

Living Wage Update Report

Minimum Wage Region 3, Vietnam

2023

Living Wage Update Report No. 23-04-16



Cost of decent standard
of living for a family

VND 11,925,931
(USD 507)



Living wage per month

VND 7,656,606
(USD 326)



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Living Wage Update Report Minimum Wage Region 3, Vietnam 2023

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Abstract:

This report provides updated estimates of family living expenses and living wage for Minimum Wage Region 3, Vietnam. The update for 2023 takes into account inflation and changes in payroll deductions since the original Anker Benchmark living wage study carried out in March 2022 (Do, Nguyen, Anker, and Anker, 2022).

Keywords: Living costs, living wages, Anker Methodology, Vietnam

JEL classifications: J30, J50, J80.

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1. BACKGROUND

This report updates the living wage and family living expenses to June 2023 for Minimum Wage Region 3 in Vietnam. The update takes into account the amount of inflation since the Anker Benchmark study in March 2022. This is done by updating the March 2022 net living wage and family living expenses to June 2023 by inflation. This provides average living wage and living income expenses estimates for 2023. Without accounting for inflation, the net living wage estimated in 2022 would not be sufficient for workers to have a basic but decent standard of living in 2023 because the purchasing power of the living wage would have decreased compared to what it was in 2022. The gross living wage (aka living wage) is updated to 2023 by also taking into consideration income taxes and mandatory deductions from pay that workers would need to pay on the updated 2023 living wage. This is done using laws in effect in June 2023.

2. LIVING WAGE ESTIMATE IN ORIGINAL COUNTRY REPORT FROM MARCH 2022

The living expenses for a basic but decent standard of living for a reference family in the original living wage country report was estimated as VND 11,514,359 for Minimum Wage Region 3 in Vietnam in March 2022. The net living wage was estimated as VND 6,542,249. This was the required take-home pay for workers for decency in March 2022. The gross living wage, which also takes into account mandatory deductions from pay for social security and income tax, was estimated as VND 7,392,372 for March 2022 (Do, Nguyen, Anker, and Anker, 2022).

3. INFLATION RATE USED FOR UPDATE

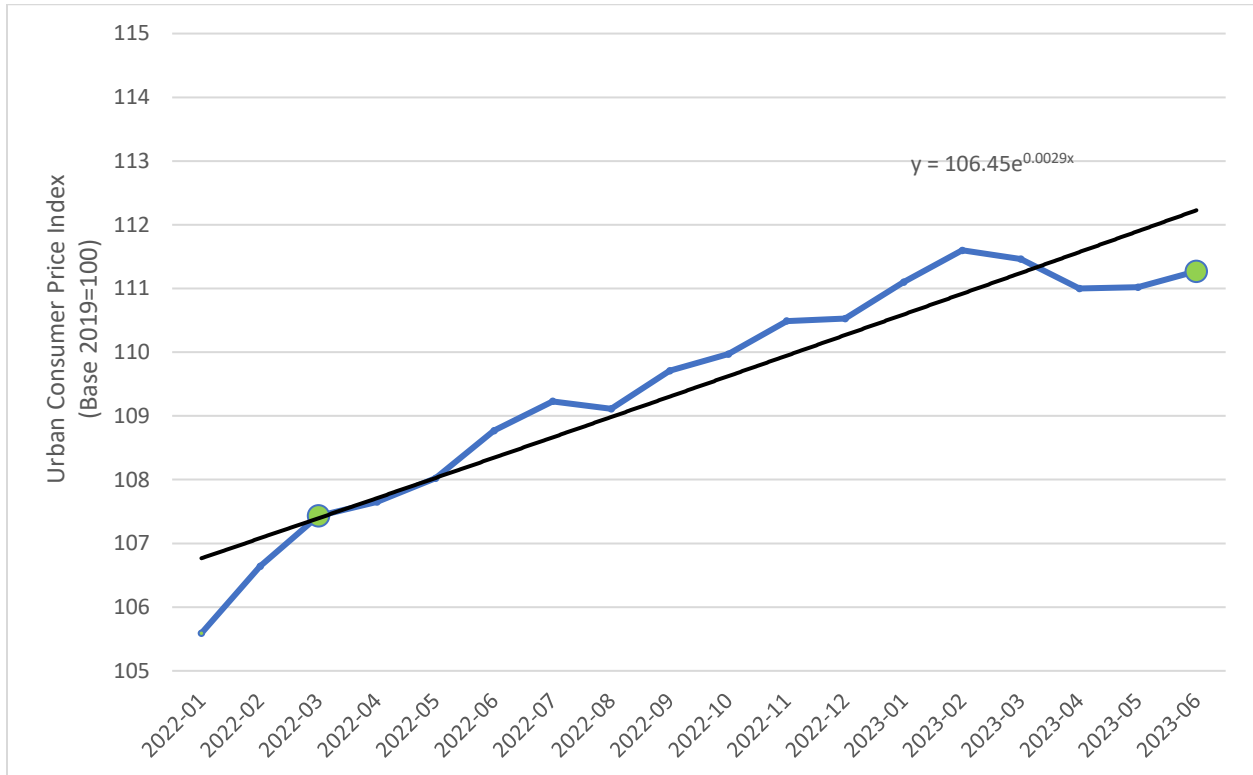
The General Statistics Office (GSO) calculates the Consumer Price Index at the national level, as well as separately for urban and rural areas.⁵ This report uses the urban CPI for updating the living wage for Minimum Wage Region 3 in Vietnam.

