entities (collectively, "**entities**") which will be subject to inspection by the MOLISA in the upcoming year.

These inspections are classified into two categories:

- (i) ministerial-level inspections include regional, safety and hygiene, labor policy, overseas labor, occupational disease, meritorious service to the country determination, children and society, social insurance policies and administration and anti-corruption inspections; and
- (ii) specialized inspections to be conducted by specialized authorities under the MOLISA, including the Directorate of Vocational Education, the Department of Occupational Safety and Hygiene or the Department of Overseas Labor Management; this type of inspection will focus on the compliance of regulations under the management scope of each respective specialized authority as mentioned above.

Inspection schedules are also provided specifically under the Decision. The entities which are listed under the Decision should be well informed and prepared for the inspections. Please contact us if you would like to receive a copy of this Decision.

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