

Supporting policies for employees and enterprises affected by COVID-19 pandemic

Trade Union Members are exempted from Trade Union fee and Enterprises are allowed to continue delaying to pay Social Insurance until 31 December 2020.

Tax spotlights - 08/2020



Trade Union Members are exempted from Trade Union fee

1. Regulatory background

- Pursuant to Decree No. 191/2013/ND-CP issued on 21 November 2013 and taking effect from 10 January 2014 guiding for Trade Union finance
- Pursuant to Article 23 Decision No. 1908/QĐ-TLĐ issued on 19 December 2016 providing the subject, rate of payment and salary basis for Trade Union fee
- Pursuant to Decision No 1609/QĐ-TLĐ issued on 22 October 2019 by Head of General Confederation of Labor providing the principles of establishing and assigning Trade Union's Budget Estimate for the year 2020
- Pursuant to Guidance No 1609/HD-TLĐ issued on 22 October 2019 guiding the establishment of Budget Estimate of Trade Union in 2020
- Pursuant to Official Letter No. 771/TLĐ issued on 29 July 2020 by Vietnam General Confederation of Labor

2. Rate of payment, subject, budget and fees of Trade Union (“TU”)

Subjects to TU fee		Regardless of whether there is a union or not	
Trade Union Fund (Paid by organizations)	Rate of payment	Rate of payment is 2% of total Social Insurance salary fund of employee	
	Distribution	In the year 2020: <ul style="list-style-type: none"> • Enterprises are entitled to use 70% of the total TU fee collection (an increase of 1% compared to 2019) • Superior TU is entitled to use 30% of the total TU fee collection (a decrease of 1% compared to 2019) 	
Subjects		Organizations with TU	Organizations without TU
Trade Union Fee (Paid by TU Members)	Rate of payment	<ul style="list-style-type: none"> • Employees are TU members: have to pay 1% of their social insurance base salary, but the maximum for monthly TU fee is only equal to 10% of the base salary • Employees are not TU member: Do not pay the union fee 	No TU fee for employees
	Distribution	<ul style="list-style-type: none"> • Enterprises are entitled to use 60% of the total TU fee collection • Superior TU is entitled to use 40% of the total TU fee collection 	No TU fee employees

Trade Union Members are exempted from Trade Union fee

Subjects exempted from paying union fee

- The business owner who does not join TU. Therefore, that owners do not pay TU fee
- Employees, who are not TU members, do not pay TU fee
- Enterprises without TU still are subjected to pay TU fee. However, employees of these enterprise are not subjected to pay TU fee
- TU members do not have to pay fees when enjoying Social Insurance benefits for 01 month or more; if TU members are jobless, have no income or take leave of 01 month or more without payment, they shall not pay TU fee during that period
- TU members, who are not subjected to pay compulsory Social Insurance: pay UT fee at a fixed rate but the lowest payment rate is 1% of the base salary as prescribed by the Government. The current base salary is 1,490,000 VND/ month (from 1 July 2020, it will increase into 1,600,000VND/ month according to the adjustment from Resolution No. 86/2019/QH14 dated 12 November 2019 issued by the National Assembly on State Budget Estimate 2020)

Notes

Additional subjects exempted from paying TU fee

In accordance with Official Letter No. 771/TLD, issued on 29 July 2020 by the Vietnam General Confederation of Labor regarding the exemption from TU fee, the Vietnam General Confederation of Labor agrees to add a number of subjects that do not have to pay trade union fee as follows:

- During the time when TU members have incomes lower than the base salary of 1,490,000 VND/ month, TU members are not subjected to pay TU fee
- Other TU members are exempted from paying the TU fee due to the impact of COVID-19 pandemic, which is applied until 31 December 2020

Enterprises are allowed to continuously delay Social Insurance payment

Due to the recurrence of COVID-19 pandemic, enterprises are allowed to continuously delay a part of Social Insurance payment (pension and death benefit funds).

On 10 August 2020, Vietnam Social Insurance issued Official Letter No. 2533/BHXH-BT on continuously extending the maximum time limit of Social Insurance payment delay until the end of December 2020.

Accordingly, subjects and conditions for continuing to delay Social Insurance payment as follows:

- Employers have been encountering problems due to negative effects of COVID-19 pandemic and resulted to temporarily stop payment to pension and death benefit funds
- Employers who encounter problems due to negative effects of COVID-19 pandemic are allowed to temporarily stop payment to pension and death benefit funds (for the first time) if they satisfy the condition stated in Official Letter No. 1511/ LDTBXH-BHXH issued by The Ministry of Labour, Invalids and Social Affairs on 04 May 2020

Before that, though Point a, Section 1, Official Letter No. 860/BHXH-BT issued by Vietnam Social Insurance on 17 March 2020 regarding determination of subjects allowed to continuously delay Social Insurance payment which include businesses operating in the following industries: passenger transportation, tourism, accommodation, and restaurants, there has been an expansion in the range subjects allowed to continuously delay Social Insurance payment in Official Letter No. 1511/LDTBXH-BHXH, such as:

Enterprises fall into one of the following cases:

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| <ul style="list-style-type: none">• Interruption of doing business for 01 month or more due to difficulties in changing structure or technology or due to economic crisis or recession; or• Encountering issues due to natural disasters, fires, pandemics and crop failures. | <p>And concurrently meets one of the following three conditions:</p> | <ul style="list-style-type: none">• At least 50% of employees participating in social insurance have to temporarily quit their job; or• Suffering the loss of more than 50% of total assets value due to natural disaster, fire, disease, crop failure; or• Fully paid Social Insurance till the end of January 2020 and have to reduce total number of employees participating in social insurance from 50% or more due to the negative effect of the pandemic (including: laid off employees and those ones on temporary leave / unpaid leave / stop working for 14 days or more) |
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