

**THE GOVERNMENT**

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No. 52/2016/ND-CP

**THE SOCIALIST REPUBLIC OF VIETNAM**

**Independence - Freedom - Happiness**

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*Hanoi, June 13, 2016*

**DECREE**

**PROVIDING FOR SALARY, REMUNERATION AND BONUS PAYMENT TO MANAGERS OF SINGLE-MEMBER LIMITED LIABILITY COMPANIES OF WHICH CHARTER CAPITAL IS WHOLLY OWNED BY THE STATE**

*Pursuant to the Law on Government Organization dated June 19, 2015;*

*Pursuant to the Labor Code dated June 18, 2012;*

*Pursuant to the Corporate Law dated November 26, 2014;*

*Pursuant to the Law on Management and Use of state-owned capital invested in production and trading activities of enterprises dated November 26, 2014;*

*Upon the request of the Minister of Labor, War Invalids and Social Affairs;*

*The Government hereby introduces the Decree providing for salary, remuneration and bonus payment to managers of single-member limited liability companies of which charter capital is wholly owned by the State (hereinafter referred to as wholly state-owned SMLLC).*

**Article 1. Scope of application**

This Decree sets out regulations on salary, remuneration and bonus payment to managers of wholly state-owned SMLLCs, including:

1. Wholly state-owned SMLLCs which are parent companies of state-owned economic corporations, parent companies of state-owned incorporations and parent companies that belong to the group of parent - subsidiary companies.
2. Wholly state-owned single-member private LLCs.

SMLLCs referred to in Clause 1 and Clause 2 of this Article (hereinafter referred to as Company).

**Article 2. Subject of application**

1. Full-time and part-time executive officers, including Chairpersons of the Board of Members (BOM) or company President, Members of BOM, Heads of the Control Board, Comptrollers,

Directors General, Directors, Deputy Directors General, Deputy Directors, Chief Accountants (excluding Directors General, Directors, Deputy Directors General, Deputy Directors and Chief Accountants hired under an employment contract).

2. Ministries, Ministry-level agencies, Government bodies, People's Committees of centrally-affiliated cities and provinces, or organizations established under laws and regulations which are designated by the Government to exercise rights and take on duties as the owner's representatives to companies (hereinafter referred to as the owner's representative entity).

3. Entities, organizations and individuals related to salary, remuneration and bonus payments to company managers.

### **Article 3. Classification of pay bands by full-time company managers**

Full-time company managers shall continue to classify pay rates by company ranks as referred to in Appendix I hereto as the basis for payment of benefits in accordance with laws until the Government adopts new regulations.

### **Article 4. Principles of determination, payment of salaries, remunerations and bonuses**

1. Salaries paid to full-time company managers shall be determined in relation to production and business performance, outcomes achieved from management, administration and control efforts, and be restricted to maximum payment levels as well as ensure due proportion to salaries paid to company employees

2. Remunerations awarded to part-time company managers working in other companies shall be calculated in relation to work duties and working hours and do not exceed 20% of salary amount paid to full-time company managers. With regard to company managers that may be appointed as representatives for contributed capital in many other companies or enterprises, remunerations paid by these companies or enterprises shall be remitted to their designating companies to decide payment of these remunerations in proportion to their performance, but restricted to a maximum of 50% of the actual amount of salaries paid by these designating companies. The remaining portion of remunerations (if any) shall be recorded as other earnings in the designating companies' financial reports.

3. The payroll and total remuneration for company managers shall be determined on a yearly basis, separated from the payroll for employees, established and submitted by designating companies at their discretion to owners for approval. Company managers shall be paid monthly salary in advance which equals 80% of the temporarily calculated amount of salaries or remunerations in that month; 20% of the remaining amount shall be subject to year-end financial settlements and payments.

4. Salaries and remunerations paid to company managers shall be accounted for in the business cost or expense and posted as separate entries in annual financial statements prepared by their designating companies.

