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# NEWSLETTER

OCTOBER 2021

**- DETAILING AND GUIDING THE IMPLEMENTATION OF A  
NUMBER OF ARTICLES OF THE LAW ON SUPPORT FOR  
SMALL AND MEDIUM-SIZED ENTERPRISES -**



The Government issued last 26 August 2021 new Decree No. 80/2021/ND-CP Detailing and Guiding the Implementation of A Number of Articles of the Law on Support for Small and Medium-Sized Enterprises (“**Decree 80**”) which shall replace current Decree No. 39/2018/ND-CP Detailing A Number of Articles of the Law on Support for Small and Medium-Sized Enterprises (“**Decree 39**”) as from 15 October 2021.

This Newsletter highlights the remarkable changes in Decree 80 on support which are more favourable for the Small and Medium-sized enterprises (hereinafter collectively referred to as the “**SMEs**” or individually referred to as the “**SME**”).

## **1. New Definitions and Supplement to Principles on SMEs Support**

### a) New Definitions

- (i) *SMEs support program* is a collection of support contents and tasks to be performed by an agency or organisation within a limited period of time;
- (ii) *SMEs support plan* is a collection of objectives, solutions and budgets for provision of assistance to SMEs in annual and 5-year socio-economic development plans of the Ministries, ministerial agencies, governmental agencies, the People’s Committees of provinces;
- (iii) *SMEs assistance database* means database that provides for a collection of documents, knowledge, experience, information about SMEs according to the criteria specified by the Law on SMEs and Decree 80;
- (iv) *SME with high female employment rate* is an enterprise that has at least 50% of employees are female in case its total employees are fewer than 100; or having at least 30% of employees are female in case its total employees are at least 100;
- (v) *Direct training at SMEs* is the training that is provided at the enterprise and designed on demand in order to solve specific problems of the enterprise;
- (vi) *Online training for SMEs* is the training on the internet using information technology and multimedia to provide knowledge and skills for enterprises; and

*Chain leading enterprises* are enterprises at various scales that have commercial association with SMEs in the value chain; and that orient, control all or various stages of the value chain to create added value for products and services; and that sell products and provide services in the domestic and foreign markets.



### b) New Principles on SMEs Support

In addition to new definitions as set out above, Decree 80 also supplements several principles of supporting SMEs as follows:

- (i) In case of satisfying conditions for different types of supports, the SME may select the most favourable support;
- (ii) The general support for the SMEs as prescribed under the Law on SMEs shall also be granted to micro-enterprises and SMEs satisfying the conditions specified in Decree 80; and
- (iii) The SMEs being converted from household businesses, start-ups or the SMEs participating in industry clusters, value chains shall be entitled to the separate support specified in Decree 80, with remarkable supports as listed below:
  - SMEs being converted from household businesses shall be supported in preparation of documents and completion of procedures for enterprise establishment; exemption of business license fee, etc.
  - Start-ups shall be supported with technical facilities, incubation facilities, co-working spaces, consultancy of use and development of intellectual property, etc.; and
  - SMEs participating in industry clusters, value chains shall be entitled to certain supports in relation

to training, brand development, market expansion, etc.

## **2. New Criteria for Determination of Operation Fields of SMEs and Identification of Start-ups**

### **a) Determination of Operation Fields of SMEs**

Under Decree 39, in case a SME operates in multiple fields, the operation field for the purpose of determining whether the enterprise is entitled to incentives shall be the field from which the SME earns the highest revenue; or in case this method is inapplicable, it shall be the field for which such SME employs the most employees.

Decree 80 has changed criteria for the determination of operation field. In particular, the operation field of SMEs shall be the main business line registered with the business registration authority.

This revision is to simplify the determination of operation field of the SMEs, where most of SMEs, under the previous regulation, found it complicated and time consuming to separate their revenue and number of employees of each of its operational fields to identify which one has highest revenue or use largest number of employees.



### **b) Identification of Start-ups**

Both Decree 39 and Decree 80 provide for supports for start-ups, such as supports related to technical facilities, incubation facilities, co-working spaces, advanced training and so on.

Although the Law on SMEs provides for a definition of start-ups, there is no specific criteria either under that Law or Decree 39 that is useful to determine a start-up. Decree 80, upon issuance, supplemented specific criteria to identify a start-up. An enterprise shall qualify as a start-up if meeting one of the following criteria:

(i) implementing production, trading business of products derived from

inventions, useful solutions, industrial designs, integrated circuit designs, computer software, cell phone applications, cloud computing, new animal breeds, plant varieties, aquatic organism breeds; or

(ii) implementing production, trading business of products that are created from trial production projects, prototypes and technology completion; production, trading business of products that have been awarded national, international prizes for entrepreneurship, start-ups and other science and technology prizes according to the laws on science and technology prizes; or

(iii) having new technological solutions or business models that might increase the enterprise's revenue by at least 20% in two consecutive years.

