

GMS Flash Alert

2024-151 | July 16, 2024

Vietnam – Social Security Agreement with South Korea

According to Announcement No. 50/2023/TB-LPQT issued on 22 December 2023, by Vietnam's Ministry of Foreign Affairs, the Agreement between the government of the Socialist Republic of Vietnam and the government of the Republic of Korea on social security ("Agreement") officially took effect from 1 January 2024. (Hereinafter, the Republic of Korea is referred to as "South Korea".)

This is the first bilateral agreement between the two countries in this field and the first bilateral agreement on social security between Vietnam and another country. (For related coverage, see [GMS Flash Alert 2022-007](#), 13 January 2022.)

To facilitate the application and implementation of the Agreement, on 29 March 2024, the Vietnam Social Insurance Agency issued Official Letter No. 862/BHXH-TST ("Official Letter"), guiding certain contents of the Agreement.¹

WHY THIS MATTERS

The Agreement between Vietnam and South Korea is expected to promote mobility of workers between the two countries by virtue of eliminating double social security taxation of the same earnings and by filling gaps in benefits protections for workers who have divided their careers between the two countries.

Generally speaking, such an agreement – also sometimes known as a "totalization agreement" – serves to ensure that workers pay into one social security system at a time and that they will benefit from the contributions made, regardless of where they have worked during their careers.

It is anticipated that this Agreement will help boost cross-border employee assignments and business travel, and cross-border business generally, between Vietnam and South Korea.

In General

The Official Letter instructs Social Insurance departments in provinces and centrally-run cities on several matters regarding:

- the scope of application;
- the issuance and receipt of Social Insurance Certificates for individuals;
- the suspension of compulsory social insurance contributions in Vietnam for Vietnamese workers working in South Korea.

Operational Instructions

The Vietnam authorities have provided guidance pertaining to:

- the issuance and receipt of certificates of social insurance for workers overseas (“dispatched workers”²) and locally-hired workers;
- the suspension of compulsory social insurance payments by Vietnamese workers working in South Korea.

1. Dispatched Workers

The Vietnamese Social Insurance departments issue Social Insurance Certificates for Vietnamese workers participating in Social Insurance according to Vietnamese law. These certificates indicate the period of validity for the certificate and serve as a basis for Vietnamese workers to be exempt from participating in Social Insurance under the laws of South Korea. Similarly, the National Pension Service of South Korea issues certificates for Korean workers under Korean law, stating the period of validity of this certificate, thereby exempting them from Social Insurance in Vietnam.

The period of the individual's overseas work lasts for the initial 60 months from the date he or she is sent, extendable by up to an additional 36 months if the worker remains with the sending employer. If a worker returns to his or her home country, for example, due to assignment termination, but gets sent overseas again, this will be deemed a new/different overseas work period, resulting in a recalculation of the exemption period. For those workers who were sent overseas before the Agreement's effective date, the exemption period begins from the Agreement's effective date.

2. Locally-Hired Workers

For Vietnamese citizens working in South Korea, the National Pension Law of South Korea shall apply. For Korean workers working in Vietnam, the National Pension Law of South Korea shall still apply during the employment period, but is not to exceed 60 months, provided that this person is subject to South Korean law.

3. Vietnamese Workers Working in South Korea under Contracts

From 1 January 2024, Vietnamese workers in South Korea, under contracts covered by mandatory Social Insurance regulations, will no longer be obligated to contribute to Social Insurance in Vietnam. Instead, they will adhere to South Korean Social Insurance laws. This includes workers under contracts with companies sending employees abroad, those participating in skill-enhancement internships, and those under personal contracts.

KPMG INSIGHTS

In light of these new arrangements regarding social security between Vietnam and South Korea, organisations and individuals may have questions and concerns about their rights and responsibilities:

- Assessing Korean employees or Vietnamese employees in light of the Official Letter's applicable criteria;
- Verifying documents which employees must prepare and provide, as required under the Official Letter;
- Submitting applications to the Social Insurance Agency to apply for/receive the Social Insurance Certificate for relevant employees.

Further guidance for implementation of the Official Letter is expected to be released by the provincial Social Insurance agencies this year.

FOOTNOTES:

1 For additional information, see Viet Nam Social Security Portal (in English), "[Guidelines for Implementing the Social Insurance Agreement between Vietnam and South Korea](#)" (04/04/2024).

2 Dispatched workers include: (1) Vietnamese employees working for employers with a registered office in Vietnam, participating in SI under Vietnamese regulations, assigned to work in South Korea on behalf of the Vietnamese employer and (2) Korean employees working for an employer with a registered office in South Korea, participating in SI under Korean regulations, assigned to work in Vietnam on behalf of the Korean employer.

* * * *

RELATED RESOURCE:

See "[Guidance on implementing provisions of SI Agreement between Vietnam & South Korea: Official letter No. 862/BHXH-TST instructs SI Departments in provinces and centrally-run cities on several matters](#)," (22 April 2024) published online by the KPMG International member firm in Vietnam.

Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Vietnam:



Nguyen Thi Thuy Ha

Associate Director

Tel. + 84 24 39461600-6421

thuyhanguyen@kpmg.com.vn



Le Minh Hang

Director

Tel. + 84 24 39461600-6500

hmle@kpmg.com.vn

The information contained in this newsletter was submitted by the KPMG International member firm in Vietnam.

© 2024 KPMG Limited, KPMG Tax and Advisory Limited, KPMG Legal Limited, all Vietnamese one member limited liability companies and member firms of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

www.kpmg.com

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

Learn about us:



kpmg.com

© 2024 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. Printed in the U.S.A. USCS001250-2F

The KPMG name and logo are registered trademarks or trademarks of KPMG International. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

KPMG LLP is the U.S. firm of the KPMG global organization of independent professional services firms providing Audit, Tax and Advisory services. The KPMG global organization operates in 147 countries and territories and has more than 219,000 people working in member firms around the world.

Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

GMS Flash Alert is a publication of the KPMG LLP Washington National Tax practice.

KPMG International Limited is a private English company limited by guarantee and does not provide services to clients. No member firm has any authority to obligate or bind KPMG International or any other member firm vis-à-vis third parties, nor does KPMG International have any such authority to obligate or bind any member firm. The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.