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## *PwC Legal Vietnam NewsBrief*

# *Enforcement of Collection of Trade Union Fees*

Readers will be aware from our earlier NewsBriefs dated 16 January and 6 December 2013 that employers in Vietnam are required to pay trade union fees (“TUF”), and this requirement applies regardless of whether the company concerned has an in-house trade union or not.

Collection and enforcement of this requirement has to date been inconsistent. But this is now being focused on by the Government.

On 7th October, the Government issued Decree No. 88/2015/ND-CP, which takes effect from 25th November introducing legislation to penalize employers who fail to pay TUF.

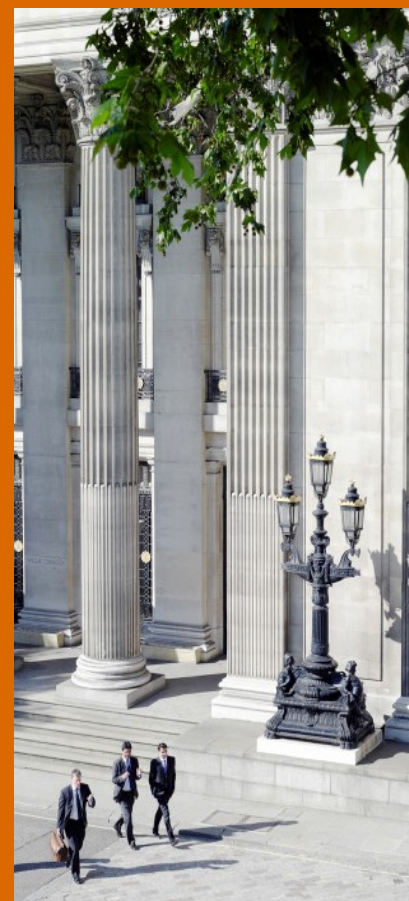
Under Decree 88, employers will be subject to penalties of up to VND75 million for failure to pay TUF properly. In addition to the penalty, the employer must pay all TUF due, together with interest thereon.

As a further measure to improve enforcement, in Ho Chi Minh City, we understand that the tax department and the labour federation aim to conclude a joint agreement under which the two parties will implement a coordination programme to support trade union organisations in collecting TUF more effectively. Any accrued unpaid TUF may be disallowed for corporate income tax purposes.

The issuance of Decree 88 as well as this coordination between the labour and tax authorities show that the Government is intent on collecting TUF more consistently.

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Please contact us if you need further information on this issue.



*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), Man Jong Hong (Korean Business), Bee Han Theng (Asian Chinese Business Services) in Ho Chi Minh City at phone (84-8) 38230796 or contact Le Anh Tuan (PwC Legal), Hironori Yasuda (Japanese Business) in Hanoi at phone (84-4) 39462246.*