

## Implementing guidelines on compulsory Health Insurance for expatriates working in Ho Chi Minh City now issued

On 23 October 2009, the Ho Chi Minh City Social Insurance Department issued Official Letter No. 3104 (OL 3104) to provide guidelines on the implementation of newly issued regulations on compulsory Health Insurance (HI) for expatriates working in Ho Chi Minh City.

With the issuance of OL 3104, from 1 October 2009 expatriates employed to work in Ho Chi Minh City for three months or more are subject to compulsory HI contribution. However, it is not clear if Vietnam HI is imposed on expatriates who have come to work in Vietnam under an international assignment by their parent company, not contractually employed by the local entity, and remain under compulsory social security and healthcare system in their home country.

The monthly HI payable shall equal three percent of an expatriate's monthly salary, of which 2 percent is to be borne by the employer and 1 percent by the employee. From 1 January 2010, this rate is increased to 4.5 percent which will be shared by the employer and employee at 3 percent and 1.5 percent respectively.

HI contribution is based on contracted salary but capped at 20 times the prescribed minimal wage (currently at VND650,000 x 20 = VND13 million per month). Salary in foreign currencies must be converted to VND using the inter-bank exchange rate announced by the State Bank of Vietnam on 2 January for the first half, and 1 July for the second half of each year.

OL 3104 allows expatriates in Ho Chi Minh City to pay for HI on a semi-annual or annual basis, as the case may be. Of note, OL 3104 does not mention the HI contribution for the last three months of 2009. It is likely that HI payment for 2009 can be made for the final three months of 2009 alone, and the above mentioned semi-annual or annual periodic payment shall apply from 2010.

OL 3104 also provides administrative procedures for HI declaration and payment for expatriate employees.

As it stands today, there are more than 40 medical centers and hospitals in Ho Chi Minh City where an expatriate can choose to register for medical services under this compulsory HI scheme.

Enterprises employing expatriates in Ho Chi Minh City should take note of the above timelines for proper implementation. Please contact your usual KPMG advisor for more information on documentation and implementing procedures.





## Contact us

Warrick Cleine  
CEO - Vietnam and Cambodia  
Managing Partner - Tax

### Hanoi

Le Thi Kieu Nga, Partner  
Hoang Thuy Duong, Partner  
Chye Khoo, Director  
Er Say Hun, Senior Manager  
Nakatani Takeshi, Japanese Desk

16th Floor, Pacific Place  
83B Ly Thuong Kiet Street  
Hoan Kiem District

Tel: +84 4 3946 1600  
Fax: +84 4 3946 1601  
e-Mail: kpmghanoi@kpmg.com.vn

### Ho Chi Minh City

Rolf Winand, Partner  
Ninh Van Hien, Partner  
Ta Hong Thai, Partner  
Nguyen Cong Ai, Partner  
Ho Thi Bich Hanh, Partner  
Hoang Anh Tuan, Director  
Tran Thi Tuyet Nhung, Director  
Nguyen Thanh Hoa, Director  
Do Trong Hoai, Senior Manager  
Pham Thi Thuy Hong, Senior Manager  
Kimura Ayano, Japanese Desk

10th Floor, Sun Wah Tower  
115 Nguyen Hue Street  
District 1

Tel: +84 8 3821 9266  
Fax: +84 8 3821 9267  
e-Mail: kpmghcmc@kpmg.com.vn

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 endeavour 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 upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2009 KPMG Limited, a Vietnamese limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International, a Swiss cooperative. All rights reserved. KPMG and the KPMG logo are registered trademarks of KPMG International, a Swiss cooperative.