

LEGAL UPDATE (September 27th, 2021)

In this issue, we would like to bring to your attention to the following:

- Newly issued policies to support employers affected by the Covid-19 pandemic from the Unemployment insurance fund;
- New regulations on wholesale electricity prices for industrial clusters;
- Formulating mechanism for financial technologies (Fintech) in the banking sector.

1. Newly issued policies to support employers affected by the Covid-19 pandemic from the Unemployment Insurance Fund

On September 24th, 2021, the Government issued Resolution No. 116/NQ-CP on policies to support employees and employers affected by the Covid-19 pandemic from the Unemployment insurance fund. Accordingly, from October 1st, 2021, enterprises facing difficulties due to Covid-19 are entitled to reduce the unemployment insurance premium for employees to 0%.

The employers governed by the Resolution 116/NQ-CP are employers specified in Article 43 of the Employment Law who have been participating in unemployment insurance before October 1st, 2021, with exceptions of state agencies and political organizations, socio-political organizations, people's armed forces units and public non-business units whose recurrent expenditures are guaranteed by the state budget.

The said employers are entitled to reduce the contribution rate from 1% to 0% of the monthly salary fund of employees who are subject to unemployment insurance. The duration of payment reduction is 12 months, from October 1st, 2021 to the end of September 30th, 2022.

2. New regulations on wholesale electricity prices for industrial clusters

According to the newly issued provisions of Circular 06/2021/TT-BCT amending Circular 16/2014/TT-BCT stipulating the electricity selling prices, wholesale electricity prices for industrial clusters (CCNs) will be applied from the September 25th, 2021 as follows:

- The wholesale price of electricity at the 110 KV busbar of the 110 KV CCN substation is applied where electricity retailers buy wholesale electricity at the 110 KV busbar of the CCN (the 110 KV substation invested by the buyer) to retail to customers using electricity in the CCN;

- Wholesale price of electricity at medium-voltage busbars of 110 KV substations or at branching points of medium-voltage lines into CCNs is applied where electricity retailers buy wholesale to retail electricity for customers to using electricity in the CCN on the medium voltage side;
- The wholesale price of electricity sold by the electricity company to the electricity retailers on the medium-voltage side of the low-voltage substations is equal to the retail price of electricity applicable to the manufacturing industries at the corresponding medium-voltage level.

The above is a newly issued regulation and officially takes effect from September 25th, 2021.

3. Formulating the mechanism for financial technologies (Fintech) in the banking sector

The Government just issued the Resolution No. 100/NQ-CP dated September 6th, 2021 approving the proposal to develop a Decree on a controlled trial mechanism for financial technology (Fintech) activities in the banking sector.

The Government assigns the State Bank of Vietnam to assume the prime responsibility for, and coordinate with relevant ministries and agencies in, fully absorbing the opinions of Government members during the formulation of the Decree, ensuring compliance with the provisions of the Law on Promulgation of Legal Documents (amended and supplemented in 2020) and related promulgated regulations, and submit them to the Government in the fourth quarter of 2021.

In addition to establishing a legal framework for Fintech and Mobile Money, the State Bank is also focusing on finalizing the decree to replace Decree 101/2012/ND-CP on non-cash payment according to the appraisal opinion of the Ministry of Justice and a draft of the project on development of non-cash payment for the period of 2021 - 2025.

We hope this Legal Update will bring you useful information.

Best regards.

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