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GMS Flash Alert



Employment Law

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Vietnam – New Regional Minimum Wages Effective 1 January 2027

The Government of Vietnam issued Decree No. 399/2026/ND-CP on 2 November 2026 (the "Decree"), establishing new monthly and hourly minimum wages for employees working under employment contracts. The Decree will take effect on 1 January 2027 and replace Decree No. 293/2025/ND-CP.[1]

The Decree applies to employees, employers, and other relevant organizations and individuals involved in implementing Vietnam's statutory minimum wage requirements.

WHY THIS MATTERS

The new monthly minimum wages represent an average increase of approximately 7.8 percent compared with 2026. The changes may increase payroll costs and require employers operating in Vietnam to review employment contracts, collective labor agreements, internal compensation policies, payroll configurations, and workforce budgets. A wage adjustment is generally required where the wage for an employee's work or job title is below the new applicable minimum wage, or where an employment arrangement or internal policy is linked to the statutory minimum wage.

Organizations with employees in multiple locations may wish to determine the applicable wage region for each branch or operating unit by reference to the communes, wards, and special zones listed in the Appendix to the Decree. Particular attention may be required where an employer operates across localities assigned to different wage regions or within an industrial park, export processing zone, high-technology zone, concentrated digital technology zone, special economic zone, free trade zone, or high-technology agricultural zone.

The changes may also affect global mobility programs where inbound assignees, locally hired foreign nationals, or other mobile employees work under Vietnamese employment contracts. HR, payroll, and mobility teams may wish to review whether monthly, hourly, weekly, daily, piece-rate, or lump-sum pay arrangements remain compliant after conversion to the applicable monthly or hourly minimum wage.

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Key Highlights

New Regional Minimum Wages

Region	Monthly minimum wage (VND/month)	Hourly minimum wage (VND/hour)
Region I	5,700,000	27,400
Region II	5,080,000	24,400
Region III	4,450,000	21,400
Region IV	4,040,000	19,400

Scope of Application

The Decree applies to employees working under employment contracts in accordance with Vietnam's Labor Code. It also applies to employers as defined under the Labor Code, including enterprises, agencies, organizations, cooperatives, households, and individuals that hire or employ employees under agreed arrangements.

Determining the Applicable Wage Region

The applicable regional minimum wage is generally determined by the employer's operating location, based on the communes, wards, and special zones listed in the Appendix to the Decree.

If an employer has units or branches operating in different wage regions, each unit or branch applies the minimum wage for its respective operating location.

If an employer operates in an industrial park, export processing zone, high-technology zone, concentrated digital technology zone, special economic zone, free trade zone, or high-technology agricultural zone spanning localities with different minimum wage levels, the highest applicable regional minimum wage applies.

Application to Different Pay Methods

The monthly minimum wage is the lowest wage serving as the basis for negotiating and paying an employee who is paid monthly for the employee's work or job title, provided that the employee works the normal working hours for the month and completes the agreed labor norm or work.

The hourly minimum wage is the lowest wage serving as the basis for negotiating and paying an employee who is paid hourly for the employee's work or job title for one working hour, provided that the employee completes the agreed labor norm or work.

For employees paid weekly, daily, on a piece-rate basis, or under a lump-sum pay arrangement, the wage converted into a monthly or hourly rate must not be lower than the applicable monthly or hourly minimum wage.

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Review of Employment Arrangements

Employers are required to review the agreements in employment contracts, collective labor agreements, and their internal regulations and policies and make appropriate amendments or supplements to check compliance with the Decree.

Employers may not abolish or reduce overtime, night-shift pay, in-kind allowances and other benefits as regulated under labor law for the employees.

Wage arrangements that are more favorable to employees and were agreed or committed to before the effective date of the Decree must continue to be implemented, unless otherwise agreed by the parties.

KPMG INSIGHTS

In view of the upcoming changes, organizations might wish to consider the following:

- Employers could identify all employees, including locally employed assignees and other mobile employees, who may be subject to the new regional minimum wages.
- Employers may map branches, operating units, and employee work locations against the localities listed in the Appendix to the Decree.
- Payroll and HR teams could review monthly, hourly, weekly, daily, piece-rate, and lump-sum pay arrangements against the applicable regional wage floor.
- Employers may assess employment contracts, collective labor agreements, compensation policies, and internal regulations to identify provisions that may require adjustment.
- Organizations could coordinate with local payroll providers before 1 January 2027 to allow sufficient time for payroll configuration changes and testing.
- Employers may review existing employment-related benefits and more favorable agreed terms to determine which arrangements are required to continue.

If assignees and/or their programme managers have questions or concerns about the scope of the new regional minimum wage rules, their application and potential impacts, and appropriate next steps, they should consult with their qualified professional or a member of the GMS team with KPMG in Vietnam (see the Contacts section).

ENDNOTE:

1 Government of Vietnam (in Vietnamese), "Nghị định số 399/2026/NĐ-CP của Chính phủ: Quy định mức lương tối thiểu đối với người lao động làm việc theo hợp đồng lao động."

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

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