



July, 2021

PAYROLL ALERT – MAZARS IN VIETNAM

RESOLUTION 68 GUIDING SOME POLICIES TO SUPPORT EMPLOYEES AND EMPLOYERS IN DIFFICULTY DUE TO THE COVID-19 PANDEMIC

On 01 July 2021, the Government released Resolution 68/NQ-CP (“Resolution 68”) introducing some policies to support employees and employers in difficulty due to the COVID-19 pandemic.

This Resolution has the following main note-worthy policies:

1. Reduction of compulsory contribution rate to occupational accidents and diseases fund (currently 0.5% contributed by the employer)
2. Deferral of compulsory contributions to the retirement and survivorship fund (currently 14% contributed by the employer and 8% contributed by the employee)
3. Policy to support training and job maintenance for employees
4. Policy to support employees who are suspended labour contracts and/or take unpaid leave
5. Policy to support employees who are suspended from employment
6. Policy to support employees terminating labour contracts
7. Policy to additional support and children
8. Policy on granting meal allowance of VND 80,000/person/day
9. Policy on granting one-time support of VND 3,710,000/person
10. Policy to support business households
11. Policy for loan for payment of employment suspension and production recovery
12. For employees working without labour contract (self-employed) or other cases

1. Reduction of compulsory contribution rate to occupational accidents and diseases fund (currently 0.5% contributed by the employer)

From 1 July 2021 to the end of 30 June 2022, employers can apply the contribution rate of 0% of the Social Insurance (“*SI*”) base salary when contributing to the Insurance Fund for Occupational Accidents and Diseases for employees except employees whose salary are covered by State Budget. Employers use the entire amount obtained from such reduction to support employees to fight against the COVID-19 pandemic.

2. Deferral of compulsory contributions to the retirement and survivorship fund (currently 14% contributed by the employer and 8% contributed by the employee)

In case an employer has fully contributed SI or is temporarily suspending contribution to the Pension and Survivorship Fund (“*PSF*”) until the end of April 2021 and are affected by the COVID-19 pandemic, resulting in a reduction of employee who contributed for SI compulsory compared to April 2021 (including the employee who stops working, suspends the performance of the labour contract, and the agreement on unpaid leave) for at least of 15%, the employer and employees shall be entitled to suspend contribution to the PSF fund for 6 months from the submission of deferral application. This can be applied for the employer who are being entitled the deferral as per the previous Resolutions of the Government as well, however the total period of deferral does not exceed 12 months.

3. Policy to support training and job maintenance for employees

Employers are entitled to financial support for training, retraining and improvement of vocational skills from the Unemployment Insurance Fund when:

- Fully contributing unemployment insurance for full 12 months or above to the time of requesting support;
- Changing the technological structure according to the Labour Code;
- Having the revenue of the nearest preceding quarter decreased by 10% or above compared to the same period in 2019 or 2020; and
- Having a plan or cooperating with a vocational education institution in developing a plan for training, retraining and improving vocational skills and qualifications in order to maintain jobs for employees as prescribed.

The maximum support level is VND 1,500,000/employee/month and the maximum support duration is 06 months. Request dossier for support must be submitted during the period from 01 July 2021 to 30 June 2022.



4. Policy to support employees who are suspended labour contracts and/or take unpaid leave

One-time support shall be granted to employees working at enterprises, cooperatives, public business units that ensure frequent expenditures or investment expenditures and frequent expenditures, civil-founded and private educational institutions at the preschool education level, kindergartens, primary schools, secondary schools, high schools and vocational schools which are temporarily closed to prevent and control the COVID-19 pandemic according to the request of competent authority, then result in:

- Having a period of temporary suspension of labour contracts/taking unpaid leave at least continuous 15 days falling into the period from 01 May 2021 to the end of 31 December 2021; and
- Fully contributing to compulsory SI before the time of labour contract suspension/taking unpaid leave

