

PwC Legal Vietnam NewsBrief

New Decree on financing of Trade Unions issued

Decree 191/2013/ND-CP implementing the Trade Union Law in respect of the financing of trade unions ("Decree 191") was issued on 21 November 2013, after much debate.

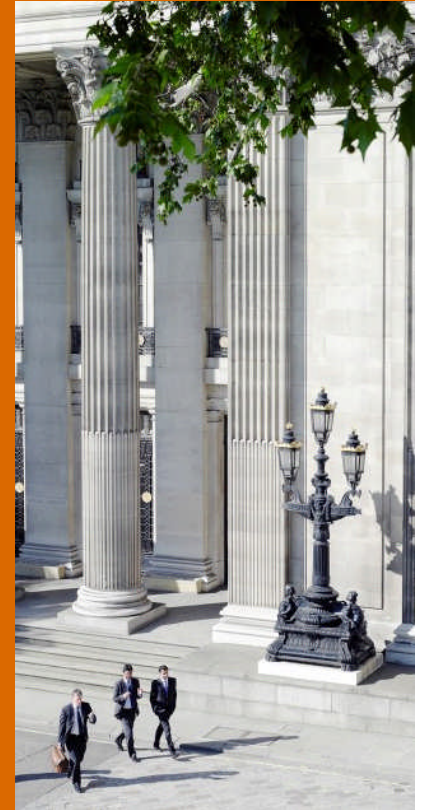
Decree 191 provides that all enterprises must contribute trade union fees, regardless of whether or not they have a trade union. The amount of the fee is equal to 2% of the salaries used for calculating social insurance contributions for an enterprise's Vietnamese employees. (The salary used for calculating social insurance contribution is currently capped at VND23 million per employee per month). This is an employer's contribution only. The contributions by employees who are trade union members are separately provided for in the Vietnam Trade Union Charter.

Decree 191 will come into effect on 10 January 2014. These trade union fee contributions will be made on a monthly basis at the same time as the social insurance contributions from 2014.

However, the obligation to contribute these fees is back dated and effective retroactively from 1 January 2013, which is the effective date of the Trade Union Law. There are no details on when the backdated fees are due, or how this will be collected.

According to Article 27 of the Trade Union Law, the trade union fees will be used for organising and maintaining trade union activities, e.g. disseminating State policies, developing memberships and paying trade union officers. The fees can also be used to fund cultural, sporting and other activities for employees and help those in financial difficulty. However, detailed guideline on how enterprises with no trade union can access these funds is not clear.

Clearly this Decree would have major implications for enterprises which do not currently have trade unions and more detailed guidance in the form of a circular will be needed. We will keep you updated on further developments.



This publication has been prepared for general guidance on matters of interest only, and does not constitute professional advice. For further information, please contact: Phan Thi Thuy Duong or Veera Mäenpää (PwC Legal), Futoshi Funamoto (Japanese Business), Seong Ryong Cho (Korean Business), Bee Han Theng (Asian Chinese Business Services) at phone (84-8) 38230796, fax (84-8) 38251947 or contact Le Anh Tuan (PwC Legal) at phone (84-4) 39462246, fax (84-4) 39460705 in Ha Noi.