

LEGAL UPDATE VIETNAM

**Circular No. 23/2024/TT-NHNN on Offshore ESOP:
SBV Registration Removed**

Minimum Wage Regulations under Decree 74/2024/NĐ-CP

Decree No. 72/2024/NĐ-CP on VAT Reduction

Updated E-Wallet Regulations under Circular 40/2024/TT-NHNN

**July 2024
No. 1**

Circular No. 23/2024/TT-NHNN on Offshore ESOP: SBV Registration Removed

Circular No. 23/2024/TT-NHNN amends and supplements specific provisions of a previous circular regarding the Employee Stock Ownership Programs (ESOPs) in foreign countries. Here are the key changes:

1. The definition of "Organizations implementing foreign stock reward issuance programs" is expanded to include economic organizations linked to foreign organizations through share ownership or capital contributions.
2. The circular emphasizes that the ESOP must conform to foreign organizations' specific terms and conditions and not contradict Vietnamese laws.
3. **The circular abolishes the requirement to register ESOP with the State Bank of Vietnam.**
4. The reward form no longer includes "stock purchase rights." The reward forms include two types "**shares reward**" and "**no outbound cash flow**" reward. Vietnamese employees can only participate in the ESOP if the programs do not incur outbound cash flow, which is still strictly governed under Vietnam's foreign exchange control.
5. Certain rights associated with bonus stock purchases and usage of foreign currency by Vietnamese national workers have been abolished.
7. The procedure for opening and using the program execution account is simplified to primarily focus on receiving dividends and other lawful income related to the ESOP.
8. The reporting regime frequency changed from quarterly to monthly. The electronic submission of the report also becomes compulsory.

This circular becomes effective from 12 August 2024.

Minimum Wage Regulations under Decree 74/2024/NĐ-CP

The Government of Vietnam has issued Decree No. 74/2024/NĐ-CP, establishing new minimum wage standards for employees working under labor contracts. This decree replaces Decree No. 38/2022/NĐ-CP and became effective from 1 July 2024.

Minimum Wage by Region:

Region	Monthly Minimum Wage		Hourly Minimum Wage	
	(VND)	(USD)	VND	USD
I	4,960,000	198.40	23,800	0.95
II	4,410,000	176.40	21,200	0.85
III	3,860,000	154.40	18,600	0.75
IV	3,450,000	138.00	16,600	0.66

Employers must ensure compliance with the new minimum wage levels. Payroll practices should be reviewed and adjusted where necessary. Existing agreements that are more favorable to employees should continue to be honored unless otherwise agreed. These new wage standards are intended to protect better the income and living standards of employees across different regions in Vietnam.

Decree No. 72/2024/NĐ-CP on VAT Reduction

On 29 June 2024, the Vietnamese National Assembly passed Resolution No. 142/2024/QH15, subsequently leading to the issuance of Decree No. 72/2024/NĐ-CP. This decree outlines a significant policy to reduce value-added tax (VAT) to stimulate economic activity and provide financial relief to consumers and businesses.

The decree specifies a reduction in VAT rates; historically, such reductions have ranged from 1% to 2%. The exact percentage for this decree will be clarified in the official guidelines. This reduction policy is set to take effect immediately and will be valid for six months, from 1 July 2024 until 31 December 2024.

The policy aims to lower overall tax burdens, potentially leading to consumer price reductions, increased consumer spending, and higher business investments.

Decree No. 72/2024/NĐ-CP is a strategic initiative by the Vietnamese government to provide substantial economic relief through VAT reductions. Businesses are advised to stay informed on detailed guidelines and consult with tax professionals to ensure full compliance and maximized benefits.

Updated E-Wallet Regulations under Circular 40/2024/TT-NHNN

On 17 July 2024, the State Bank of Vietnam issued Circular 40/2024/TT-NHNN on payment intermediary services with a strong emphasis on electronic wallet services. Key changes include:

1. E-Wallet Issuance Procedure: Detailed procedures have been provided in the circular for issuing an e-wallet. This includes the provision of identification details and authorization letters by applicants. Furthermore, a comprehensive identity verification and validity check process has been implemented to ensure authenticity.
2. E-Wallet Agreement Content: Agreements for opening and using an e-wallet should include important details like user rights, responsibilities, fee regulations, transaction limits, etc.
3. Safety and Security Measures: The legislation provides comprehensive guidelines on safety and security measures to be taken while opening and using an e-wallet. These measures include robust encryption systems, multi-factor authentication, and rigorous ID verification processes. Any suspicious activity prompts the e-wallet provider to freeze the relevant accounts during investigations.
4. Linking of E-Wallets to Bank Accounts: The circular enforces strict rules and consequential penalties concerning linking e-wallets to customers' bank accounts and debit cards.
5. Transaction Limits Through E-Wallets: The circular implements new transaction limits and enforces a cap according to the type of account and verification status of the user. One notable change is a **maximum limit of VND100 million per month** for transactions via e-wallets. Also, **cash deposits are prohibited** unless specific conditions are met.
6. Transition Period: Customers who opened e-wallets before 1 October 2024 are given a transition period until 1 January 2026 to provide supplementary documents and information as required under this circular.

This circular shall come into effect on 1 October 2024.



CONTACT

Dilinh Legal

3F Broadway C Building
150 Nguyen Luong Bang Street
Tan Phu Ward, District 7
Ho Chi Minh City, Vietnam
[https://dilinh.com/
contact@dilinh.com](https://dilinh.com/contact@dilinh.com)

(Dee) Diep Hoang

Partner

M: [+84] 0947 406 026
diep.hoang@dilinh.com

Michael K. Lee

Partner

M: [+84] 0902 727 935
michael.lee@dilinh.com