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NEW YEAR MESSAGE 2025

The year 2024 witnessed many notable changes in economic activities in Vietnam and the world, with conflicts in Europe and many other regions continuing, presidential elections in the United States, and the process of streamlining the apparatus and changing working methods of Vietnam State agencies. In Vietnam alone, streamlining the State apparatus will affect more than 5,000 legal documents, more than 800 of which require action immediately from 2025. As a result, the administrative procedures related to many types of licenses and approvals from State agencies may have significant changes. Similar to previous years, there are both "closed doors" and opportunities opened up for business activities in Vietnam. However, global and domestic political and legal fluctuations mean that businesses have to possess good corporate governance capacity and compliance control systems, including an updating and adapting mechanism to meet national and international legal requirements.

2024 is also the year when many important legal regulations for Vietnam's economic development are promulgated or come into effect, such as the Law on Land, the Law on Water Resources, the Law on Telecommunications, the Law on Bidding, the Law on Electronic Transactions, the Law on Consumer Rights Protection, the Law on Cooperatives, the Law on Credit Institutions, the Law on Social Insurance, the Law on Capital. Many localities have also approved their local development plans to orient the development of major economic sectors: the orientations for territorial spatial development, socio-economic infrastructure, the orientations for land use, environmental protection, and sustainable development. These new orientations and regulations can have a positive impact on Vietnam's development from 2025.

With the brand identity of "*Advancing legal progress and social equity*", NHQuang&Associates has been contributing opinions in the development of policies and legal regulations in Vietnam in 2024 related to various economic areas. Many of our comments have also been shared through legal analysis and articles in NHQuang's monthly Legal Newsletter as well as on NHQuang&Associates' media platforms (Website, Facebook, LinkedIn, YouTube) in 2024. We hope that our Legal Newsletters of 2025 and other analysis articles on media platforms will continue to be welcomed by our valued clients and readers.

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NEW REGULATIONS OF LAW ON TRADE UNION 2024

DANG HUYEN THU - TRAN THI THUY MAI

On November 27, 2024, the National Assembly promulgated the Law on Trade Union No. 50/2024/QH15 replacing the Law on Trade Union 2012 (**Law on Trade Union 2024**). This Law is promulgated to overcome the limitations and inadequacies of the Law on Trade Union 2012 after more than 10 years of implementation, such as some matters regarding the organizational system, financial mechanism, trade union rights, etc. In addition, the Law on Trade Union 2024 aims to institutionalize the Constitution 2013, policies, and resolutions of the Party and ensure the consistency of the legal system. The Law on Trade Union 2024 will take effect from July 1, 2025 with some notable contents as follows:

Firstly, in the Law on Trade Union 2024, a number of rights and responsibilities of trade unions have been supplemented. In addition to inheriting all duties of trade unions in representing, caring for, and protecting legitimate rights and interests of trade union members and employees in the previous Law on Trade Union 2012, the Law on Trade Union 2024 supplements some new ones in Article 11 as follows:

- Proactively negotiate with the employers and the employers' representative organizations to support and implement more favorable regimes and conditions than those stipulated by the labor laws;
- Organize activities to take care of and improve the living standards, cultural and spiritual life; encourage, reward and support in case of illness, maternity, difficulties, tribulations and other caring activities for trade union members and employees;
- Organize legal support activities for trade union members and employees in the following forms: providing legal advice; participating in proceedings as a defender of legitimate rights and interests or a defense counsel; providing out-of-court representation at competent state agencies.

Secondly, the Law on Trade Union 2024 supplements three cases of exemption, reduction, or suspension of trade union dues under Article 30, including:

- Enterprises, cooperatives, and cooperative unions that are dissolved or bankrupt in accordance with the law shall be considered for exemption from the unpaid trade union dues;
- Enterprises, cooperatives, and cooperative unions that encounter difficulties due to economic reasons or force majeure may be considered for a reduction of trade union dues;
- Enterprises, cooperatives, or cooperative unions that encounter difficulties and have to suspend their production and business, leading to the



inability to pay trade union dues, may be considered for a suspension in payment of trade union dues for a period not exceeding 12 months. It is noted that upon expiration of the suspension period, enterprises, cooperatives, and cooperative unions shall continue to pay trade union dues and make up for the trade union dues of the suspension period. The deadline for making up the unpaid payment is the last day of the month following the month in which the suspension of payment ends. The making-up amount is equal to the payable amount of the months of suspension.