5. Bonuses awarded company managers shall be determined by years in proportion to their production, business performance, outcomes produced from their management, administration or control efforts, and shall be partially paid at the end of a year and fully paid at the end of their terms of office.

6. If a company President holds his/her second office as a Director General or Director, (s)he shall only be eligible to receive salary applicable to the highest position.

7. After deducting amounts paid for social insurance and health insurance contributions and other payables to insurance agencies from salary, bonus and remuneration paid to the Head of the Control Board and Comptroller as provided for by this Decree, the designating company shall remit the difference to the owner's representative entity to establish a general fund and pay comptrollers in proportion to their performance. As for financial comptrollers working at state-owned economic corporations, that difference shall be subject to transfer to the Ministry of Finance that will consider and decide to pay these comptrollers.

#### **Article 5. Determination of payroll and total remuneration budget**

1. The payroll budget shall be determined on the basis of the number of full-time company managers and the budgeted average pay rates referred to in Clause 2 of this Article.

2. The budgeted average pay rate shall be determined on the basis of the pay rates referred to in the Appendix II hereto (hereinafter referred to as basic pay rate) and the salary increase factor associated with the increment of planned profit compared with the profit realized in the immediately preceding year as provided for in the following regulations:

a) Where designating companies have managed to conserve and develop state-owned capital, discharge their debt obligations to the state budget in accordance with laws and regulations, prevent any reduction in labor productivity and have planned profits greater than that earned in the immediately preceding year, the maximum salary increase factor of 0.5 by which the basic pay rate is multiplied shall be applied to those operating in the sector of banking, finance, telecommunications gaining the profit of under VND 500 billion, or those operating in the area of oil and gas extraction and processing, minerals, electricity, commerce and service gaining the profit of under VND 300 billion, or those operating in the remaining industries with the planned profit of less than VND 200 billion; that of 0.7 shall be applied with respect to those operating in the field of banking, finance, telecommunications with the profit ranging from VND 500 billion to less than VND 1,000 billion, or those operating in the oil and gas extraction and processing, minerals, electricity, commerce and service industry with the profit ranging from VND 300 billion to below VND 700 billion, or those operating in other industries with the profit ranging from VND 200 billion to less than VND 500 billion; that of 1.0 shall be applied to those operating in the field of banking, finance, telecommunications gaining the profit of at least VND 1,000 billion, or those operating in the oil and gas extraction and processing, minerals, electricity, commerce and service industry having the planned profit of at least VND 700 billion, or those operating in other industries gaining the profit of at least VND 500 billion.

b) If designating companies have managed to conserve and develop state-owned capital, and fulfilled payment obligations to the state budget in accordance with laws and regulations, planned profit equal to the profit earned in the immediately preceding year, the budgeted average pay rate shall be equal to the base pay rate. If the planned profit is less than the profit earned in the immediately preceding year or there is no profit, the budgeted average pay rate must be lower than the base pay rate.

c) If the designating company is running at a loss (except in unexpected events referred to in Clause 6 of this Article), the budgeted average pay rate shall be equal to the pay rate paid as a statutory benefit contingent on salary factors referred to in Article 3 hereof and the base pay rate.

d) If the designating company has a reduction in its loss compared with that recognized in the previous year, or is newly established, the degree of reduction in such loss or the production and business plan must be taken into account to determine the payroll required to be proportional and report to the owner's representative entity for its consideration and decision.

If the planned profit is equal to or greater than the profit earned in the immediately preceding year, but the budgeted average pay rate determined under Point a and b mentioned above is the average pay rate recognized in the immediately preceding year, the budgeted average pay rate shall be equal to the average pay rate recognized in the immediately preceding year.

3. If the designating company has its labor productivity and planned profit which has not increased in comparison with that realized in the immediately preceding year because of respectively producing or trading goods or services subject to the State's production or business limits, the maximum amount of average salary increase shall not exceed the amount of increase in the consumer price index forecast in a year in accordance with the National Assembly's Resolution on the annual socio-economic development plan.

