

# LEGAL ALERT

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## New Decree on Labour Outsourcing Activities

On 20 March 2019, the Government issued Decree 29/2019/ND-CP (“**Decree 29**”) implementing Article 54.3 of Labour Code on licensing of labour outsourcing activities and on payment of escrow deposit and providing list of jobs for which labour may be outsourced. Decree 29 came into effect on 5 May 2019 and replaces Decree 55/2013/ND-CP dated 22 May 2013 (“**Decree 55**”).

Please see below a number of notable changes introduced by Decree 29.

No.	Matter	Notable Changes	
		Current Decree 55	New Decree 29
1	Legal capital	VND2 billion, equivalent to USD100,000	Not required
2	Conditions regarding head office, branch or representative office of the labour outsourcing enterprise	Required and provided in Article 7	Not required
3	Authority to issue, extend, reissue and withdraw the licence for labour outsourcing activities (“ <b>Licence</b> ”)	The Minister of Labor, Invalids and Social Affairs	The Chairperson of the provincial People’s Committee where the enterprise’s headquarters is located
4	Term of the Licence	36 months at maximum	60 months at maximum
5	Extension of the Licence	Maximum number of extensions: 2 times; Maximum duration of each extension: 24 months	Maximum number of extensions: no limit specified; Maximum duration of each extension: 60 months

6	Use of escrow deposit monies (if the labour outsourcing enterprise breaches the labour contract entered into with the subleased employee or causes loss and damage to the subleased employee as a result of the enterprise's failure to ensure the lawful rights and interests of such subleased employee)	Used to (i) make payment of wages or (ii) pay compensation to the subleased employee	Used to (i) make payment of wages, allowances, social insurance, medical health insurance, unemployment insurance, insurance for a work related accident or occupational disease, or (b) pay compensation to any subleased employee
7	List of jobs for which labour may be outsourced	Comprises of 17 jobs	Comprises of 20 jobs, Remains the same as the List provided in Decree 55, except for the addition of the three items including (i) Managers, operators, maintenance staff and service staff on ships; (ii) Managers, supervisors, operators, repairers, maintenance workers and service staff on oil rigs; and (iii) Aircraft pilots and service staff on aircraft, aircraft and aircraft equipment maintenance and repair personnel; flight controllers and flight dispatchers/surveillance personnel.

If you have any questions or require further information, please contact [Duc Tran](#) of ZICO Law (Vietnam) Ltd.

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