



## POLICIES TO SUPPORT BUSINESSES DURING THE COVID-19 PANDEMIC

### 1. The People's Committee of Ho Chi Minh City is finalizing the policy to support enterprises in Ho Chi Minh City

The People's Committee of Ho Chi Minh City is finalizing the draft *Plan for the implementation of the Set of Priority Criteria to support enterprises in Ho Chi Minh City according to the support package of the Government and the City ("the Criteria Set")* in order to promptly deploy to support businesses in quickly overcoming the consequences, soon stabilizing, restoring production and business as well as fulfilling the goal of both prevention and control of the Covid-19 epidemic, contributing to the program of Ho Chi Minh City implementing the "dual goal" of both economic recovery and development, ensuring social security.

Supported enterprises will be Vietnamese enterprises established or registered under Vietnamese law and headquartered in Ho Chi Minh City where priority is given to small and medium-sized enterprises, and at the same time, such enterprises must meet the Criteria Set.

The Criteria Set evaluates priority on the basis of 7 criteria with a scale of 100 and is calculated as follows:

(1) Degree of damage (shown by comparing the decrease in revenue,

quantity and value of canceled contracts, loss of jobs, lack of capital for importing raw materials, payment of other costs, etc.): 20 points.

(2) Ability to restore production and business, create jobs (showing contracts, plans, investment projects for production and business development, labor attraction, etc.), which can be deployed after receiving support): 20 points.

(3) Exemplary in law observance (not violating legal regulations in production and business activities...): 20 points.

(4) Business efficiency (shown by tax contribution to the city budget according to the production scale of the unit): 10 points.

(5) Having a process of applying environmental protection technology in production and business (through certifications, plans, projects...): 10 points.

(6) Positive contribution to the city's export activities: 10 points.

- (7) Ensuring the Safety Index in production and business in the prevention and control of COVID-19: 10 points.
- (8) The Criteria Set provides detailed instructions on how to calculate and the scale of the criteria to be scored as well as provides specific

examples guiding how to score the corresponding criteria.

Based on the assessment according to this Criteria, Ho Chi Minh City will then deploy business support under the Government's support package as soon as Ho Chi Minh City is granted this support package.

## 2. The State Bank has supplemented regulations on rescheduling debt payment and loan interest exemption for customers affected by the Covid-19 epidemic

On 02 April 2021, the State Bank issued Circular 03/2021/TT-NHNN (**Circular 03/2021**) amending and supplementing Circular 01/2020/TT-NHNN giving regulations for credit institutions and foreign bank branches to reschedule debt repayment terms, exempt and reduce interest and fees and maintain the same debt group in order to continue to support customers affected by Covid-19.

Circular 03/2021 takes effect from 17 May 2021 and has a number of notable new regulations as follows:

### ❖ 8 conditions for rescheduling repayment term

According to Circular 03/2021, credit institutions will reschedule the repayment term for the outstanding balance of the debt when fully meeting the following 8 conditions:

- (1) Debts arising before 10 June 2020 from lending and financial leasing activities.

- (2) Having an obligation to repay principal and/or interest during the period from 23 January 2020 to 31 December 2021.

- (3) The outstanding balance of a debt that is rescheduled for repayment falls into one of the following three cases: (i) the outstanding balance of the debt is due or overdue up to 10 days from the due date of payment, the term of debt repayment under contracts or agreements; or (ii) the outstanding balance of the debt arising before 23 January 2020 and overdue between 23 January 2020 and 29 March 2020; and (iii) outstanding balance of the debt arising from 23 January 2020 and overdue before 17 May 2021.

- (4) Being assessed by the credit institution that the customer is unable to repay the principal and/or interest on time according to the contract or agreement caused by a decrease in revenue and income due to

the impact of the Covid-19 epidemic.

- (5) The customer has requested the repayment term rescheduling and the credit institution assesses that the customer has the ability to fully repay the principal and/or interest according to the rescheduled repayment term.
- (6) The credit institution fails to restructure the repayment term for the debt that violates the law.
- (7) The time for rescheduling the repayment term (including the case of debt extension) is suitable to the extent of the impact of the Covid-19 epidemic on customers and must not exceed 12 months from the date the credit institution implements rescheduling the repayment term.
- (8) The rescheduling of debt repayment term for customers will be carried out until 31 December 2021.

❖ **About exemption and reduction of interest and fees**

Credit institutions will decide on the exemption or reduction of interest and fees according to internal regulations for outstanding balances of debts arising before 10 June 2020 from credit extension activities (*except for buying and investing in corporate bonds*) but the obligation to repay the principal and/or interest is due between 23

January 2020 and 31 December 2021 and the customers are unable to repay on time the principal and/or interest according to the contract or agreement caused by a decrease in revenue and income due to the impact of the Covid-19 epidemic.

The exemption and reduction of interest and fees for customers will be implemented until 31 December 2021.

❖ **Maintaining the same debt group**

For the balance of debts arising before 23 January 2020, Credit institutions maintain the same group of debts, accordingly, the debt balance will have the repayment term rescheduled, the debt balance will be exempted from or reduced by any interest. This debt balance includes the debt balance that has been rescheduled, exempted from, reduced by any interest and has debt groups adjusted according to regulations of the State Bank of Vietnam in the period from 23 January 2020 to 29 March 2020.

For the balance of debts arising from 23 January 2020 to before 10 June 2020, credit institutions keep the same group of debts at the nearest time before the date of restructuring the repayment term/exemption or reduction of interest/ overdue debt.

With the newly amended and supplemented regulations as aforesaid, Circular 03/2021 partly helps businesses to be more favorable in business recovery.



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