4. If the designating company delivers public sector products or perform public services respectively under the State's commissioning or plan authorization, or operating to meet non-profit objectives, with respect to which the profit standard is replaced by the product, service and task volume standard to the extent that such volume is not less than the immediately preceding year's recognized volume thereof, the average realized pay rate shall be equal to the base pay rate multiplied by the consumer price index forecast in a year in accordance with the National Assembly's Resolution on the annual socio-economic development plan. The specific pay rate shall be decided by the owner's representative entity at its discretion provided that it is aligned with the locality pay level.

5. Total remuneration budget for part-time company managers shall be calculated on the basis of the number of part-time company managers, work hours and remuneration rates referred to in Clause 2 Article 4 hereof.

6. On determining its payroll or total remuneration budget, the company shall disregard objective elements that may cause impacts on labor productivity, or planned profit compared with that realized in the immediately preceding year, including:

a) Price adjustment by the State (with respect to products or services subject to the State's pricing), corporate income tax incentives, state-owned capital increases or decreases, regulatory policy modifications, or company relocation requests, production or business site contraction, that directly affect labor productivity and profit standards of the company.

b) The company's involvement in discharge of political, social welfare assurance, economic demand-supply balancing tasks under the Prime Minister's decisions, acquisition or transfer of interests in representing the owner of state-owned capital with respect to those enterprises subject to restructuring, debt treatment and restructuring under the direction of the Prime Minister, investment in establishment or expansion of production and business projects, increase in amortization for the purpose of fast capital recovery as approved by competent authorities, and difference in lottery payouts compared with those realized in the previous year with respect to lottery companies.

c) Natural disasters, fires, epidemic diseases, wars and any other force majeure events.

#### **Article 6. Determination of realized payroll and total remuneration**

1. The realized payroll for full-time company managers shall be established on the basis of the number of full-time company managers and the budgeted average pay rates associated with the degree of conformity to standards referred to in Article 5 hereof, whereby a company manager will get a maximum 1% pay raise per a 1% by which the realized profit (without taking into account objective elements) exceeds the planned profit.

2. Realized total remuneration paid to part-time company managers shall be calculated on the basis of the number of part-time company managers, work hours and remuneration rates referred to in Clause 2 Article 4 hereof.

3. On determining its realized payroll or total remuneration, the company must take into account objective elements that may cause impacts on the labor productivity, or the realized profit compared with the planned profit.

4. On consulting the realized payroll, total remuneration and these paid in advance to company managers, the company shall determine the remaining payroll or total remuneration that must be paid. In the event that advance payments exceed the realized payroll or total remuneration, the excess portion of payroll or remuneration paid within an accounting year must be refunded.

#### **Article 7. Total bonus**

1. Total annual bonus paid to full-time and part-time company managers shall meet the Government's regulations on investment of state capital in enterprises, management and utilization of capital and assets invested in enterprises.

2. 90% of total bonus as provided for in Clause 1 of this Article shall be set aside for payment of bonuses at the end of each year. The remaining portion of bonus (10%) shall be used for payment

of bonuses determined in proportion to company managers' performance upon expiration of their term of office.

### **Article 8. Payment of salaries, remunerations and bonuses**

1. Salaries or bonuses paid to company managers shall be associated with their contribution to production and business performance, and outcomes achieved from their management, administration and control efforts, as provided for in the company's regulations on salary, remuneration and bonus payment.

2. Regulations on salary, remuneration and bonus payment shall be established in accordance with laws, ensure democracy, public access and transparency with the involvement of the Executive Committee of Trade Union of the company and consent of the owner's representative entity before being implemented.

