

LEGAL NEWSLETTER

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NOTABLE ACTIVITIES IN AUGUST 2025

On August 22, 2025, the Final Round of the **Soul of Law 2025: E-commerce**, organized annually by the Law Consultant Club (LCC) under the Ho Chi Minh Communist Youth Union of Foreign Trade University, was held. **NHQuang&Associates** accompanied the competition as an expert sponsor, and **Mr. Phong Quang Cuong - Partner of NHQuang&Associates** - was one of the judges at the Final Round.

Mr. Cuong said that the theme of the Final Round, which is laws of e-commerce and business on digital platforms, is a topic that attracts the attention of many enterprises these days. Facing a new and challenging topic in the fields of law and economics, the top 9 contestants who entered the Soul of Law 2025 Final Round demonstrated their excellence in participating and passing the rounds.

With serious and thorough preparation for the competition, the three teams (AHA, LAWGICIANS, and AUREA) brought the audience a breathtaking competition. Based on the contestants' ability to debate and adapt, Team AUREA convinced the judges and won the championship of this year's competition. Congratulations to all three teams as well as to the success of the competition.



EXPANDING EMPLOYEE BENEFITS FROM NEW REGULATIONS ON COMPULSORY SOCIAL INSURANCE

DANG HUYEN THU

On June 30, 2025, the Minister of Home Affairs officially promulgated Circular 12/2025/TT-BNV guiding the Law on Social Insurance concerning compulsory social insurance (**Circular 12**). This Circular is issued to guide the implementation of certain provisions of the Law on Social Insurance 2024, with the task assigned to the Ministry of Labour - Invalids and Social Affairs (currently the Ministry of Home Affairs). The Circular provides detailed provisions relating to working days; the calculation and determination of eligibility conditions for each specific case regarding sickness benefits (clause 6, Article 45); the calculation and determination of eligibility conditions for health convalescence and recovery after sickness (clause 4, Article 46); and the calculation and determination of eligibility conditions for maternity benefits (clause 5, Article 59), etc. This Circular took effect from July 1, 2025, replacing several related legal documents, such as Circular 59/2015/TT-BLDTBXH providing details and guidelines for the implementation of certain articles of the Law on Social Insurance regarding compulsory social insurance, and Circular 06/2021/TT-BLDTBXH amending and supplementing several articles of Circular 59/2015/TT-BLDTBXH. Below are some key highlights of Circular 12:

Firstly, amendment and supplementation of some regulations related to the sickness regime as follows:

- Circular 12 **expands the beneficiaries** eligible for sickness benefits. Accordingly, the Circular still determines the cases in which employees are entitled to sickness benefits as provided in Article 42 of the Law on Social Insurance 2024. These include treatment for a non-occupational disease, a non-labor accident, or a labor accident while commuting between their accommodation and the workplace, etc. In addition, Circular 12 supplements several special groups of beneficiaries, such as female employees who use surrogacy services, the husbands of female employees who use surrogacy services, and female employees who return to work early during their maternity leave (before the full 6-month period ends). Furthermore, employees working in areas with particularly difficult economic conditions are also entitled to sickness



benefits, with the duration of benefits depending on their profession, occupation, or workplace at the time they take sick leave.

- Circular 12 **clearly provides the method for calculating days of entitlement to sickness benefits**, instead of scattered provisions as in Circular 59/2015/TT-BLDTBXH. Accordingly, the number of leave days with sickness benefits is calculated based on actual working days, excluding public holidays, Tet holidays, and weekly rest days. It also excludes any period that overlaps with leaves granted under labour laws, leaves with full pay under other specialized legal provisions, or maternity leave, health convalescence and recovery leave as prescribed by the Law on Social Insurance. Below is an example for the calculation of the number of leave days with sickness benefits:

Example 1: Mr. A is employed under a 1-year fixed-term labour contract starting from January 1, 2026. On January 12, 2026, he had an accident and required medical treatment until January 31, 2026. Under the law, Mr. A is entitled to 18 days of sickness benefits (from January 12 to January 31, 2026, excluding 2 weekly rest days).

Secondly, amending and supplementing some regulations related to the maternity regime as follows:

- Circular 12 **supplements the eligibility conditions for maternity benefits.** Specifically, Circular 12 introduces additional conditions for female employees who give birth after taking leave for infertility treatment. In such cases, the female employee must have paid compulsory social insurance contributions for at least 6 months within the 24 consecutive months immediately preceding childbirth. For normal pregnancies, the existing regulation of compulsory social insurance contribution for at least 6 months within 12 consecutive months before childbirth still applies. A specific example of maternity benefit eligibility for a female employee who gives birth after taking leave for infertility treatment is as follows:

Example 2: Ms. B continuously paid compulsory social insurance contributions from January 2025 to August 2025. Due to infertility, she resigned from her job to undergo infertility treatment. Ms. B became pregnant and gave birth on January 14, 2027. This is a case of taking leave for infertility treatment. During the 24 months before giving birth (from January 2025 to December 2026), Ms. B pays compulsory social insurance contributions for 8 months. Therefore, Ms. B is eligible for maternity benefits when giving birth.

