



GMS Alert

October 2024

AMENDED LAW ON SOCIAL INSURANCE

The Law on Social Insurance no. 41/2024/QH15 was issued on 29 June 2024 by the National Assembly. This Law will be effective from **01 July 2025**.

The notable changes in the revised Law on Social Insurance concerning employers' obligations are as follows:

- **Expansion of employee groups who are required to contribute the compulsory social insurance:** including part-time workers and business managers who do not receive salaries.
- **The basis for calculating compulsory social insurance:** The Law states that the "reference level" is used to calculate the contribution level and benefit levels instead of the "basic wage". If the basic wage has not been eliminated, the reference level will be equivalent to the basic wage.

For employees who are under the salary regime decided by the employer, the salary used as the basis for the compulsory social insurance contributions is the monthly salary, which includes the salary based on the job or position, salary allowances, and any other additional amounts agreed to be paid regularly and stably in each pay period.

- **Changing the payment deadline for contributing compulsory social insurance:**
 - For monthly payments: the last day of the following month;
 - For payment made every three (03) months or six (06) months: the last day of the following month after the end of the payment cycle.
- **Shortened contribution periods for pension entitlements:** from 20 years to 15 years. This change does not apply to early retirement cases.
- **Stricter enforcement against non-compliance with social insurance regulations:**
 - Previously, administrative penalties, the outstanding payment, and interest on the late payment were calculated using interbank interest rates. However, the amended Law on Social Insurance has now stated that administrative penalties, underpayment collection, and late payment fees will be calculated at a fixed interest rate of 0.03% per day on the amount of late payment and evasion of payment.
 - Enforcement of administrative penalties for late or evaded payments, and if necessary, initiation of criminal proceedings for payment evasion.

Employers should stay updated on changes to the Social Insurance Law and the related guidance to ensure their obligations. Should you require detailed information or need assistance with related procedures, please do not hesitate to contact KPMG.

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