

Our Asia Counsel Insights provide an overview of the key trending legal and business issues in Vietnam and how they may impact your business. Please enjoy your read.

Key Dates

- AGMs must be held by 30 April.
- Enterprises need to make quarterly provisional CIT payments by end of April.
- A borrower of a foreign loan must make report to the provincial SBV about the status of its loan in Q1 latest by 5 April.
- A public holiday for Hung Vuong Remembrance Day will be on 18 April 2016.



Banking Wrap

Foreign Loans

Our last edition of Asia Counsel Insights reported on Circular 03/2016/TT-NHNN dated 26 February 2016 in relation to the registration of foreign loans. In this edition, we report on other legal issues under Circular 03.

- Loans under a deferred payment plan for the import of goods are no longer required to be registered.
- A short term of 12 months must be fully repaid within 10 days after the first year anniversary of drawdown to avoid loan registration.
- A borrower may refinance its foreign loans, however, it is unclear whether a borrower may refinance its existing Vietnamese loans by taking out a foreign loan.
- If the borrower is a credit institution it must provide a report to demonstrate that it has met the prudential requirements for the latest month prior to registration.

Investment

New Draft Law on Railway

The Government has prepared a draft Law on Railways. Accordingly, it is proposed that persons carrying business in relation to national railways or urban railways will enjoy the following incentives:

- Land allocation without land use fee if the land is used for construction of railway infrastructure in accordance with the approved master plan;
- Lease land with preferential rental if the land is used for the construction of other commercial facilities within the land dedicated to railways;
- Support for all expenses related to land clearance for construction of the railways; and
- Exemption from import duties in respect of machinery, equipment and other component that cannot be produced in Vietnam to facilitate railway projects.

Resources

New Decree on Gas Business

The Government passed Decree 19/2016/ND-CP on 22 March 2016 on gas business. "Gas" includes Liquefied Petroleum Gas (LPG), Liquefied Natural Gas (LNG) and Compressed Natural Gas (CNG). Among others, Decree 19 sets out the general conditions for business entities that import and export gas:

- There must be port facility owned or leased for at least 5 years by the such business entity;
- The business entity must have a gas tanker with capacity of 3000 m³ for LPG, 60,000 m³ for LNG, 200,000 Sm³ for CNG, The tanker must be owned or leased by such business entity for at least 1 year (if storing LPG) and 5 years (for storing LNG and CNG).
- The business entity must meet other specific conditions for import and export of LPG, LNG,

About Asia Counsel

Asia Counsel is a dynamic international corporate and commercial law firm dedicated to serving clients in Vietnam. Our partners have over eight years of experience in working on complex and challenging matters in Vietnam. We are committed to helping clients achieve their business strategies and providing outstanding legal services.

If you have any questions on any of the items of this publication, please do not hesitate to contact Minh Duong.

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Business

Circular on Universal Life Insurance

The Ministry of Finance issued Circular 52/2016/TT-BTC on 21 March 2016 on universal life insurance replacing the old Circular 96 on this subject. This is an investment-linked product where the insurer is guaranteed a rate of return for premium payments which are invested. Many provisions of the old Circular 96 have remained in Circular 52. The key changes are below.

- The rules for insurance agents selling universal life products have relaxed. Insurance agents need only have three months experience in operating an insurance agency or one year experience in the finance, banking or insurance industry and have a college or higher degree. There is no minimum training period on the insurance products. Under Circular 96, an agent must have spent 24 hours training on the insurance product.
- There are new prudential reserve rules for life insurers offering this product. For example, the insurer cannot change its reserve rules once set for a financial year.

Circular 52 takes effect from 1 June 2016.

Financial Markets

Draft Decree on Penalties in the Securities Market

The Government released a draft decree on penalties for administrative offences in the securities market. The draft decree introduces penalties for various new violations, including:

- Penalty of up to VND100 million for violations of anti-money laundering regulations on failing to meet know your client (KYC) requirements.
- Penalty from VND200 million up to 250 million for conducts in organising or facilitating the conditions for money laundering.
- Penalty from VND70 million up to VND100 million for failing to maintain and update information on enterprise structure, founding shareholder/owner, beneficial owner as set out in the Law on Anti-Money Laundering.
- Penalty from VND50 million up to VND70million for violating the restriction on foreign ownership in the securities market.

Culture

Beauty Contests

The Government issued Decree 15/2016/ND-CP dated 15 March 2016 amending Decree 79/2012/ND-CP on art performance, fashion show, model contest and beauty contest.

Some key points of Decree 15 are below.

- Vietnamese organisations can only be licensed to host cultural and artistic activities. A foreign organisation must cooperate with the licensed Vietnamese organization to hold a contest (such as a beauty pageant) in Vietnam.
- The Ministry of Culture, Sports and Tourism, the Department of Performing Arts and Provincial People's Committee are entitled to grant or revoke the license to hold a contest.

Decree 15 takes effect from 1 May 2016.

Vietnam Fact Box

New Chairwoman of the National Assembly

With 472 votes and only 9 against, Ms Nguyen Thi Kim Ngan has been officially elected as the new and the first ever Chairwoman of the National Assembly of Vietnam.

Elections of President and Prime Minister

It is reported that the new President of Vietnam will be elected by the National Assembly on 2 April 2016 and the President will ask the National Assembly to elect the new Prime Minister on 6 April 2016.

Commercial

Illegal multi-level marketing activities

There have been recent scandals on multi-level marketing activities where over 45,000 Vietnamese, including officials, were tricked into buying products under a pyramid scheme. The Ministry of Industry and Trade (**MOIT**) recently issued Directive No. 2/CT-BCT on 9 March 2016 to enhance the management of multi-level marketing activities. Accordingly, the MOIT requests the Departments of Industry and Trade (**DOITs**) to coordinate with relevant authorities to heighten the supervision and investigation of unlawful multi-level marketing activities. Concurrently, the DOIT is also responsible for coordinating with communication and media authorities and other relevant authorities to increase public knowledge of illegal multi-level marketing activities.