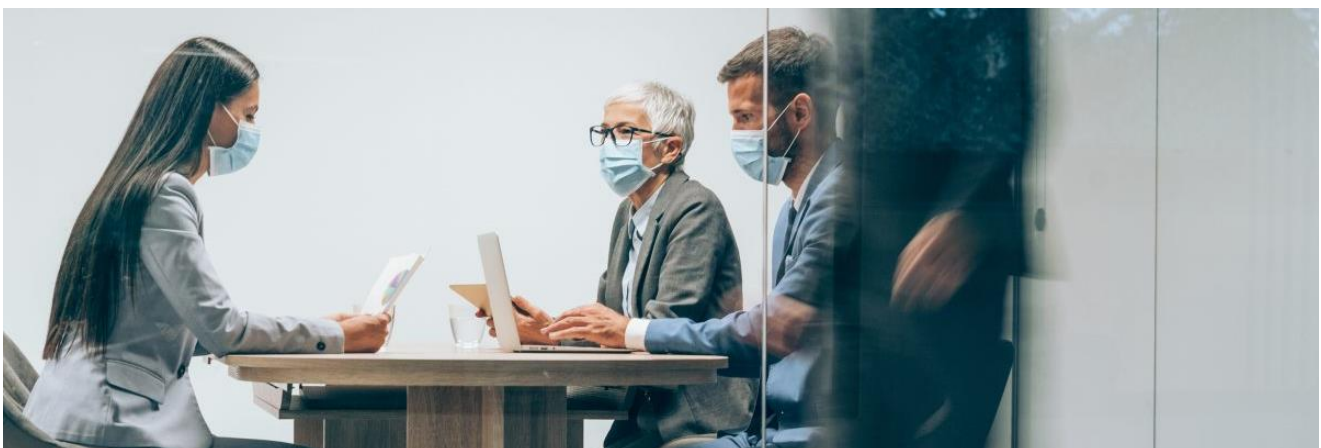
with the amount of VND 1,855,000/person for case with the incident period ranging from continuous 15 days to less than 01 month; and VND 3,710,000/person for cases with the incident period from and above 01 month.

5. Policy to support employees who are suspended from employment

Employees working under the labour contract are suspended from employment according to the Labour Code and following the medical isolation instruction or living in locked-down areas according to the request of competent authority from above 14 days during the duration from 01 May 2021 to the end of 31 December 2021, and participating in compulsory SI up to the time right before employment suspension are entitled to a one-time support of VND 1,000,000/person.

6. Policy to support employees terminating labour contracts

Employees working at enterprises, cooperatives, public business units that ensure frequent expenditures or investment expenditures and frequent expenditures, civil-founded and private educational institutions at the preschool education level, kindergarten, primary school, secondary school, high school, and vocational education school were terminated their labour contracts due to their business working operations stopped over the duration from 01 May 2021 to the end of 31 December 2021 according to request of competent authorities to prevent and control COVID-19 pandemic, and participating in compulsory SI but not eligible for unemployment allowance are entitled to a one-time support of VND 3,710,000/person.



7. Policy to additional support and children

a) Employees belong to the Point 4, 5, 6 as mentioned above and being pregnant shall be supported with an additional VND 1,000,000/person; those who are raising children or taking care of children under 6 years old shall be supported with an additional VND 1,000,000/child under 06 years old and such support would be granted for 1 person only, either the child's mother or father.

b) Children who are subject to treatment due to COVID-19 infection or medical isolation under a decision of competent authority shall be covered from the State Budget for treatment expenses and meals as stated in Point 8 below and receive an additional support of VND 1,000,000/child from the State Budget during the treatment and isolation from 27 April 2021 to the end of 31 December 2021.

8. Meal allowance of VND 80,000/person/day is granted to:

- Person who undergoes treatment for COVID-19 infection (F0), from 27 April 2021 to 31 December 2021, the support duration depends on the actual time of treatment (maximum 45 days);
- Person who has to undergo medical isolation (F1) according to a decision of a competent state agency, from 27 April 2021 to 31 December 2021 (maximum 21 days).

9. One-time support of VND 3,710,000/person for:

- Art director, actor, painter holding class IV professional title in public business units performing arts (excluding art units of the army forces) have ceased their performance for above 15 days to prevent and control the COVID-19 pandemic from 01 May 2021 to the end of 31 December 2021.
- Tour guide having registered certificates and being affected by the COVID-19 pandemic during the period from 01 May 2021 to the end of 31 December 2021.