Thirdly, the Law on Trade Union 2024 amends and supplements the regulations on management and use of trade union finance and supplements the requirements for disclosure of trade union finance. In the Law on Trade Union 2012, some regulations on trade union finance are still general and the mechanism for monitoring and ensuring publicity and transparency is unclear. Therefore, to address this issue, the Law on Trade Union 2024 has added a number of implementation principles which emphasize the concentration, publicity, transparency, thriftiness, efficiency, with assignment and decentralization of management in association with the authority and responsibilities of trade unions at all levels, and at the same time, ensure compliance with relevant legal provisions (clause 1, Article 31 of the Law on Trade Union 2024). In addition, the Law on Trade Union 2024 also adds the tasks for which trade union finance could be used and requires trade unions at all levels to publicly disclose trade union finance annually at the trade union executive committee meetings and also make relevant disclosure in one of the following forms:

- Posting at the working offices of agencies, organizations, units, and enterprises;
- Notifying in writing to relevant agencies, organizations, units, enterprises and individuals;
- Making announcement at the annual conference of cadres, civil servants, public employees and employees;
- Posting on the websites of agencies, organizations, units and enterprises.

COMMENTS AND RECOMMENDATIONS

The Law on Trade Union 2024 has made numerous changes to suit the actual organization and operation of trade unions, and at the same time overcome limitations and shortcomings of the Law on Trade Union 2012, especially the regulations related to trade union finance and the policies on exemption, reduction, and suspension of payment of trade union dues. In addition to the contents mentioned above, enterprises need to update and study other provisions of the Law on Trade Union 2024 and future guiding documents to ensure their compliance.

HIGHLIGHTS OF LAW ON HEALTH INSURANCE

PHAN THI HOANG HAI

Participating in health insurance is one of the fundamental rights of citizens, which has been stipulated in the Law on Health Insurance 2008 and its guiding documents. However, after 15 years of implementation, the Law on Health Insurance 2008 has revealed certain limitations and shortcomings. As a result, on November 27, 2024, the National Assembly issued Law No. 51/2024/QH15 to amend and supplement several provisions of the Law on Health Insurance (**Law on Health Insurance 2024**). Below are some highlights of the Law on Health Insurance 2024.



Firstly, the Law on Health Insurance 2024 amends and supplements the regulations on health insurance participants, aiming to expand the scope of health insurance beneficiaries, ensuring alignment with the provisions of the Law on Social Insurance 2024, which focuses on some notable groups as follows:

(i) For the group of participants that the employer, the employee, or both jointly pay health insurance premiums:

- The employees working under labor contracts of at least three months are replaced with those working under definite-term labor contracts of at least one month, including cases where the employee and the employer engage in a contract with a different title but its content reflects paid work, wages, and the management, direction, or supervision of one party;

- Several participants eligible for health insurance are supplemented, including controllers, representatives of state capital, representatives of enterprise capital as prescribed by laws; members of the Board of Directors, General Directors, Directors, members of the Board of Controllers or controllers, and other elected managerial positions of cooperatives, cooperative unions under the Law on Cooperatives, whether they receive a salary or not; foreign employees working in Viet Nam under definite-term labor contracts of at least 12 months with employers in Viet Nam; owners of registered business households subject to compulsory social insurance participation under social insurance laws.
- (ii)** For the group of participants whose health insurance are paid by social insurance agencies: The

Law supplements the participants namely employees on leave receiving sick benefits for at least 14 working days in a month under social insurance laws; and individuals on leave receiving maternity benefits for at least 14 working days in a month under social insurance laws.