- Circular 12 **extends the period of entitlement to maternity benefits.** Typically, the time of leave for prenatal check-ups for female employees has been increased. Specifically, pregnant employees are now entitled to leave for up to 5 prenatal check-ups with a maximum of 2 working days off per check-up (excluding public holidays and weekends). Under the previous regulations, only 1 day of leave is permitted for each check-up. In addition, there has been an adjustment to the maternity leave period for male employees. Previously, male employees were allowed to take maternity leave within 30 days from the date of their wife's childbirth, and the total leave must not exceed the period prescribed by law. Although this content is no longer specified in Circular 12, the Law on Social Insurance 2024 has officially recognized that male employees are entitled to take maternity leave within 60 days from the date of their wife's childbirth.

The amendments introduced in Circular 12 have broadened the legitimate rights of employees, reflecting the State's increased attention to the people's benefits and welfare policies in Viet Nam. Not only employees but also employers are encouraged to study this Circular to develop appropriate implementation plans during their operations, ensuring compliance with the law while safeguarding the legitimate rights and benefits of employees. Should you need a more in-depth understanding of the relevant social insurance regulations, NHQuang&Associates will be willing to provide legal advice and support for any relevant procedures (if any).



NEW POLICY ON WORK PERMIT: A STEP FORWARD IN PROCEDURAL REFORM AND HIGHLY QUALIFIED WORKFORCE ATTRACTION IN VIET NAM

TANG MY NGAN

On August 7, 2025, the Government promulgated Decree 219/2025/ND-CP regulating the management of foreign employees working in Viet Nam (**Decree 219**). This Decree officially takes effect from the date of signing for promulgation, replacing Decree 152/2020/ND-CP amended and supplemented by Decree 70/2023/ND-CP (**Decree 152**). The following are some detailed analyses of the key provisions in Decree 219 that enterprises should pay attention to:

Firstly, the simplification of the conditions for recognizing foreign employees as experts in Viet Nam

In the context of the industrial revolution 4.0 and the digital transformation process, Viet Nam is expected to promote the implementation of national key projects and works (such as the North-South high-speed railway, nuclear power plants, and green energy). Therefore, the demand for employing foreign workforce for such positions of experts, scientists, and high-tech employees in the fields of the semiconductor industry, artificial intelligence, digital transformation, etc. has become increasingly urgent. However, the conditions for recognizing experts in Decree 152 reveal certain limitations, leading to the reduction of competitiveness of the Vietnamese market in attracting capable foreign employees. For example, Lao students who graduate in Viet Nam in new industries such as the semiconductor industry or artificial intelligence but have not yet accumulated enough work experience cannot be considered experts in Viet Nam. Pursuant to Decree 152, Viet Nam recognizes a foreign employee as an expert if he/she satisfies one of the following requirements:

- Holding a university degree or higher, or an equivalent qualification, and having at least 3 years of work experience relevant to the job position that

the foreign employee is expected to undertake in Viet Nam;

- Having at least 5 years of work experience and a professional practice certificate relevant to the job position that the foreign employee is expected to undertake; or
- Being subject to special cases decided by the Prime Minister at the request of the Ministry of Labour, Invalids and Social Affairs.

Decree 219 **has further relaxed** these conditions. Specifically, Decree 219 reduces the required years of work experience under case (i) to 2 years, while removing cases (ii) and (iii). In addition, this Decree also introduces a new case, accordingly, experts working in priority fields such as finance, science and technology, innovation, national digital transformation, and other socio-economic development priority fields recognized in accordance with relevant provisions only need to hold a university degree in the relevant major and have at least 1 year of work experience suitable for the job position. In particular, experts certified by ministries, ministerial-level agencies, or provincial People's Committees to work in Viet Nam in finance, science, technology, innovation, national digital transformation, and priority fields for socio-economic development will not need to apply for work permits, thereby receiving maximized conditions for access to jobs in Viet Nam.