## **3. New Regulations on Support for SMEs**

### **a) Support on Technology for SMEs**

Technology support is new regulation which is for the first time set out in Decree 80. Details on that type of support are set out in the **Table 1** below.

### **b) Support on Consultancy for SMEs**

SMEs are able to approach a network of consultants for support in using consultancy services on human resources, finance, production, trading, markets, internal management and other related production - business activities of enterprises.

In comparison with Decree 39, Decree 80 supplements supports for SMEs which employ numerous female employees or social SMEs entitled to incentives. Details of those supports are set out in the **Table 2** below.

### **c) Support on Human Resource Development Training Courses**

While inheriting and amending a number of contents of Decree 39 relating to norms and supporting objects regarding business start-up and corporate governance, vocational training support and direct training at enterprises, Decree 80 also comprises provisions on building online training programs, training on other mass media for the SMEs and the right of SMEs to have free

access to and participate in those online lectures and training courses.

To encourage female entrepreneurs to establish and develop businesses, Decree 80 also adds the regulations to support 100% of the total cost of a direct training course at production and processing SMEs owned by female owner or employing numerous female employees or social SMEs with a limit of one course/ year/enterprise.



industry or field or in related industries and fields within a defined administrative geography with the participation of business support organisations;



#### **4. Specific Regulations on Industry Clusters and Value Chains for Supporting SMEs**

##### **a) Criteria to Identify Industrial Clusters and Value Chains for Supporting SMEs**

According to the Law on SMEs, industry cluster means a form of linkage among enterprises in the same industry and related enterprises and organisations for mutual cooperation and competition and value chain means a linked network that creates added value to a product or service, including consecutive stages from formation of an idea, designing, production to distribution of products to consumers.

Instead of stipulating the same criteria for selecting industry clusters and value chains as in Decree 39, Decree 80 now separates the criteria for identifying industry clusters and the value chains. In particular,

- (i) the industry clusters must concurrently satisfy following conditions: having at least 10 enterprises associated with production and business in the same

- (ii) the value chains must concurrently satisfy following conditions: manufacturing and distributing products to consumers; having the chain leading enterprises in the value chains; and having SMEs which are able to supply products and services to the chain leading enterprises in the value chains.

##### **b) Content of Supporting SMEs in Joining Industry Clusters and Value Chain**

The content and threshold of support for SMEs in Joining Industry Clusters and Value Chain are set out in the **Table 3** below.

##### **c) Support on Interest Rate**

Decree 80 supplements regulations on interest rate support for start-ups and SMEs participating in industry clusters and value chains. In particular:

- (i) those enterprises shall enjoy support on post-investment interest rate whereby one enterprise shall receive such support for one project in a certain period; and
- (ii) the difference in interest rates relating to loans granted to those enterprises by credit institutions shall be subsidized by State budget at the rate of 2%/year.

**Table 1 - Support on Technology for SMEs**

Technology Support	Threshold of Support
Value of consultancy contract on digital transformation solutions	<ul style="list-style-type: none"> <li>▪ Up to 50% of contract value; and</li> <li>▪ Not exceeding:               <ul style="list-style-type: none"> <li>✓ 50 million Vietnam Dong /contract/year for small-sized enterprise; or</li> <li>✓ 100 million Vietnam Dong /contract/year for medium-sized enterprise</li> </ul> </li> </ul>
Cost of renting and purchasing digital conversion solution to automate, improve the efficiency of business processes, administration processes, production processes, technological processes in enterprises and transform business models	<ul style="list-style-type: none"> <li>▪ Up to 50% of the cost; and</li> <li>▪ Not exceeding:               <ul style="list-style-type: none"> <li>✓ 20 million Vietnam Dong /year for micro-enterprise; or</li> <li>✓ 50 million Vietnam Dong /year for small-sized enterprise; or</li> <li>✓ 100 million Vietnam Dong / year for medium-sized enterprise</li> </ul> </li> </ul>
Value of consultancy contracts on exploitation and development of intellectual property	<ul style="list-style-type: none"> <li>▪ Up to 50% of contract value; and</li> <li>▪ Not exceeding 100 million Vietnam Dong /contract/year/SME</li> </ul>
Value of technology transfer consultancy contracts	<ul style="list-style-type: none"> <li>▪ Up to 50% of value of contract; and</li> <li>▪ Not exceeding 100 million Vietnam Dong /contract/year/SME</li> </ul>

