

The Government's social insurance and labour concessional measures issued to support individuals and enterprises affected by Covid-19 pandemic

Following the Directive No. 11/CT-TTg dated 4 March 2020, the Government recently issued Resolution 42/2020/NQ-CP on solutions to support individuals and enterprises negatively impacted by the Covid-19 pandemic. The Ministry of Labor - Invalids and Social Affairs ("MOLISA") and the General Confederation of Labor also issued official guidance on the settlement of compensation and benefits for employees during the work suspension period and the deferral of trade union contribution for enterprises who are affected by the Covid-19 pandemic. Some notable support measures to enterprises and employees are summarised below.

1. Financial support from the Government under Resolution 42

- Employees who are subject to suspension of their labor contract or unpaid leave for a period of one month or more will be entitled to cash support of VND1,800,000/person/month. The support will take effect from 1 April 2020 for a maximum of three months.
- Employees whose contracts are terminated and do not qualify to claim for unemployment insurance allowance and non-contractual individuals who lose their jobs, are entitled to VND1,000,000/person/month. The support depends on the actual Covid-19 circumstance and is granted for a maximum of three months from April 2020.
- Employers who are in financial difficulties and have paid at least 50% of the work suspension salary for employees between April and June 2020 will be entitled to an interest free loan without collateral for up to 12 months from Vietnam Bank for Social Policies equivalent to the amount required to pay the remaining salary to their employees. The loan amount is based on the actual salary payable to the employees but capped at 50% of the regional minimum wage.
- For enterprises affected by the Covid-19 pandemic resulting in a reduction of 50% or more of the workforce participating in the social insurance contribution scheme (compared to the workforce at the time when the competent authorities announced the epidemic), the employees and the employers are allowed to suspend the contribution to the retirement and survivorship fund (under the social insurance fund) for up to 12 months. The reduced workforce includes those employees subject to work suspension, labor contract suspension and unpaid leave.

2. Settlement of compensation and benefits for employees during the work suspension period due to the Covid-19 pandemic

According to Official Letter No.1064/LDTBXH-QHLDTL dated 25 March 2020 issued by MOLISA:

- **Application:** employees who must suspend work due to the impact of Covid-19, including:
 - (i) foreign employees who have not been allowed to return to work at the enterprises during the pandemic;
 - (ii) employees subject to quarantine as requested by the competent authorities;

- (iii) employees who must suspend work due to the enterprise or its departments ceasing operation due to other employees not returning to work at the competent authorities' request: and
- (iv) enterprises having difficulties as the pandemic has affected the material sources and markets which lead to production reduction and inability to arrange appropriate jobs for employees.

— **Policy:**

- Salary during the work suspension period for the employees under categories (i), (ii), (iii): as mutually agreed between the employees and the employer but not lower than the minimum regional salary stipulated under the relevant regulations.
- For employees under category (iv): depending on the actual circumstances, the employer may consider:
 - a) temporarily assigning the employees to perform other jobs not stated in the labour contracts; or
 - b) suspend the labour contracts; or
 - c) reorganize the workforce according to the relevant provisions of the Labour Code.

3. Deferral of the trade union fee contribution for enterprises affected by the Covid-19 pandemic

Official Letter No. 245/TLD dated 18 March 2020 of the Vietnam General Confederation of Labour provides that:

- **Application:** Enterprises having at least 50% of the employees participating in the SI contribution scheme but subject to work suspension. The eligible enterprises shall be determined by the Provincial Labour Confederations, National Business Industry Trade Union and equivalent/Trade Union of the State Incorporations directly under the control of the General Confederation of Labour.
- **Applicable policy:** To defer the deadline for the trade union fee contribution for the first six months of 2020 to 30 June 2020 (or 31 December 2020 if the pandemic has not abated and the enterprises are still in difficulties).

Please note that during the payment deferral period, enterprises are still required to comply with statutory reporting and declaration obligations. It is expected that the Government will issue a decision to provide further guidance on the conditions and procedures for the financial support as set out above under Resolution 42.

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