10. Policy to support business households

For business households having business registration certificate and tax registration and ceasing operation for continuous 15 days or more during the period from 01 May 2021 to 31 December 2021 according to the request from competent authorities to prevent and control the COVID-19 pandemic, shall be entitled to the one-time support from the State Budget of VND 3,000,000/business household.



11. Policy for loan for payment of employment suspension and production recovery

a) Loan for payment of employment suspension shall be applied for employers:

- Entitled to borrow at the Bank of Social Policies at the interest rate of 0% and not subject to loan security measures to settle the suspension salaries for employees participating in compulsory SI must cease their working for continuous 15 days or more, from 01 May 2021 to the end of 31 March 2022; and
- Having no bad debt at any credit institutions and foreign bank branches at the time of applying for such loan.
- The maximum loan amount is equal to the regional minimum wage for the number of employees according to the actual suspended period (maximum 3 months). The loan term is less than 12 months.

b) Loans for payment for production recovery shall be applied for employers:

- Who must suspend their operations according to the request from competent authorities to prevent and control the COVID-19 pandemic from 01 May 2021 until the end of 31 March 2022 when returning to business production and employers operating in the fields of transportation, aviation, tourism, accommodation services and sending Vietnamese workers to work overseas under the contracts from 01 May 2021 to the end of 31 March 2022, entitled to borrow at the Bank of Social Policies at 0% interest rate and not subject loan security measures to pay salaries to their employees working under labour contracts and participating in compulsory SI; and
- Having no bad debt at any credit institutions and foreign bank branches at the time of requesting for a loan.
- The maximum loan amount is equal to the regional minimum wage for the number of employees who are working under the labour contracts according to the actual suspended period (maximum 3 months). The loan term is less than 12 months.

12. For employees working without labour contract (self-employed) or other cases:

Pursuant to the specific conditions and local budget capacity, the provinces and cities' authorities develop criteria, determine the beneficiaries and the corresponding support amount. However, the support level is not lower than VND 1,500,000/person/time or VND 50,000/person/day based on the actual number of suspended days.



Contacts

Mazars in Vietnam

Jean-Marc Deschamps

Managing Partner (CPA VN and CPA FR)

jean-marc.deschamps@mazars.vn

Nguyen Thi Ngoc Huyen

Partner, Outsourcing Services (CPA VN)

huyen.nguyen@mazars.vn

Bui Xuan Vinh

Partner, Audit and assurance Services
(CPA, MEBF and CPA AUS)

vinh.bui@mazars.vn

Nguyen Hai Minh

Partner, Advisory services (CPA AUS)

minh.nguyen@mazars.vn

Jack Nguyen

Partner, Business development (CA, CPA Can,
CPA VN)

jack.nguyen@mazars.vn

Pham Phuong Anh

Partner, Audit and assurance services
(FCCA UK, CPA AUS and CPA VN)

anh.pham@mazars.vn

Laurent Nguyen

Director, Financial advisory (CPA AUS)

laurent.nguyen@mazars.vn

Ho Chi Minh Office

9th – 11th Floor, Viet Dragon Tower

141 Nguyen Du, District 1

Ho Chi Minh City, Vietnam

Tel: (+84-28) 38 24 14 93

Fax: (+84-28) 38 22 87 99

Hanoi Office

17th Floor, MIPEC Tower

229 Tay Son, Dong Da District

Hanoi, Vietnam

Tel: (+84-24) 39 36 10 31

Fax: (+84-24) 35 73 97 06

**This is a guide from Mazars in Vietnam to update the latest developments in tax, accounting and investment environment in Vietnam. The information and analysis or comments herein are of the generic nature and are quoted or interpreted from the regulations. We recommend that the clients contact Mazars Vietnam's advisors for further clarification and professional advice for each particular circumstance.*

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services*. Operating in over 90 countries and territories around the world, we draw on the expertise of 42,000 professionals – 26,000 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

*where permitted under applicable country laws.

www.mazars.vn