

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

- Enterprises must report their status of invoice usage for Q1/2016 to the tax authorities by 30 April.
- 30 April and 1 May are public holidays in Vietnam and as they fall on a Saturday and Sunday the public holidays will extend to Monday and Tuesday (ie 2 and 3 May).



## Banking Wrap

### VAMC

The Government issued Decree 18/2016/ND-CP dated 18 March 2016 amending Decree 53/2013/ND-CP on the establishment, organization and operation of the Vietnam Asset Management Company (**VAMC**). Accordingly, after the approval from the SBV, the VAMC may extend the term of the special bonds used for refinancing bad debts of credit institutions under restructuring or in financial difficulty. The aggregate term of the special bonds is ten years. On 12 April 2016, the SBV passed Decision No. 618/QD-NHNN allowing the VAMC to prepare and implement the plan to buy bad debts at market price. Decision 618 sets out the scope and conditions for the bad debts to be purchased at market price.

## Start-ups

### Draft decree on venture capital for Start-up

The Government released a draft decree guiding the establishment, management organization and operation of venture capital funds for start-ups (**Funds**). Here are some key points:

- The Funds regulated in this draft decree is not governed by the laws on securities.
- The Fund may be established by domestic and foreign individuals and organisations.
- The Fund is not a legal entity however it has a fund charter, a members committee, a seal and a bank account;
- Members of the Fund must contribute capital within 90 days from the date a certificate for fund establishment is granted.
- If a member of a Fund wish to transfer its capital contribution to a third party, the selling member must provide the existing investor a right of first refusal over the interest of the selling member in the Fund.
- Investment in startups must be made in a written contract which must contain the following provisions: information of the investor and the owners of the startups, value of the enterprise pre and post investment and dispute resolution.

## Sport

### Investment in Sport Business

The Government released a draft decree to regulate the investment in sport business. The draft decree defines "investment in sport business" as utilizing the sport facilities, equipment, with or without professional trainers, to generate profit. Entities that carry out investment in sport business must satisfy the following conditions:

- The entity must have registered sport business activities on its ERC;
- The entity must have facility and equipment that meet the national standard or requirement for a particular sport; and
- The entity must have professional staff if required by law.

## 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 discussed above, please do not hesitate to contact us.

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## Construction

### Decree on Construction Materials

The Government introduced Decree 24a/2016/ND-CP on 5 April 2016 regulating the management of construction materials.

- The Decree requires the Ministry of Construction to prepare a national plan on the country's construction material needs over five and ten years and a plan on the management of quality construction materials and the mining of the materials. The provincial people's committee are required to develop similar plans for its jurisdiction.
- Businesses that produce or mine construction material must comply with the above plans and are liable for the quality of its construction materials. The Ministry of Construction will develop policies and regulations to monitor and inspect the quality construction materials.
- Businesses that produce and mine construction materials must have proper and inspected equipment to conduct its business. The production process must ensure satisfaction of national standards.

## Financial Markets

### Public Disclosure of Information

The State Securities Commission of Vietnam issued Official Letter No. 1487/UBCK-GSDC on 29 March 2016 on the public disclosure of information by public companies. The SSC has introduced a new process for public companies to disclose to the SSC information on a regular and extraordinary basis as required by law.

Public companies must download and register with the new IDS public information gateway to make the relevant public disclosures.

Public companies must make the disclosure of the 2015 financial statements on the new IDS system.

The timing on which information is disclosed to the SSC on the IDS system is the time that such information is logged with the IDS system and an automatic reply email is sent to the public company that the information has been received by the SSC.

The public may access the disclosures on the SSC's website.

## Employment

### Draft Circular on foreign employees

The draft circular to guide Decree 11/2016/ND-CP on foreign employees working in Vietnam has been released. Here are some key points:

- At least 30 days before the date of use of a foreign employee, the employer must report its demand for foreign employees to the authorities. The authorities must assess the demand within 15 days from the report submission date.
- To apply for a work permit, a technical expert in a particular field must have a certificate of training in such field for at least one year and a document showing that he or she has worked in this field for at least three years. Similarly, a foreigner wishing to work as a manager or director in Vietnam must provide evidence that he has held a managerial position, such as a labour contract and a letter from the former employer setting out the experience.

## Vietnam Fact Box

### New Leaders

Four top leaders of Vietnam have been elected in 2016:

- Party's General Secretary: Nguyen Phu Trong
- President: Tran Dai Quang
- Chairwoman of the National Assembly: Nguyen Thi Kim Ngan
- Prime Minister: Nguyen Xuan Phuc

The cabinet of the Government includes 27 ministers, 22 of which are new faces.

The National Assembly also appointed Mr Nguyen Hoa Binh as the Chief Justice of the Supreme People's Court.

## Administrative Penalties

### National Information Portal of Offenders

The Government issued Decree 20/2016/ND-CP dated 30 March 2016 to introduce a national database of persons who have been issued an administrative sanction by a government authority at all levels of government. This national portal will be maintained by the Ministry of Justice and only governmental authorities are able to access this information portal.

Each governmental authority is required to log all administrative penalties imposed on this national portal. Information that is reported includes the name of the offender, the penalty imposed and whether an appeal was lodged.

The Decree is effective from 15 May 2016.

