

Government's Support for Employees and Employers impacted by COVID-19

20 July 2021

At a glance...

On 1 July, the Government issued Resolution No. 68/NQ-CP setting out policies to support employees and employers affected by COVID-19.

On 7 July, the Prime Minister issued Decision No. 23/2021/QĐ-TTg to implement Resolution 68.

To action this, Vietnam Social Security and the social insurance agencies in Ho Chi Minh City and Hanoi issued various official letters to provide guidance on the suspension of SI contributions.

In detail...

The Government's measures include (inter alia) the following:

1. Exemption of employer SI contributions for Labour Accidents and Occupational Diseases

Employer contributions are reduced from 0.5% to 0% from 1 July 2021 to 30 June 2022. Employers must use the amount saved for their employees' benefit to support prevention and control of COVID-19. It is unclear whether this amount should be paid to employees or can be used by employers for anti-COVID-19 activities.

In its OL 2645 /BHXH-QLT, HCMC SI Agency clarifies that companies do not have to make any request to be entitled to this reduction, instead, HCMC SI Agency will send a notice to companies by post.

2. Deferral of SI contributions for Retirement and Survivorship

For companies that are downsizing their workforce by 15% or more relative to April 2021, both employees and employers are entitled to defer payments to the SI Fund for Retirement and Survivorship Allowance for six months. (Currently, the contribution rates are 8% and 14% for employees and employers, applicable to the salary subject to SI contributions.)

Decision 23 lists cases of downsizing which are qualified for this SI deferral (including terminating labour contracts, suspending labour contracts, taking unpaid leave for 14 days or more in a month). Only employers that have fully paid into the SI Fund for Retirement and Survivorship up to April 2021 are eligible for this support. Decision 23 also details the procedures for requesting and approval of this deferral.

According to Decision 23, at the end of the deferral period, both employees and employers must resume making contributions and retrospectively pay the contributions for the deferral period.

In OL 2645 /BHXH-QLT and OL 3164/ BHXH-QLT, both the HCMC and Hanoi SI Agencies clarify that if companies which were approved to defer SI payments in 2020 under Resolution 42/NQ-CP and Resolution 154/NQ-CP now meet the conditions under Resolution 68/Decision 23, they can still enjoy this support, but the total deferral period under the three resolutions shall not exceed 12 months.

In detail...

3. Support for job retention training programs

Employers will be entitled to financial support from the Unemployment Insurance (UI) Fund for training of their employees if they meet all the following conditions:

- They fully paid UI contributions for employees eligible to participate in UI for the full 12 months up to the time of requesting this support;
- They are undergoing re-structuring or technology change in accordance with Article 42.1 of the Labour Code;
- Their revenue in the preceding quarter decreased by 10% or more compared with the same period in 2019 or 2020; and
- They have a plan for training, retraining or enhancing vocational skills/qualifications to maintain jobs for their employees.

The maximum monthly financial support of VND1,500,000 per employee will be paid directly to the employers in accordance with the approved training plans, for a maximum of six months. Requests for this support must be submitted between 1 July 2021 and 30 June 2022.

4. Loans to pay salary for work stoppages and business recovery

Employers are entitled to interest free loans from the Bank for Social Policies without any loan security requirement. These loans must be used to:

- a) pay salaries to employees who are under work stoppage in accordance with Article 99.3 of the Labour Code for 15 consecutive days or more during the period from 1 May 2021 to 31 March 2022; and/or
- b) pay salaries to employees upon resuming business in the following cases:
 - companies engaged in transportation, aviation, tourism, accommodation, and sending Vietnamese workers abroad; and
 - other companies which have suspended operations at the request of the competent authority to prevent and control COVID-19 during the period from 1 May 2021 to 31 March 2022.

The maximum loan is the regional minimum wage for the number of employees affected by the stoppage under (a) or resuming work under (b) up to a maximum of three months. The maximum loan term is 12 months.

To qualify, employers must have no overdue bank borrowings and have participated in the state SI scheme up to the month preceding the work stoppage.

In detail...

5. Support to employees

The Government also provides support to certain employees individually, such as:

- VND1,855,000/person for employees who are on contract suspension or unpaid leave for 15 to 30 consecutive days.
- VND3,710,000/person for employees who are on contract suspension or unpaid leave for 30 days or more.
- VND1,000,000/person for employees who are under work stoppage in accordance with Article 99.3 of the Labour Code and subject to medical isolation or in locked down areas as requested by the authorities for 14 days or more.
- VND3,710,000/person for employees whose employment contracts are terminated but who are not eligible for UI benefits (with certain exceptions).
- Additional 1,000,000 VND/person for the above employees who are pregnant or raising their own/adopted children or taking care of children under six years old.

This support is on a one-off basis. The applicable period is from 1 May to 31 December 2021.

In order for employees (except for terminated ones) to receive this support, employers have to send a request to the district-level People's Committee where their head office is located. The deadline for receiving requests is 31 January 2022.

In order to qualify for this support, certain conditions must be met, e.g. participation in the compulsory SI scheme up to the month preceding the time of contract suspension/unpaid leave/ work stoppage/contract termination.

Contact us

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