Secondly, the Law amends and supplements the regulations on health insurance premium rates and responsibilities to pay health insurance premiums as follows:

(i) For the participants specified in point a, c, d, and e, clause 1 Article 12 of the Law on Health Insurance 2024 (e.g., employees working under indefinite-term labor contracts, representatives of state capital receiving salaries): The Law on Health Insurance 2024 abolishes the regulation requiring social insurance agencies to pay monthly health insurance premiums at a maximum of 6% of an employee's monthly salary before maternity leave during the period that the employee is on maternity leave. Instead, if the employee is on maternity leave for at least 14 working days in a month, their health insurance premiums will be paid by the social insurance agency at a maximum rate of 6% of the reference level.

(ii) For participants such as enterprise managers, controllers, representatives of state capital not receiving salaries, owners of registered business households subject to compulsory social insurance participation under social insurance laws: The Law on Health Insurance 2024 has supplemented a provision that the health insurance premium rate is a maximum of 6% of the monthly salary used as the basis for compulsory social insurance premiums, and the payment will be made by the participants themselves.

Regarding the reference level for determining health insurance premium rates, the Law on Health Insurance 2024 stipulates that the reference level is an amount determined by the Government for calculating premium rates and benefits for certain health insurance participants. Accordingly, the reference level will still be based on the base salary. However, in case of changes in wage policies, the Government shall decide on a specific reference level. This regulation enhances flexibility in adjusting health insurance premium rates, addressing the limitations of the Law on Health Insurance 2008 with the lack of a mechanism and roadmap for increasing premium rates to align with the growing demand for expanding the health insurance fund's coverage; and it also tackles the issue that Viet Nam's health insurance premium rates and average value of health insurance card are significantly lower than that of many countries in the region and worldwide.

Thirdly, the Law supplements the regulations on late

payment, evasion of health insurance premiums payment, and corresponding measures for settling violations as follows:

(i) Adding the cases identified as employers delays the payment of health insurance premiums, which include:

- Failing to pay or failing to pay in full the amount of health insurance premiums after the deadline for health insurance premium payment;
- Failing to make a list or making an incomplete list of individuals required to participate in health insurance within 60 days from the deadline;
- Being subject to the cases not considered as evasion of health insurance payment under the Law on Health Insurance.

(ii) Adding the cases identified as employers evading the payment of health insurance premiums, which include:

- Failing to make a list or making an incomplete list of individuals required to participate in health insurance after 60 days from the deadline;
- Registering a salary used as the basis for paying health insurance premiums lower than the amount stipulated by the Law on Health Insurance;
- Failing to pay or failing to pay in full the amount of registered health insurance premiums after 60 days from the deadline for health insurance premium payment, despite being reminded by the competent authority under Government regulations;
- Being subject to other cases deemed as evading the payment of health insurance premiums as prescribed by the Government.

(iii) Adding measures to handle violations related to late payment and evasion of health insurance premiums payment, which include:

- Forcing the violators to make full payment of the delayed/evaded amount, plus a penalty of 0.03% per day calculated on the outstanding amount and the number of days of delaying/evading payment to the health insurance fund (replacing the previous measure of forcing the violators to make full payment of the unpaid amount plus interest at twice as much as the interbank interest rate);
- Imposing administrative sanctions on violators or prosecuting those who evade the payment of health insurance premiums for criminal liability;
- Excluding violators from eligibility for commendation or awards.

Previously, the Law on Health Insurance 2008 did not provide any specific definitions for late payment or evasion in payment of health insurance premiums, leading to difficulties in applying appropriate measures for each level of violation under administrative or criminal sanctions. Additionally, despite the available regulations on handling such violations, late payment and evasion of health insurance premiums still persist in many localities and enterprises. The

supplementation of the definitions and measures for late payment and evasion in payment of health insurance premiums, along with corresponding penalties, will facilitate the application of appropriate measures for settling violations as well as establish clear and deterrent sanctions.

COMMENTS AND RECOMMENDATIONS

The Law on Health Insurance 2024 has been enacted to improve policies and legal provisions on health insurance and address challenges and obstacles arising during the implementation of the Law on Health Insurance 2008. In addition to adjustments regarding health insurance participants, premiums rates, and payment responsibilities as well as provisions on late payment, evasion of health insurance premiums payment, the Law on Health Insurance 2024 also amends and supplements regulations on the scope and level of benefits for health insurance participants, payment methods, and other related matters. The Law on Health Insurance 2024 shall take effect on July 1, 2025; therefore, enterprises and individuals should promptly update the new provisions of the Law to fully understand their health insurance benefits and ensure compliance with the legal provisions on health insurance.



