

Recent Legal Developments in Vietnam

1. New Decree relating to enterprise registration

On 23 August 2018, the Government promulgated Decree No. 108/2018/ND-CP (“**Decree 108**” or the “**New Decree**”) amending and supplementing some articles of the Decree No. 78/2015/ND-CP relating to enterprise registration. The Decree 108 will take effect on 10 October 2018. There are some noticeable points under the Decree as follows:

- (i) Enterprises are not obliged to affix its seal on the application form of enterprise registration, notification on change of enterprise registration information, resolution, decision, meeting minutes in the application dossier for enterprise registration¹.
- (ii) The letter of authorization (POA) for individual to implement procedures in relation to enterprise registration is not required to be notarized or certified².
- (iii) Copy of Charter or an equivalent document of the company’s owner if the company’s owner is an organization” is no longer included in the registration dossier for establishment of a one member limited liability company³.
- (iv) Enterprises may register to convert the enterprise form simultaneously with changes of other enterprise registration information, except for change of legal representative⁴.
- (v) Enterprises have the right to set up business locations outside the province or city where the enterprise locates its head office.⁵
- (vi) In case implementing procedures for notification of seal forms via the electronic network, enterprises shall not have to submit dossiers notifying seal specimens by paper to the Business Registration Office.⁶
- (vii) When decreasing the charter capital, enterprises do not need to enclose latest financial statement.⁷
- (viii) In case the founding shareholders of joint stock companies do not pay or only pay for a part of the number of shares they registered to buy upon establishment of the enterprise, the enterprise has the responsibility to file a notice of change of founding shareholders’ information within 30

¹ Decree 108, Article 1.1

² Decree 108, Article 1.2

³ Decree 108, Article 1.4

⁴ Decree 108, Article 1.5

⁵ Decree 108, Article 1.9

⁶ Decree 108, Article 1.10

⁷ Decree 108, Article 1.14

days from the due date on which the founding shareholders must make full payment of shares which they registered to buy.⁸

2. New Regulation on Vietnam Standard Industrial Classification

On 6 July 2018, the Prime Minister of Vietnam has promulgated the Decision No. 27/2018/QĐ-TTg on Vietnam Standard Industrial Classification to replace, amend and supplement Decision No. 10/2007/QĐ-TTg dated 23 January 2007 and Decision No. 337/QĐ-BKH dated 10 April 2007 (“**Decision No. 27**” or the “**New Decision**”). This Decision takes effect from 20 August 2018.

The New Decision provides numerous amendments. Notable amendments are listed below.

- (i) The Decision No. 27 provides for five (5) levels of classification for each category, which is similar to the former decision⁹. However, a number of new sectors in level 4 and level 5 have been supplemented. To be specific, the number of sectors in level 4 increases from 437 to 486, and from 642 to 734 in level 5¹⁰. The detailed information can be found in Appendix I of the Decision.
- (ii) The Decision No. 27 provides further guidance and clear explanation on economic activities which are categorised in each sector. The detailed information can be found in Appendix II of the Decision. For instance, in comparison to the old ones, the economic sector on electronic manufacture in the new Decision is further divided into 6 specific sectors including hydroelectric, coal-fired power, nuclear energy, wind power, solar power, natural gas power and other types of energy.
- (iii) The New Decision also provides concepts and definitions pertaining to economic activities and economic sectors. Accordingly, economic activities is defined as the process of using materials, machines, facilities, labour, technology, information network, etc. to create new products and services. Economic sectors in the Vietnam Standard Industrial Classification is the gathering of similar economic activities based on factors arranged in the order of priority: (a) manufacturing process and technology of economic activities; (b) input materials; and (c) characteristics of the output products. Economic sectors are different from managing sectors and occupations.

⁸ Decree 108, Article 1.16

⁹ Decision No. 27, Article 3.1

¹⁰ Decision No. 10/2007/QĐ-TTg, Article 1 and Decision No. 27, Article 3.1

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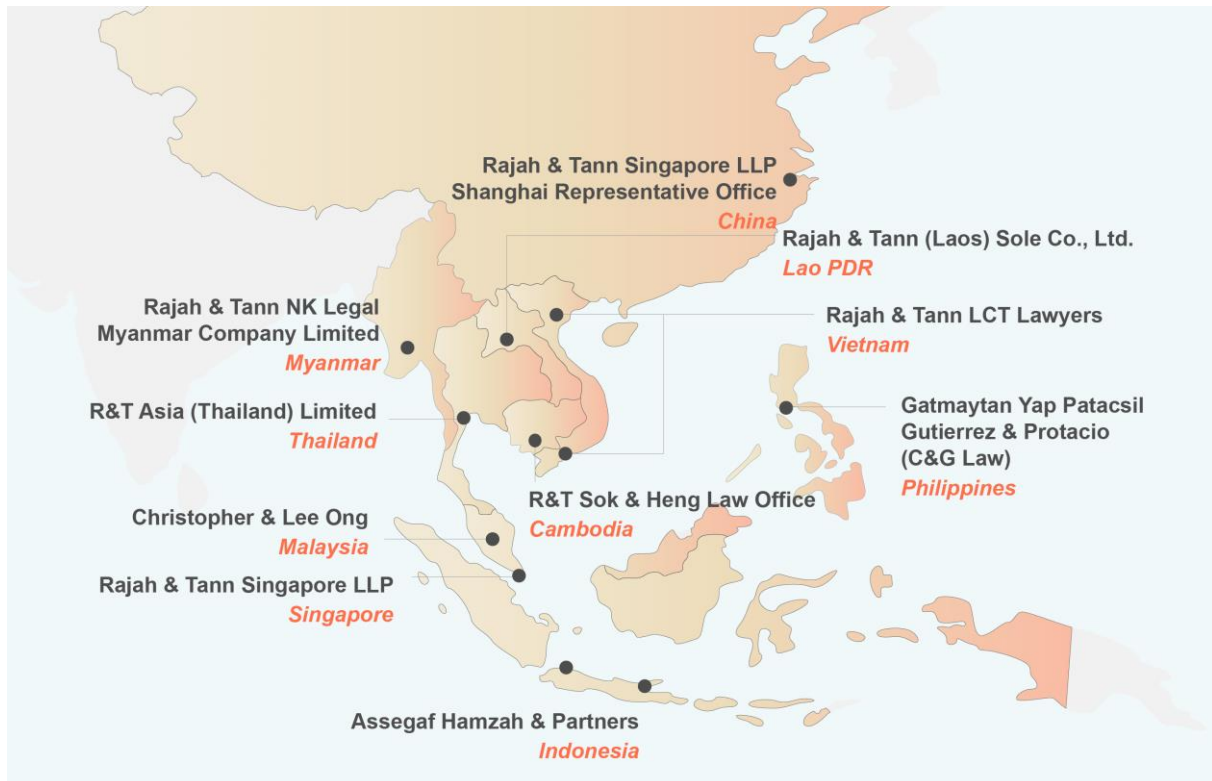
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