LEGAL UPDATE

2024 LAW ON SOCIAL INSURANCE

On 29 June 2024, the National Assembly of Vietnam promulgated Law No. 41/2024/QH15 on social insurance ("**2024 Law on Social Insurance**"), effective from 01 July 2025, replacing the 2014 Law No. 58/2014/QH13 on social insurance ("**2014 Law on Social Insurance**"). This legal update highlights the key provisions introduced in the new law.

1. Expansion of mandatory social insurance coverage

The 2024 Law on Social Insurance broadens the scope of individuals required to participate in compulsory social insurance, adding the following four groups[1]:

i. Registered household business owners participate in accordance with statutory regulations;
ii. Business managers, controllers, representatives of state capital or enterprise capital in companies, as per the 2020 Law on Enterprises;
iii. Non-salaried management positions in cooperatives and cooperative unions, including members of the board of directors, general directors/directors, and other elected management roles as defined by the 2023 Law on Cooperatives, who do not receive a salary; and
iv. Part-time employees earning a monthly salary at or above the minimum threshold for compulsory social insurance contributions.

Additionally, the 2024 Law on Social Insurance introduces a *"reference salary level"* concept to determine social insurance contributions and benefits, replacing the previous *"statutory salary level"*. Until the statutory salary level is officially abolished, the reference salary level will be equivalent to it.

These amendments align with the provisions of the 2019 Labour Code, reinforcing the rights and benefits of participants while promoting broader social insurance coverage. By expanding the scope of mandatory contributions, the new law aims to enhance social security and ensure greater financial protection for a wider range of individuals.

2. Reduction of the minimum contribution period for monthly pension eligibility from 20 to 15 years[2]

Employees who reach the statutory retirement age and have contributed to social insurance for at least 15 years will be eligible for a monthly pension, reduced from the previous 20-year requirement. This provision may also apply to certain early retirees who meet specific legal conditions, such as working in hazardous occupations, extremely disadvantaged areas, or cases involving occupational accidents, in accordance with the law.

The maximum pension rate remains 75% for both genders. For employees covered under international agreements with Vietnam with less than 15 years, each year of contribution in Vietnam will be calculated at a rate of 2.25%[3].

3. Extended deadline for employer social insurance contributions

The 2024 Law on Social Insurance extends payment deadlines:[4]

- Monthly contributions: No later than the last day of the following month (previously the last day of the month).
- Quarterly or biannual contributions: No later than the last day of the following month of the contribution cycle (previously the last day of the cycle).

4. Stricter measures for late or evasive social insurance contributions

[1] Article 2.1 of the 2024 Law on Social Insurance
[2] Articles 64 and 65 of the 2024 Law on Social Insurance
[3] Article 66 of the 2024 Law on Social Insurance
[4] Articles 7.1 and 7.2 of Decision 595/QĐ-BHXH (2017) (as amended and supplemented by Article 1.13 of Decision 505/QĐ-BHXH (2020))
Article 34.4 of the 2024 Law on Social Insurance

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To enhance enforcement, the 2024 Law on Social Insurance introduces stricter penalties for handling late or evasive social insurance contributions:[5]

- Mandatory full payment of overdue or evaded contributions.
- A daily penalty of 0.03% on unpaid amounts will apply (replacing the previous interbank interest rate-based method).
- Administrative penalties.
- Exclusion from commendations/awards.
- Criminal prosecution for severe social insurance evasion cases.

Employers must compensate employees if they fail to register, underpay, or delay mandatory social insurance contributions, resulting in harm to the employees' legitimate rights and interests.[6]

5. Electronic transactions in social insurance

The 2024 Social Insurance Law promotes digitalisation. In particular[7]:

- Social insurance books will be issued in both electronic and paper formats, each holding equal legal validity.
- By 01 January 2026, electronic social insurance books will be the default with paper versions available upon request.
- By 01 January 2027, the social insurance agency must establish the necessary infrastructure to support electronic transactions.

6. Conclusion

The 2024 Law on Social Insurance introduces significant reforms, with a strong focus on expanding coverage while strengthening enforcement. These changes aim to enhance long-term social security for employees.

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[5] Articles 40 and 41 of the 2024 Law on Social Insurance
[6] Article 13.8 of the 2024 Law on Social Insurance
[7] Articles 25.2 and 26.3 of the 2024 Law on Social Insurance