NOTABLE CONTENTS OF LAW ON VALUE-ADDED TAX 2024

TU THI PHUONG UYEN

On November 26, 2024, the National Assembly enacted the Law on Value-Added Tax 2024 (**Law on VAT 2024**), replacing the Law on Value-Added Tax 2008 and its amendments and supplements. The Law on VAT 2024 is developed and promulgated with the aim of refining VAT policies to enhance and broaden revenue sources, stabilize the state budget revenues, address the recent issues in implementing the Law on VAT, as well as reform administrative procedures to facilitate and protect the rights of taxpayers. The Law on VAT 2024 will take effect from July 1, 2025 with several notable provisions as follows:

Firstly, the Law on VAT 2024 supplements the regulations on taxpayers to align with the law on tax administration and VAT-related guiding documents, specifically:

- Organizations and individuals engaged in production and business activities in Viet Nam purchasing services (including cases where services are associated with goods) from foreign organizations that do not have any permanent establishment in Viet Nam, or from non-resident foreign individuals, except as stipulated in clause 4 and 5, Article 4 of the Law on VAT 2024; organizations engaged in production and business activities in Viet Nam purchasing goods and services to explore, develop, and exploit oil and gas fields from foreign organizations that do not have any permanent establishment in Viet Nam, or from non-resident foreign individuals.
- Foreign suppliers without permanent establishments in Viet Nam doing e-commerce business or digital platform-based business with organizations and individuals in Viet Nam (foreign

suppliers); organizations managing foreign digital platforms that deduct and pay tax incurred by foreign suppliers on their behalf; organizations doing business in Viet Nam that apply credit-invoice method to calculate VAT on services purchased from foreign suppliers without permanent establishments in Viet Nam via e-commercial channels or digital platforms, deduct and pay tax incurred by foreign suppliers on their behalf.

Secondly, the Law on VAT 2024 amends and supplements the regulations on non-taxable subjects and tax rates, including:

- Amending regulations on capital transfer not subject to VAT. When complying with the applicable regulations, enterprises and tax authorities have faced difficulties in determining if transferring investment projects or selling assets qualifies as capital transfer activity and whether it is subject to VAT. According to the Ministry of Finance, it is necessary to clarify the difference between capital ownership transfer (reflecting changes in capital) and asset transfer. Therefore, the Law on VAT 2024 amends the capital transfer provision as follows: *“Capital transfer includes the transfer of part or all of the capital invested in another economic organization (regardless of whether a new legal entity is established), transfer of securities, transfer of capital contribution right, and other forms of capital transfer as prescribed by law, including cases where an enterprise is sold to another enterprise for production or business purposes, and the acquiring enterprise inherits all rights and obligations of the sold enterprise in accordance with the law. Capital transfer under this provision*

does not include the transfer of investment projects or the sale of assets.”

- Adding “Imported goods to donate or sponsor the prevention, control, and recovery from disasters, natural disasters, epidemics and wars” to the non-taxable subjects for VAT. Previously, the Law on VAT only recognized “imported goods in cases of humanitarian aid and non-refundable aid” and “goods and services sold to foreign organizations, individuals, or international organizations for humanitarian aid and non-refundable aid to Viet Nam” as non-taxable subjects. This addition aims to encourage enterprises’ donations and sponsorship for humanitarian purposes to overcome the aftermath of disasters, natural disasters, epidemics, and wars.
- Supplementing specific definitions for goods and services subject to the 0% VAT rate, specifically:
 - (i) Exported goods including: Goods from Viet Nam sold to foreign organizations or individuals and consumed outside of Viet Nam; goods from Viet Nam’s domestic market sold to organizations in non-tariff zones and consumed within non-tariff zones to directly serve export production activities; goods sold in isolated areas to individuals (foreigners or Vietnamese citizens) who have completed exit procedures; goods sold at duty-free shops;
 - (ii) Exported services, which include Services directly provided to foreign organizations or individuals and consumed outside of Viet Nam; services directly provided to organizations in non-tariff zones and consumed within non-tariff zones to directly serve export production activities;
 - (iii) Other exported goods and services which include international transportation; rental services vehicles used outside the territory of Viet Nam; aviation and maritime services provided directly or through agents for international transportation, etc.