Secondly, the regulation of the integrated online procedures for issuing judicial record certificates, work permits, and permits foreign employees to work in many localities

Pursuant to the Law on Judicial Record 2009 and Decree 152, the procedure for issuance of judicial record certificates is implemented directly at the Department

of Justice, and the procedure for issuance of work permits is implemented at the Ministry of Labour, Invalids and Social Affairs or the Department of Labour, Invalids and Social Affairs. However, in order to shorten the time for administrative procedures, Decree 219 has developed **an integrated process** to issue both judicial record certificates and work permits **online** at the same time. Specifically, under the authorization by a foreign employee, an employer can submit an application for a judicial record certificate and an application for a work permit at the same time according to the following order and procedure:

- Step 1: The employer submits the application for the work permit together with the application for the judicial record certificate via the National Public Service Portal;
- Step 2: The National Public Service Portal forwards these dossiers to the competent agency for issuing work permits and the competent police agency for issuing judicial record certificates;
- Step 3: The police agency receives, processes the dossier, and sends the electronic version of the judicial record certificate to the competent agency for issuing work permits if the dossier is valid (or requests to supplement, amend, or return the invalid dossier);
- Step 4: The agency issuing work permits appraises the dossier and issues both the work permit and the judicial record certificate in electronic form if the dossier is valid.

It is noted that employers can still implement these procedures in other forms, such as directly at competent agencies, via public postal services, etc. At the same time, after obtaining the work permit, a foreign employee has the right to **flexibly work in many provinces, cities**, provided that for each change of the work location, his/her employer must notify the same to the competent agency at the new locality at least 3 working days in advance.

Thirdly, the amendment of the competence to issue work permits

Previously, under Decree 152, the Ministry of Labour, Invalids and Social Affairs or the Department of Labour, Invalids and Social Affairs (now the Ministry/Department of Home Affairs) had the competence to handle the procedures for issuance, re-issuance, extension and revocation of work permits and for certification of cases in which foreign employees are not subject to work permit application. However, Article 4 of Decree 219 has **transferred this authority to provincial People's Committees** to implement these procedures and empowered them to decentralize implementation thereof to competent professional authorities. This change of competence under the new provisions has facilitated the proactiveness and flexibility of each locality in managing and settling procedures for foreign employees working within the area.

In general, Decree 219 has been formulated on the basis of inheriting Decree 152's provisions that remain consistent with the social practice, while addressing the obstacles encountered in the implementation of the previous provisions, thereby attracting additional resources for socio-economic development in Viet Nam. The new provisions have created favorable conditions for enterprises to employ highly qualified foreign employees to perform jobs that the domestic workforce has not yet been capable of meeting. Should our Valued Clients and readers wish to learn more about or request any advice regarding the new regulations of Decree 219, as well as other labour issues in general, NHQuang&Associates are willing to provide further clarifications and relevant legal opinions.

THE DRAFT LAW ON PERSONAL INCOME TAX: GRADUALLY FACILITATING TAXPAYERS, ENHANCING STATE ADMINISTRATION EFFICIENCY

PHAM QUYNH NHUNG



After nearly two decades of implementation, the Law on Personal Income Tax 2007 and its subsequent amendments and supplements have promoted their significant role but also revealed shortcomings in the context of socio-economic developments. Currently, the Law on Personal Income Tax (**the Draft Law**) is being drafted by competent authorities and is being sought for public consultation, with the aim of addressing existing limitations and improving the legal framework governing personal income tax. In this Legal Newsletter, NHQuang&Associates will analyze certain new provisions of the Draft Law that may potentially affect individual taxpayers:

Firstly, the amendment and supplementation of taxable incomes, typically:

- Regarding incomes from business activities, the Draft Law supplements (i) incomes from activities of agency, brokerage, and business cooperation with organizations and (ii) incomes from e-commerce and digital platform-based business activities. In addition, all incomes from business activities shall exclude the incomes of households and individuals engaged in production or business with revenue of VND 200 million/year or less (currently VND 100 million). Accordingly, the Government may adjust this revenue level to suit price fluctuations and socio-economic conditions.
- As for incomes from salaries and wages, the Draft Law supplements (i) remuneration, monetary or non-monetary benefits in any form, and (ii) other incomes to ensure the inclusivity of this provision.
- The Draft Law also adds a number of other taxable incomes such as: (i) Incomes from transfer of the Vietnamese national internet domain name “.vn”; (ii) Incomes from transfer of emission reduction certificates, carbon credits, green bonds;

(iii) Incomes from transfer of license plates acquired through auction (along with the vehicles that such license plates are attached to); (iv) Incomes from transfer of digital assets (virtual assets, encrypted assets); and (v) Incomes from the right to use, own, and transfer other assets as prescribed by the Government.

The addition of the foregoing taxable incomes aims to enhance the efficiency of State administration in the era of promoting technological development, environmental protection and business cooperation, especially business activities and transfers related to digital platforms.

Secondly, the amendment of the regulations on family deduction for individual taxpayers and dependents

Family deduction is the amount deducted from the taxable income of taxpayers who are resident individuals before calculating personal income tax applied on their salaries and wages. Under the applicable law on personal income tax, the deduction for taxpayers themselves is VND 11 million/month (equivalent to VND 132 million/year) and for each dependent is VND 4.4 million/month. However, the Draft Law removes these fixed deduction amounts and empowers the Government to determine appropriate deduction levels in line with prevailing socio-economic conditions from time to time.

