**LEGAL UPDATE (May 25th, 2022)**

In this issue, we would like to bring to your attention to the following:

* New Circular supporting small and medium innovative businesses.
* Supporting interest rate of 2%/year from the state budget with loans from businesses.
1. **New Circular supporting small and medium innovative businesses**

The Ministry of Planning and Investment has just issued Circular No. 06/2022/TT-BKHDT guiding a number of articles of the Government's Decree No. 80/2021/ND-CP detailing and guiding the implementation of a number of articles of the Law on Supporting Small and Medium Enterprises (SMEs).

According to this Circular, the supporting activities include: consulting; human resource development; supporting innovative start-up SMEs; supporting SMEs to join industry clusters and value chains; content of managing activities to support SMEs.

Targets of supporting activities are enterprises established, organized and operating in accordance with the law on enterprises and meeting the provisions of Chapter II of Decree No. 80/2021/ND-CP on criteria for identifying SMEs.

The Circular clearly states that agencies and organizations supporting SMEs give priority to allocating funds to support women-owned SMEs, SMEs employing a lot of female workers, SMEs being social enterprises; Pursuant to the provisions of Article 5 of Decree No. 80/2021/ND-CP to select the criteria for determining the size of micro enterprises, small enterprises and medium enterprises, ensuring that enterprises enjoy a beneficial level of support best.

Regarding supporting for innovative startups, the Circular clearly states that innovative start-up SMEs are supported according to the content and level of support specified in Article 22 of Decree No. 80/2021/ND-CP. Agencies and organizations supporting SMEs provide support in accordance with the provisions of this Circular and a number of specific regulations such as supporting SMEs' students to participate in domestic and foreign training programs, including: tuition fees, materials, meals, accommodation, travel (including airfare).

Besides, the Circular also provides supports for SMEs to maintain accounts on e-commerce platforms; supports SMEs to participate in international competitions on innovative start-ups, including: fees and fees for participating in the contest; eat and stay in the host country; travel (including airfare); transport documents, products, equipment for participating in the contest.

This Circular takes effect from June 25th, 2022.

**2. Supporting interest rate of 2%/year from the state budget with loans from businesses**

The Government has issued Decree 31/2022/ND-CP dated May 20th, 2022 on supporting interest rate from the State budget for loans of enterprises, cooperatives and business households.

Accordingly, the interest rate supporting for enterprises, cooperatives and business households is 2%/year, calculated on the loan balance. The actual loan term supported must be within the specified period.

The term of support is calculated from the date of loan disbursement to the time when the customer pays off the principal, but must not exceed December 31st, 2023.

To be supported, customers need to meet the following conditions:

*-* The customer has requested interest rate support, meets the loan conditions in accordance with the current law on lending activities of credit institutions, foreign bank branches;

*-* Interest-supported loan is a loan in VND that has a loan agreement signed and disbursed during the period from January 1st, 2022 to December 31st, 2023 and has not received supports from the state budget.

Decree 31/2022/ND-CP takes effect from May 20th, 2022.

We hope this Newsletter would bring you useful information.

Best regards.

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