### **Article 9. Implementation responsibility**

1. The Board of Members or the President of the company:

a) In the first quarter every year, formulate the payroll and total remuneration budget for company managers associated with the production and business plan, which ensures due proportion to the payroll for employees, for submission to the owner's representative entity for its approval.

b) With reference to the outcomes achieved from efforts to meet production and business standards, determine the realized payroll, total remuneration and total bonus, and report to the owner's representative entity for its approval no later than the first quarter of the immediately following year. With respect to a parent company – state-owned economic corporation, a parent company of specially-ranked incorporation, and an incorporation, which performs public duties and play key economic roles, send it through to the Ministry of Labor, War Invalids and Social Affairs for its supervision.

c) Identify and remit a portion of salary, remuneration and bonus paid to the head of Control Board or Comptrollers to the owner's representative entity under the provisions of this Decree.

d) Set out rules and assess performance levels subject to which the amount of remuneration awarded to company managers designated to represent the owner's capital contributions in different companies or enterprises must be decided.

dd) Establish rules for paying salaries, remunerations and bonuses to company managers and report to the owner's representative entity before implementation of these rules.

e) Provide relevant documents and reports concerning implementation of payroll, remuneration and bonus policies upon the request of the Head of Control Board and Comptrollers.

g) In the second quarter every year, consolidate salaries, remunerations and bonuses and earnings paid on a monthly basis in the immediately preceding year to each company manager to report to the owner's representative entity; make relevant information available on the company's Website in accordance with laws.

## 2. The Head of Control Board and Comptrollers:

a) Inspect and monitor compliance of the Board of Members or the company President, the Director General and the Director with this Decree.

b) Make any recommendation to the Board of Members or the company President, the Director General and the Director, or report to the owner's representative agency on any violation against the State's regulations.

## 3. The owner's representative entity:

a) In the first quarter every year, consider and approve the previous year's realized payroll, total remuneration and total bonus, and the payroll and total remuneration budget for company managers. With regard to the payroll and total remuneration for managers of parent companies – economic corporations, the owner's representative entity shall approve it after obtaining consent from the Ministry of Labor, War Invalids and Social Affairs.

b) Submit to the Ministry of Labor, War Invalids and Social Affairs the approved payroll, total remuneration, total bonus for managers of parent companies – state-owned economic corporations, parent companies of specially-ranked incorporations, and incorporations, which perform public duties and play key economic roles for consolidation and monitoring purposes.

c) Develop regulations on assessment of the Head of Control Board and Comptrollers; accept and administer the amount of salaries, remunerations and bonuses paid to the Head of Control Board and Comptrollers remitted by the company; assess performance level and pay salaries, remunerations and bonuses to the Head of Control Board and Comptrollers.

Where the Head of Control Board or any Comptroller fails to fulfill their assigned duties, depending on the severity or type of violation, disciplinary actions may be imposed, including refusal to offer a pay raise, extended time limit for salary grade increase, reductions in salaries, remunerations or bonuses, pay grade decrease, reprimand, warning, dismissal or forced termination of term of office in accordance with laws.

d) Give its comments on salary, remuneration and bonus payment regulations of the company; publish the realized payroll, total remuneration, total bonus and pay, remuneration and bonus rate, and monthly earnings of each company manager in the immediately preceding year on the website of the owner's representative entity in accordance with laws, and consolidate these comments for submission to the Ministry of Labor, War Invalids and Social Affairs for aggregation and monitoring purposes.

dd) Assume accountability to the Government, the Prime Minister for implementation of payroll, remuneration and bonus policies in companies within its jurisdiction.

#### 4. The Minister of Labor, War Invalids and Social Affairs:

a) Take charge of and cooperate with relevant ministries in provision of guidance on regulations on salary, remuneration and bonus laid down in this Decree.

b) Take charge of and cooperate with relevant ministries or agencies in making recommendations to the Government for its consideration of approval of or adjustment in base pay rate paid to company managers so that the adjusted pay rate conforms to practical conditions over periods of time.

c) Confer with the owner's representative entity about the decision on the payroll and total remuneration paid to managers of parent companies – economic corporations; collaborate with the owner's representative entity in monitoring salaries, remunerations or bonuses paid to managers of parent companies of specially-ranked incorporations and incorporations performing public duties and playing key economic roles.

d) Take charge of and collaborate with the Ministry of Finance in introducing standards for categorization of companies as the basis for salary classification and identification of base pay rate for company managers as provided by this Decree.

dd) Collaborate with the owner's representative entity in conducting inspections, audits and examinations of compliance of companies with payroll, remuneration and bonus policies. Where determination of the payroll and total remuneration is in violation of regulations, it must make recommendations to the owner's representative entity that directs the designating company to carry out any adjustment to or disallowance of violating payroll or remunerations in accordance with laws and regulations.

e) Prepare review reports on salaries, remunerations and bonuses paid to company managers for submission of regular reports to the Prime Minister.

