



ClientAlert

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Introduction

Dear Reader,

This month saw a handful of new regulations that affect business in Vietnam. We've briefed them and outlined the most important changes from each new regulation. They cover numerous topics including securities law, tourism and entertainment regulations, registration fees, and new rules for environmental protection.

As always we hope you find this month's Client Alert helpful and wish you prosperity in your dealings. We look forward to working with you.

Kind regards,
Indochine Counsel

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Securities Trading on Upcom

On 15 March 2019, the Ministry of Finance issued Circular No. 13/2019/TT-BTC (“**Circular 13**”) amending Circular No. 180/2015/TT-BTC (“**Circular 180**”) guiding registration for securities trading on upcom trading systems (“**UpCom**”). Circular 13 provides regulations regarding procedures to facilitate enterprises participation in the stock market, especially, state-owned enterprises conducting equitization (“**Equitization Enterprise**”).

First, an Equitization Enterprise which is not yet listed on the stock exchange must register for trading on the UpCom.

Second, under Circular 180, for registration of securities of a public company with Vietnam Securities Depository (“**VSD**”) and registration for UpCom trading, the procedure requires the audited financial statement for the year preceding the year of registration of securities. However, many public companies are unable to prepare such financial statement due to the change of enterprise form or restructuring. Circular 13 changes this requirement. Either the Equitization Enterprise must submit the previous 12 months worth of financial statements or the financial statements going back to its structuring as a joint-stock company.

Third, an Equitization Enterprise which registers for UpCom trading and has obtained an enterprise registration certificate must maintain capital and shareholder requirements or its registration for trading will be cancelled.

Circular 13 took effect on 1 May 2019.

Tourism Services Fines

On 21 May 2019, the Government promulgated Decree No. 45/2019/ND-CP (“**Decree 45**”). Decree 45 provides for new penalties for violations of the following minimum technical facilities and tourist accommodation services:

1. A fine of from VND1,000,000 to VND3,000,000 shall be imposed for one of the following violations:
 - (a) Failure to give a notice of improvement of minimum conditions or change of type of tourist accommodation establishment as prescribed;
 - (b) Failure to equip beds, mattresses, mats, blankets or cushions as prescribed;
 - (c) Failure to furnish face towels or bath towels as prescribed;
 - (d) Failure to change bed sheets or mats or blanket covers or cushion covers upon receipt of new guests;

- (e) Failure to change face towels or bath towels upon receipt of new guests.
2. A fine of from VND5,000,000 to VND10,000,000 shall be imposed for one of the following violations:
- (a) There is no staff on duty 24/7 in a hotel, tourist villa, tourist guest house; there is no security guard on duty upon receipt of guests at a tourist camp site as prescribed;
 - (b) There are fewer than 10 hotel rooms in a hotel or there is no bed room in a tourist villa, tourist apartment, cruise ship, or tourist guest house or there is no accommodation for guests in a homestay or there is no area for pitching tents at a tourist camp site.

The above penalty levels apply to individuals only. Organizations that commit the same violation will be fined double.

Decree 45 takes effect on 1 August 2019.

Law on Environment Protection

Decree No. 40/2019/ND-CP (“**Decree 40**”) was issued on 13 May 2019 by the Government. Decree 40 amends guiding decrees for the law on environment protection.

Decree 40 adds regulations on when investment project owners must submit environmental impact assessment reports to competent state agencies.

Decree 40 also adjusts the term of permits for hazardous waste treatment from 3 years to 5 years from the date of issuance and the regulations on import of waste materials for production materials under Article 3.26.

Decree 40 cuts down many unnecessary administrative procedures, simplifies business conditions, regulates stricter management in importing scrap as raw materials for production from abroad and adds content stipulating the number and time of making environmental impact assessment reports.

Decree 40 took effect on 1 July 2019.

Registration Fees

Decree No. 20/2019/ND-CP was passed by the Government of Vietnam on 21 February 2019 (“**Decree 20**”).

Decree 20 amends Decree No. 140/2016/ND-CP dated 10 October 2016 as promulgated by the

Government of Vietnam regarding registration fees (“**Decree 140**”).

Under Decree 20, the registration payment fee has been reduced from 30 working days to 30 days. If an owner is exempted from first time registration fees on an automobile or motorcycle, and then converts the use purpose of the registration, that owner must subsequently pay the first time registration fee on the residual value of the asset.

The price of a house and land recorded in the land use right transferring contract or the contract for sale and purchase of the house is higher than the price issued by the provincial people’s committee, then the registration fee calculation price shall be recorded in such contract.

The registration fee calculation price for land is the price in the Land Price List issued by the provincial people’s committee in accordance with the law on land at the time of registration fee declaration.

The first time registration fee for passenger vehicles of 9 seats or less is 10% unless actual conditions in the locality vary, then the provincial people’s committee may make a decision increasing the rate up to 15%.

Decree 20 took effect on 10 April 2019.

Karaoke and Discotheque Business Services

On 19 June 2019, the Government issued Decree No. 54/2019/ND-CP on regulating karaoke and discotheque business services (“**Decree 54**”).

In addition to defining both karaoke and discotheque business services, Decree 54 also sets out conditions for each.

A karaoke business must be a registered business, either household or enterprise, meet fire safety requirements, have rooms of at least 20 square meters and there must not be a lock installed on the karaoke room door.

A discotheque business must be a registered business, either household or enterprise, meet fire safety requirements, have space of at least 80 square meters, no locks on the discotheque doors, and be more than 200 meters from any school, hospital, religious or other faith-based establishment, or historical-cultural relic/site.

Decree 54 also sets out the general responsibilities of both karaoke and discotheque business services.

Decree 54 will take effect on 1 September 2019.

After three months from 1 September 2019, any Karaoke or Discotheque Business Services that were licensed prior to 1 September 2019 but fail to ensure the business conditions as prescribed in Decree 54, must terminate its business operation.

About Indochine Counsel

Established in October 2006, Indochine Counsel is one of the leading business law firms in Vietnam. The firm provides professional legal services for corporate clients making investments and doing business in Vietnam. The legal practitioners at Indochine Counsel are well qualified and possess substantial experience from both international law firms and domestic law firms. The firm boasts more than 45 legal professionals working at the main office in Ho Chi Minh City and a branch office in Hanoi.

Indochine Counsel's objective is to provide quality legal services and add value to clients through effective customized legal solutions that work specifically for the client. The firm represents local, regional and international clients in a broad range of matters including transactional work and cross-border transactions. The firm's clients are diverse, ranging from multinational corporations, foreign investors, banks and financial institutions, securities firms, funds and asset management companies, international organizations, law firms to private companies, SMEs and start-up firms in Vietnam.

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