

Living Wage Update Report Minimum Wage Region 4, Vietnam 2023

Living Wage Update Report No. 23-04-14



Cost of decent standard
of living for a family

VND 10,156,329
(USD 432)



Living wage per month

VND 6,169,935
(USD 262)



Photo credit: Viet Bach, via [Wikimedia Commons](#)

Living Wage Update Report Minimum Wage Region 4, Vietnam 2023

By:

*Agnes Medinaceli**

*Lykke E. Andersen***

*Marcelo Delajara****

*Richard Anker*****

*Martha Anker*****

Abstract:

This report provides updated estimates of family living expenses and living wage for Minimum Wage Region 4, Vietnam. The update for 2023 takes into account inflation and changes in payroll deductions since the original Anker living wage study carried out in November 2022 (Do Quynh Chi, Nguyen Huyen Le, Anker, and Anker, 2022).

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

JEL classifications: J30, J50, J80.

* SDSN Bolivia, E-mail: agnes.medinaceli@gmail.com

**SDSN Bolivia, E-mail: Lykke.E.Andersen@gmail.com

*** Anker Research Institute, E-mail: mdelajara@ankerinstitute.org

**** Anker Research Institute, E-mail: marthaandrichard@gmail.com

1. BACKGROUND

This report updates the living wage and family living expenses to June 2023 for Minimum Wage Region 4 in Vietnam. The update takes into account the amount of inflation since the original Anker living wage study in November 2022. This is done by updating the November 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 at the beginning of 2023.

2. LIVING WAGE ESTIMATE IN ORIGINAL COUNTRY REPORT FROM NOVEMBER 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 10,095,308 for Minimum Wage Region 4, in Vietnam in November 2022. These expenses were divided by 1.86 full-time worker equivalents per family to obtain the net living wage of VND 5,427,585. This was the required take-home pay for workers for decency in November 2022. The gross living wage, which also takes into account mandatory deductions from pay for social security and income tax, was estimated as VND 6,132,864 for November 2022 (Do Quynh Chi, Nguyen Huyen Le, Anker, & Anker, 2022).

3. INFLATION RATE USED FOR UPDATE

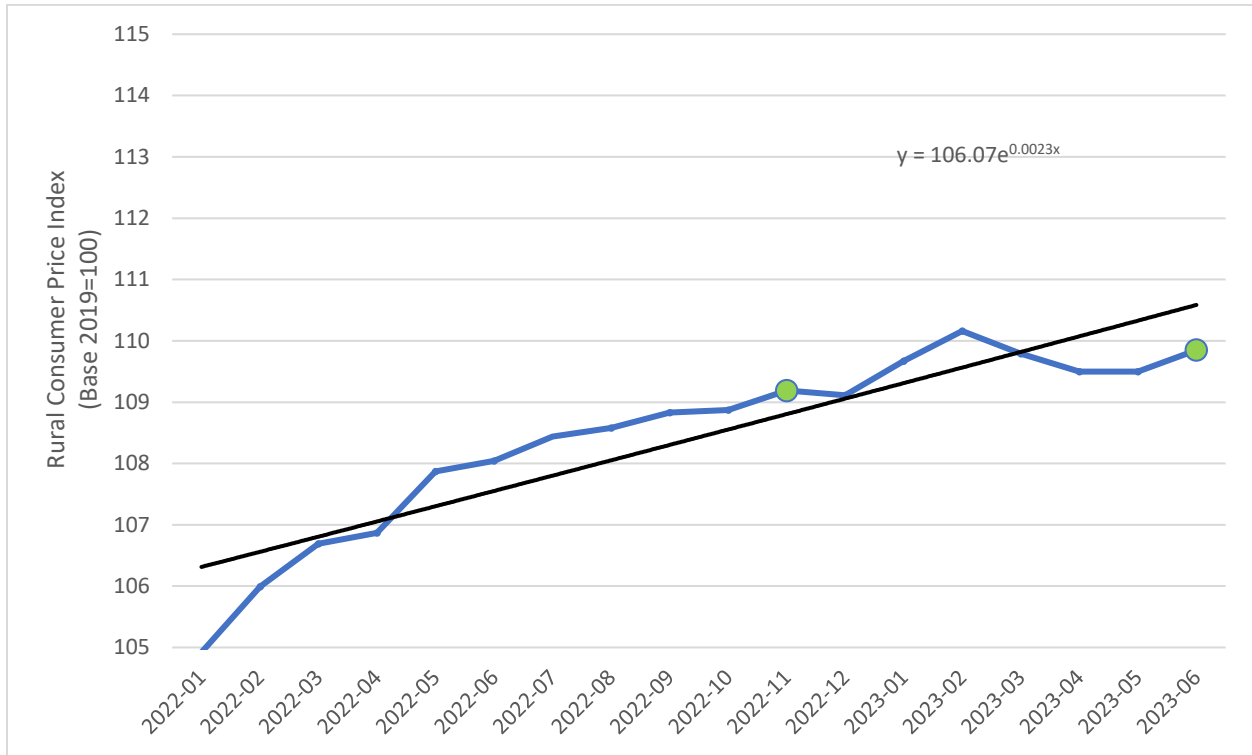
The General Statistics Office (GSO) calculates the Consumer Price Index at the national level, as well as separately for urban and rural areas.¹ This report uses the rural CPI for updating the living wage for Minimum Wage Region 4 in Vietnam.

¹ See <https://www.gso.gov.vn/en/px-web/?pxid=E0830&theme=Trade%2C%20Price%20and%20Tourist>

4. RECENT LEVEL OF INFLATION

Between November 2022 and June 2023, inflation amounted to 0.60% in rural Vietnam (see Figure 1). This is the inflation used in this report.

Figure 1: Rural 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 WAGES AND FAMILY EXPENSES FOR 2023

The updated net living wage, or take-home pay, for Minimum Wage Region 4, rural Vietnam for June 2023 is VND 5,460,392 per month based on the IMF inflation projections for this year. The gross living wage (aka living wage), which also takes into account income taxes and mandatory payroll deductions, is VND 6,169,935 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 4, Vietnam.

Table 1: Family Living Expenses and Living Wages for Minimum Wage Region 4, rural Vietnam (in Vietnamese dong and US Dollars per month)

	November 2022 Original Study		2023 Update Report	
	VND	USD	VND	USD
Family Living Expenses (1)	10,095,308	423	10,156,329	432
Net Living Wage (2)	5,427,585	227	5,460,392	232
Income Taxes and Payroll Deductions on Living Wage (3)	705,279	30	709,542	30
Gross Living Wage (4) = (2)+(3)	6,132,865	257	6,169,935	262
Exchange Rate to USD	23,897		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 Quynh Chi, Nguyen Huyen Le, Anker, R., and Anker, M. (2022). *Living Wage Report: Minimum Wage Region 4, Vietnam, 2022*. Global Living Wage Coalition. Available online: [LINK](#)