Thirdly, the Law amends and supplements the regulations on taxable price and time of tax determination to recognize and codify certain provisions in guiding documents, ensuring stability and transparency of the Law on VAT, including:

- Amending the regulations on taxable price for imported goods: Specifically, the taxable price for imported goods is the dutiable values as prescribed by the law on export and import duties, plus import duty, additional import duties under law (if any), special consumption tax (if any), plus environmental protection tax (if any).
- Supplementing the regulations on determination of deductible land price when calculating taxable price for real estate business activities, as well as taxable price for specific production and business activities such as transportation, loading and unloading;

tourism services under the form of travel agencies; pawn services; VAT-liable books sold at the published price (cover price); etc., as prescribed by the Government.

- Supplementing the regulations on the time of VAT determination, specifically: (i) For goods, it is the time of transfer of the ownership or the right to use the goods to the buyer or the time of invoicing, regardless of whether payment has been received; (ii) For services, it is the time of service provision completion or the time of invoicing for the service, regardless of whether payment has been received.
- Supplementing the time of VAT determination for goods and services as prescribed by the Government, including: (i) Exported and imported goods; (ii) Telecommunications services; (iii) Insurance business services; (iv) Electricity supply, electricity production, and clean water supply activities; (v) Real estate business activities; (vi) Construction, installation, and oil and gas activities.

Fourthly, the Law on VAT 2024 amends the regulations on VAT deduction conditions, for example:

- Amending the regulations on cases where “non-cash payment vouchers for purchased goods and services” are not required. Under the applicable Law on VAT, such vouchers are not mandatory for the “purchase of goods and services with a value of less than VND 20 million per transaction”. The Law on VAT 2024 stipulates that non-cash payment vouchers are mandatory for all purchases of goods and services, except for certain specific cases as prescribed by the Government. This amendment is based on the increasing prevalence of non-cash payment methods and aims to prevent invoice splitting.
- Adding “packing lists, bills of lading, and cargo insurance documents (if any)” to the VAT deduction dossier for exported goods. According to the Ministry of Finance, these documents are required to prove that goods have been physically exported, thereby reducing tax fraud risks.

Fifthly, the Law supplements the regulations on additional VAT declaration when declaring and deducting input VAT to align with the regulations on additional declaration in tax declaration dossiers under tax administration laws. Accordingly, when an enterprise detects any error or omission in the declared and deducted input VAT, it may submit an additional declaration before the tax authority or competent authority announces a decision on tax inspection or audit, in particular:

- If there is an incorrect declaration of input VAT for a month/quarter that results in an increase in VAT payable or a decrease in refundable VAT, the enterprise must submit a supplementary

declaration in the month/quarter in which the error is detected; the enterprise must pay the additional VAT payable or return the excess VAT refund and pay any applicable late payment interest to the state budget, or

- If there is an incorrect declaration of input VAT for a month/quarter that results in a decrease in VAT payable or only an increase or a decrease in the refundable VAT carried forward to the next month/quarter, the enterprise must submit a declaration in the month/quarter in which the error is detected.

COMMENTS AND RECOMMENDATIONS

The Law on VAT 2024 introduces significant changes that may generate major impacts on enterprises, individuals, and consumers. The legalization of regulations regarding the taxable price and the time of tax calculation not only enhances transparency but also helps mitigate legal risks and ensures consistency in tax management. Enterprises should proactively review their operations and update themselves on new regulations, particularly those related to VAT deduction conditions and the time of tax determination. Furthermore, they should take the initiative to contact and cooperate with tax authorities, thoroughly understand the detailed guidelines, and ensure effective compliance with the new regulations.

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