#### 5. The Ministry of Finance:

a) Take charge of and collaborate with relevant Ministries or agencies in provision of guidance on creation and management of the payroll, total remuneration and total bonus paid to the Head of Control Board, Comptrollers under the provisions of this Decree; accept, manage and pay salaries, remunerations and bonuses to financial comptrollers remitted by state-owned economic corporations.

b) Collaborate with the Ministry of Labor, War Invalids and Social Affairs in introducing standards for ranking of companies as the basis for salary classification and identification of base pay rate for company managers.

### **Article 10. Effect**



1. This Decree shall enter into force from August 1, 2016. Policies on salaries, remunerations and bonuses referred to in this Decree shall take effect from January 1, 2016.
2. This Decree shall supersede the Government's Decree No. 51/2013/ND-CP dated May 14, 2013 providing for salary, remuneration and bonus policies for members of the Board of Members or the company President, Comptrollers, Directors General or Directors, Vice Directors General or Vice Directors, Chief Accountants in wholly state-owned SMLLCs.
3. As for a person designated by the owner's representative entity to act as a part-time representative of portion of contributed capital invested in companies which have state-owned shares or contributed capital, after receiving remunerations, bonuses paid by these companies, such representative must remit them to the owner's representative entity for state-owned capital to establish a general fund used for paying this representative in proportion to his fulfillment of assigned duties.
4. Viettel Group shall continue to pilot salary management for company managers in accordance with the Government's regulations.
5. The Board of Members or the President of the companies referred to in Article 1 hereof shall refer to regulations set out in this Decree to implement salary, remuneration and bonus policies for managers of SMLLCs of which the charter capital is wholly owned by parent companies.
6. With regard to organizations established and operated in the form of wholly state-owned SMLLCs under the Law on Securities, Law on Credit Institutions, and Law on Deposit Insurance, non-state funds, state-owned debt treatment and trading organizations currently applying the payroll system in the form of wholly state-owned SMLLCs, the Ministry of Labor, War Invalids and Social Affairs shall, pursuant to principles referred to herein, provide guidance on determination of salaries, remunerations and bonuses for managers associated with their performance and conforming to specific characteristics of each organization after obtaining consent from relevant ministries and agencies.
7. Political organizations or socio-political organizations shall consider and decide application of regulations laid down herein to managers of SMLLCs of which the charter capital is wholly owned by these organizations.
8. Ministers, Heads of Ministry-level agencies, Heads of Government agencies, Presidents of the People's Committees of centrally-affiliated cities and provinces and of the Boards of Member, or Presidents of wholly state-owned SMLLCs, shall be responsible for implementing this Decree./.

**PP. THE GOVERNMENT  
THE PRIME MINISTER**

**Nguyen Xuan Phuc**

**APPENDIX I**

**TABLE OF PAY FACTORS FOR FULL-TIME COMPANY MANAGERS**  
(Annexed to the Government's Decree No. 52/2016/ND-CP dated June 13, 2016)

