

# SOME IMPACTS OF RESOLUTION 126/NQ-CP ON BUSINESSES AND EMPLOYEES

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Resolution 126/NQ-CP amending Resolution 68/NQ-CP stipulating a number of policies to support employees and employers facing difficulties due to the COVID-19 pandemic (**Resolution 126**) issued by the Government on October 8, 2021 has attracted the attention from both businesses and employees. Compared with the provisions of Resolution 68/NQ-CP (**Resolution 68**), Resolution 126 has loosened the conditions for receiving support applied to enterprises and employees affected by the COVID-19 pandemic. Typical new points of Resolution 126/NQ-CP include:

*Firstly*, changing the conditions on the reduction rate of employees engaging in social insurance with respect to the procedure for temporary suspension of payment to the retirement - survivorship fund. According to Resolution 126, for employers that have fully paid social insurance premiums or are temporarily suspending payments to the retirement - survivorship fund until the end of January 2021 and affected by the COVID-19 pandemic, resulting in a reduction of 10% or more of the employees engaging in social insurance compared to January 2021 (including employees who stop working, suspend the performance of labor contracts, and agree to leave without pay), employees and employers are entitled to suspend the payment to the retirement - survivorship fund for 6 months from the time of submitting the application dossier. Previously, Resolution 68 stipulated the conditions on the reduction rate of employees engaging in social insurance of at least 15% as compared to April 2021.

*Secondly*, lessening the conditions for employers to borrow loans to pay wages when the employees stop working, to pay wages for restoring production; specifically, in respect of employers borrowing loans to pay wages when the employees stop working, Resolution 126 has removed the condition requesting "Employers to have no bad debt at any credit institutions and foreign bank branches at the time of



application for loans" in Resolution 68.

In addition, Resolution 126 also expands the scope of employers entitled to borrow loans to pay wages for restoring production by supplementing the employers with head quarters, branches, representative offices, production and business locations, etc. situated in the areas where the measures to prevent and control the pandemic under the principles of Directive 16/CT-TTg are applied during the period from May 1, 2021 to March 31, 2022.

*Thirdly*, expanding the group of employees who are entitled to the one-time support policy of VND 3,710,000/person when suspending labor contracts or taking leave without pay, in particular, employees working under labor contracts, engaging in compulsory social insurance by the time immediately preceeding the suspension of labor contract performance, taking leave without pay and subject to one of the following cases: experiencing COVID-19 treatment, taking medical isolation, being in locked-down areas, being unable to go to the workplace due to the competent state agencies' request for COVID-19 pandemic prevention and control; their employer is temporarily suspended from operation at the request of competent state agencies to prevent and control the COVID-19 pandemic or has its head office, branches, representative offices, production and business locations situated in the areas where the measures for the pandemic prevention and control under the principles of Directive 16/CT-TTg are applied, or their employer has to re-arrange the production and labor to prevent and control the COVID-19 pandemic.

The previous Resolution 68 stipulated a narrower

scope of beneficiaries to the policy, including: employees working at enterprises, cooperatives, public non-business units that can self-finance their own current expenditures or investment and current expenditures, people-founded and private educational institutions at preschool, kindergarten, primary school, junior high school, high school and vocational education level, which are suspended from operation as required by competent state agencies to prevent and control the COVID-19 pandemic.



*Fourthly*, expanding the cases of employees entitled to one-time support of VND 1,000,000/person for those suffering from work suspension, specifically employees working under labor contracts subject to work suspension for the reasons specified in Clause 3, Article 99 of the Labor Code; engaging in compulsory social insurance up to the time immediately before suspending work and subject to one of the following cases: **experiencing COVID-19 treatment**, taking medical isolation, being in a locked-down area or being **unable to come to the workplace at competent state agencies' request under the principles of Directive 16/CT-TTg**; **their employer has to suspend the operation at the competent state agencies' request or has its head office, branches, representative offices, production and business locations situated in the locality applied with the measures for pandemic prevention and control under Directive 16/CT-TTg or their employer has to re-arrange the production and labor to prevent and control the COVID-19 pandemic** for at least 14 **consecutive** days during the period from May 1, 2021 to the end of December 31, 2021.

*Fifthly*, expanding the group of employees entitled to the support of VND 3,710,000/person due to termination of their labor contracts, in particular those working under labor contracts, engaging in compulsory social insurance that have to terminate their labor contract during the period from May 1, 2021 to the end of December 31, 2021 and subject to one of the following cases: taking medical isolation, being in locked-down areas or being unable to go to the workplace at the request of competent state agencies to prevent and control the COVID-19 pandemic; their employer is temporarily suspended from operation at request of competent state agencies for COVID-19 pandemic prevention and control or their employer has its head office, branches, representative offices, production or business locations situated in the locality applied with the measures to prevent, control the pandemic under Directive 16/CT-TTg or their employer has to re-arrange the production and labor to prevent and control the COVID-19 pandemic but are not eligible for unemployment benefits.

## COMMENTS AND RECOMMENDATIONS

The amendments and supplements of Resolution 126 have facilitated more employers and employees to easily access the Government's support package of VND 26,000 billion, which brings enterprises more opportunities and conditions to restore their production and business after being interrupted by the COVID-19 pandemic.

Businesses should also note that, to enjoy the above-mentioned support policies, in addition to the provisions on eligibility conditions, they also need to strictly comply with the regulations on dossiers, forms, procedures to register for support as specified in Resolution 68, Resolution 126 and Decision 23/2021/QD-TTg (guiding Resolution 68 on the implementation of a number of policies to support employees and employers facing difficulties due to the COVID-19 pandemic). At the same time, businesses should proactively contact the local Social Insurance Agency, the local Bank for Social Policies for direct specific instructions, thereby quickly completing the application dossier and procedures.