

Tax Alert

Keeping you informed

August 2011

Update on Region-based Minimum Wage Levels



Minimum Wage Levels Update

The region-based minimum wage levels proposed by the Ministry of Labor, War Invalids and Social Affairs, which was updated in our recent Tax Alert on 18 August 2011, has been officially approved and regulated by the Government under **Decree No. 70/2011/ND-CP** (“Decree 70”) on 22 August 2011.

Accordingly, the minimum regional-based wage levels will be applied for **all types of enterprises**. There would be no longer distinction between local Vietnamese companies and foreign invested enterprises. The scale stipulated under this Decree (please refer to our Tax Alert dated 18 August) will be valid from **1 October 2011** until **31 December 2012**. An updated scale may be released subsequent to this period.

Decree 70 abolishes *Decree No.107/2010/ND-CP*, *Decree No.108/2010/ND-CP* dated 29 October 2011 on the minimum regional-based wage levels and Point 3, Article 7, *Decree No.22/2011/ND-CP* dated 04 April 2011 on the general minimum salary rate.

(Note: The detailed list of localities to apply region-based minimum wage levels is provided in Decree 70)

Decree 70 shall be effective from **05 October 2011**.



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