⁵ See <https://www.gso.gov.vn/en/px-web/?pxid=E0830&theme=Trade%2C%20Price%20and%20Tourist>

4. RECENT LEVEL OF INFLATION

Between March 2022 and June 2023, inflation amounted to 3.6% in urban Vietnam (see Figure 1). This is the inflation used in this report.

Figure 1: Urban Consumer Price Index for Vietnam, January 2022 – June 2023



Notes: Green circles indicate the month of the original study and latest update. The black line is the fitted exponential trendline.

Source: Authors' calculations based on national CPI data from GSO.

5. MANDATORY DEDUCTIONS

As in the original study, workers earning a living wage are exempted from paying personal income tax. However, as in the original study, there is a 11.5% contribution to mandatory payroll deductions.

6. UPDATED LIVING WAGE AND FAMILY EXPENSES FOR 2023

The updated net living wage, or take-home pay, for Minimum Wage Region 3 for June 2023 is VND 6,776,096 per month. The gross living wage (aka living wage), which also takes into account income taxes and mandatory payroll deductions, is VND 7,656,606 per month. These are average estimates for the year 2023.

Table 1 provides details of the original and the updated family living expenses, as well as net and gross living wages for Minimum Wage Region 3, in urban Vietnam.

Table 1: Family Living Expenses and Living Wages for Minimum Wage Region 3 in urban Vietnam (in Vietnamese dong and US Dollars per month)

	March 2022 Original Study		2023 Update Report	
	VND	USD	VND	USD
Family Living Expenses (1)	11,514,359	482	11,925,931	507
Net Living Wage (2)	6,542,249	274	6,776,096	288
Income Taxes and Payroll Deductions on Living Wage (3)	850,123	36	880,510	37
Gross Living Wage (4) = (2)+(3)	7,392,372	309	7,656,606	326
Exchange Rate to USD	23,904		23,516 ^a	

Note: USD values are indicative only because exchange rates are volatile. ^a Average exchange rate for June 2023.
Source: Authors' calculations.

7. REFERENCES

Do, Q. C., Nguyen, H. L., Anker, R., and Anker, M. (2022). *Living Wage Report: Minimum Wage Region 3, Vietnam, 2022*. Global Living Wage Coalition.