**Table 2 - Support on Consultancy for SMEs**

Type of SMEs	Threshold of Support
Micro-enterprise	<ul style="list-style-type: none"> <li>▪ 100% of value of consultancy contract; and</li> <li>▪ Not exceeding:               <ul style="list-style-type: none"> <li>✓ 50 million Vietnam Dong/ year/ micro-enterprise; or</li> <li>✓ 70 million Vietnam Dong /year/ micro-enterprise owned by female owner, or enterprise employing numerous female employees or social micro-enterprise</li> </ul> </li> </ul>
Small enterprise	<ul style="list-style-type: none"> <li>▪ Up to 50% of value of consultancy contract; and</li> <li>▪ Not exceeding:               <ul style="list-style-type: none"> <li>✓ 100 million Vietnam Dong/ year/ small-sized enterprise; or</li> <li>✓ 150 million Vietnam Dong /year/ small-sized enterprise owned by female owner, or enterprise employing numerous female employees, or social small enterprise</li> </ul> </li> </ul>
Medium enterprise	<ul style="list-style-type: none"> <li>▪ Up to 30% of value of consultancy contract; and</li> <li>▪ Not exceeding:               <ul style="list-style-type: none"> <li>✓ 150 million Vietnam Dong/ year/ medium-sized enterprise; or</li> <li>✓ 200 million Vietnam Dong /year/ medium-sized enterprise owned by female owner, or enterprise employing numerous female employees, or social medium-sized enterprise</li> </ul> </li> </ul>

**Table 3 - Content of Supporting SMEs in Joining Industry Clusters and Value Chain**

Content of Support	Threshold of Support
Training support	<ul style="list-style-type: none"> <li>▪ Up to 50% of the cost; and</li> <li>▪ Not exceeding:               <ul style="list-style-type: none"> <li>✓ 50 million Vietnam Dong/course/year/enterprise; or</li> <li>✓ 10 million Vietnam Dong/trainee/year with no more than 03 trainees/enterprise/year.</li> </ul> </li> </ul>
Support for development of linkage capacity between production and business	<ul style="list-style-type: none"> <li>▪ Up to 100% of value of consultancy contract for comprehensive assessment and not exceeding 30 million Vietnam Dong/contract/year/enterprise; and</li> <li>▪ Up to 100% of value of consultancy contract for advanced technical upgrade for SMEs and not exceeding 100 million Vietnam Dong/contract/year/enterprise.</li> </ul>
Information, brand development, market connection and expansion support	<ul style="list-style-type: none"> <li>▪ Up to 50% of value of consultancy contract for successful registration of accounts for selling products and providing services of international e-commerce platforms and not exceeding 100 million Vietnam Dong/contract/year/enterprise;</li> <li>▪ Up to 50% of the cost of maintaining accounts on domestic and international e-commerce platforms and not exceeding 50 million Vietnam Dong/year/enterprise with no more than 02 years since such account is successfully registered on the e-commerce platform;</li> <li>▪ Not exceeding 50 million Vietnam Dong/year/enterprise for the cost of venue rental, travel expenses, etc. for domestic events in trade fairs and exhibitions;</li> <li>▪ Not exceeding 70 million Vietnam Dong/year/enterprise for the cost of venue rental, travel expenses, etc. for overseas events in trade fairs and exhibitions;</li> <li>▪ Up to 100% of value of consultancy contract for procedures of establishment, transfer, exploitation and protection of intellectual property rights and not exceeding 50 million Vietnam Dong /contract/year/enterprise; and</li> <li>▪ Up to 100% of value of consultancy contract for searching information, brand development, market connection and expansion and not exceeding 20 million Vietnam Dong/contract/year/enterprise.</li> </ul>
Consultancy support on standards, technical regulations, measurement, quality	<ul style="list-style-type: none"> <li>▪ Up to 100% of value of consultancy contract; and               <ul style="list-style-type: none"> <li>✓ not exceeding 10 million Vietnam Dong/contract/year/enterprise for contract regarding support for enterprises to build and apply basic standards;</li> <li>✓ not exceeding 50 million Vietnam Dong /contract/year/enterprise for contract regarding support for enterprises to build and apply quality management system;</li> </ul> </li> <li>▪ Up to 50% of the cost of expenses for verification,</li> </ul>

	<p>calibration and testing of measuring instruments, etc. and not exceeding 10 million Vietnam Dong/year/enterprise; and</p> <ul style="list-style-type: none"> <li>▪ 100% of the cost of product certification in conformity with technical regulations and not exceeding 20 million Vietnam Dong /product/year/enterprise</li> </ul>
<p>Support for implementation of the procedures for trial production, inspection, assessment and quality certification</p>	<ul style="list-style-type: none"> <li>▪ 100% of the cost for testing, inspection, assessment and certification of product and goods quality and not exceeding 30 million Vietnam Dong/year/enterprise;</li> <li>▪ Up to 50% of the cost of ordering testing establishments, institutes to research, test and develop products and services, and not exceeding 30 million Vietnam Dong/year/enterprise; and</li> <li>▪ Up to 50% of the cost of using equipment at technical establishments supporting SMEs and not exceeding 50 million Vietnam Dong /year/enterprise.</li> </ul>

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