According to our review, the Ministry of Finance is currently seeking public comments on the draft Resolution on adjusting the family deduction level of personal income tax, which sets forth two options:

- *Option 1:* Adjusting the family deduction level according to the consumer price index (CPI) growth

rate, specifically: The deduction level for taxpayers shall be raised to VND 13.3 million/month, the deduction level for each dependent shall be VND 5.3 million/month.

- *Option 2:* Adjusting the family deduction level according to the growth rate of average income per capita and GDP per capita, specifically: Deduction of VND 15.5 million/month for taxpayers themselves and VND 6.2 million/month for each dependent.

It can be seen that adjusting the family deduction level under Option 2 will provide taxpayers with a greater reduction in tax liability. However, regardless of which option is applied, the above amendments to the family deduction level aim to create more favorable conditions for taxpayers, improve living standards, stimulate economic growth, and potentially increase state budget revenue in the long term.

Thirdly, the adjustment of the Personal Income Tax Schedule from 7 to 5 brackets

Another notable new point of the Draft Law is the proposal to reduce the Personal Income Tax Schedule from 7 brackets to 5 brackets. The Law on Personal Income Tax 2007 applies the Personal Income Tax Schedule with 7 tax brackets, namely: 5%, 10%, 15%, 20%, 25%, 30% and 35%. However, in practice, the division of the Tax Schedule into many levels with narrow gaps can easily lead to a jump in tax brackets, leading to a higher tax amount on individuals. To address this issue, the Draft Law proposes two options, both of which with 5 brackets, specifically:

- *Option 1:* Applying the tax rates of 5%, 15%, 25%, 30%, 35% to the corresponding taxed income levels per month: up to VND 10 million, over VND 10-30 million, over VND 30-50 million, over VND 50-80 million and over VND 80 million.
- *Option 2:* Maintaining the same tax rates as Option 1 but widening the income gap in each tax bracket. The taxed income per month is divided as follows: up to VND 10 million, over VND 10-30 million, over VND 30-60 million, over VND 60-100 million and over VND 100 million.

Currently, the above two options remain under discussion and public consultation. However, Option 2 is considered more beneficial, particularly for higher-income taxpayers. For example, a taxpayer with a monthly taxed income of VND 55 million is subject to the tax rate of 30% according to the Law on Personal Income Tax 2007 or Option 1 of the Draft Law. However, if Option 2 of the Draft Law is adopted, this taxpayer will only have to apply the tax rate of 25%, corresponding to the third bracket.

Fourthly, the amendment of the regulations on personal income tax for real estate transfer

Regarding the time of determining taxable/taxed incomes, pursuant to the Law on Personal Income Tax 2007, taxable income from real estate transfer is determined at *"the time when the transfer contract takes effect"*. In practice, difficulties have arisen in cases where the real estate transferee is authorized by the transferor to pay tax, tax obligation is only determined by state agencies when the transferee has completed the procedures for obtaining the certificate of ownership/use of real estate. To resolve this problem, the Draft Law supplements *"the time of registration of the right to use, to own real estate"* as one of the two points in time for determining taxed income for incomes from real estate transfer.

In addition, it is proposed in the Draft Law that personal income tax on incomes from real estate transfer of resident individuals shall be equal to taxed income multiplied by the tax rate of **20%** for each transfer. In which, taxed income from real estate transfer is defined as the selling price minus the purchase price and reasonable expenses related to the generation of incomes from real estate transfer.

In the case that *the purchase price and expenses related to the real estate transfer cannot be determined*, personal income tax is determined by multiplying the selling price by the following tax rate:

- For real estate held for less than 2 years: 10%;
- For real estate held for 2 years to less than 5 years: 6%;
- For real estate held for 5 years to less than 10 years: 4%;
- For real estate held for 10 years or more and real estate acquired by inheritance: 2%

The real estate holding period shall be calculated from the time the individual obtains the real estate ownership or use rights until the time of transfer.

It can be seen that the above amendments have met the requirements of Resolution 06/NQ-TW, Resolution 18/NQ-TW and Resolution 62/2022/QH15 in 2022 in researching and improving tax policies in order to strengthen administration, prevent tax losses, but still ensure the legitimate rights and interests of individuals and businesses in the real estate market and avoid real estate speculation.

In general, the Draft Law not only focuses on protecting the legitimate rights and interests of taxpayers, but also enhances the effectiveness of State administration in this field. The Law on Personal Income Tax will soon be promulgated in the future; therefore, organizations and individuals should proactively research and update the provisions of the Draft Law for prompt access to any legal changes.