**1. Pay factors:**

Company rank  Title	PAY FACTOR					
	Economic corporation	Specially-ranked incorporation	Incorporation and equivalents	Company		
				I	II	III
1. Full-time President of the Board of Members or full-time company President	8.80 – 9.10	8.20 – 8.50	7.78 – 8.12	6.97 – 7.30	6.31 – 6.64	5.65 – 5.98
2. Director General or Director	8.50 – 8.80	7.85 – 8.20	7.45 – 7.78	6.64 – 6.97	5.98 – 6.31	5.32 – 5.65
3. Head of the Control Board	8.10 – 8.40	7.53 – 7.83	7.12 – 7.45	6.08 – 6.41	5.42 – 5.75	4.76 – 5.09
4. Full-time member of the Board of Members, full-time comptroller, Vice Director General or Vice Director	7.90 – 8.20	7.33 – 7.66	6.97 – 7.30	5.98 – 6.31	5.32 – 5.65	4.66 – 4.99
5. Chief Accountant	7.60 – 7.90	7.00 – 7.33	6.64 – 6.97	5.65 – 5.98	4.99 – 5.32	4.33 – 4.66

**Note:** The above-mentioned pay factors are calculated on the basis of base pay rates stipulated by the Government.

**2. Company ranking:**

a) The rank of an economic corporation shall be applicable to parent companies of state-owned economic corporations.

b) The rank of a specially-ranked incorporation shall be applicable to parent companies in the parent-subsidiary company model that meet such conditions as playing key economic roles; having state-owned capital contributions of at least VND 2,500 billion, gaining the profit of at

least VND 200 billion, remitting an amount of at least VND 200 billion to the state budget (capital, profit and state budget contribution standards which are measured on average within 3 years) and having at least 10 affiliated units, or hiring at least 10,000 employees in total working for parent companies and their affiliates.

Those companies that meet the aforesaid conditions shall request the owner's representative entity to agree with the Ministry of Labor, War Invalids and Social Affairs and the Ministry of Finance on making a final report to the Prime Minister for his consideration and determination.

c) The rank of an incorporation or equivalent shall be applicable to parent companies transformed from state-owned incorporations or from state-owned companies of which salaries are classified by the category of an incorporation; parent companies belonging to the parent-subsubsidiary company model that meet such conditions as playing key economic roles; having state-owned capital contributions of at least VND 1,800 billion, gaining the profit of at least VND 100 billion, remitting an amount of at least VND 100 billion to the state budget or having at least 10 affiliated units, or hiring at least 7,000 employees in total working for parent companies and their affiliates.

Those parent companies belonging to the parent-subsubsidiary company model that meet the aforesaid conditions shall request consideration or decision from the owner's representative entity after obtaining consent from the Ministry of Labor, War Invalids and Social Affairs and the Ministry of Finance.

d) The rank of Company I, II, III shall be applicable to those companies that meet conditions under standards specified by the Ministry of Labor, War Invalids and Social Affairs and decided by the owner's representative entity.

dd) Re-ranking of specially-ranked companies or incorporations:

Parent companies belonging to the parent-subsubsidiary company model shall, after 3 years from the date upon which the rank of specially-ranked incorporation or incorporation is determined, be subject to review of ranking standards for the purpose of company re-ranking. Where they continue to meet conditions set out for such ranks, the owner's representative entity must be notified in writing to decide continuation of the existing rank of specially-ranked incorporation or incorporation after obtaining consent from the Ministry of Labor, War Invalids and Social Affairs. Where they fail to meet specified conditions for such ranks, the owner's representative entity shall decide lower ranks in accordance with laws.

## **APPENDIX II**

### **TABLE OF BASE PAY RATES FOR DETERMINATION OF THE PAYROLL FOR FULL-TIME COMPANY MANAGERS**

*(Annexed to the Government's Decree No. 52/2016/ND-CP dated June 13, 2016)*

Unit: million dong/month

Title	Company rank					
	Pay rate					
	Economic corporation	Specially-ranked incorporation	Incorporation and equivalents	Company		
I				II	III	
1. Full-time President of the Board of Members or full-time company President	36	33	31	27	25	22
2. Director General or Director	35	32	30	26	24	21
3. Head of the Control Board	33	30	28	24	22	19
4. Full-time member of the Board of Members, full-time comptroller, Vice Director General or Vice Director	32	29	27	23	21	18
5. Chief Accountant	29	27	25	21	19	16

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