



# Special Alert

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## Streamlining procedures for corporate setup in Vietnam

On 15 October 2020, the Government has issued Decree No. 122/2020/ND-CP on the coordination of different state authorities for dealing with registration procedures for new company and other corporate setups (“**Decree 122**”). For years the Government of Vietnam has been working to eliminate redundancies and conflicts within the laws governing corporations and, in particular, corporate setup. Decree 122 is part of the Government’s effort to reduce procedures, information required to be declared, and the number of related agencies.

Decree 122 sets out the Governmental agencies responsible for coordinating their roles in the corporate incorporation process, which include:

- (a) The Business Registration Office (“**BRO**”) of the provincial Department of Planning and Investment;
- (b) The Department of Labour, War Invalids and Social Affairs or the equivalent labor authority;
- (c) The Social Insurance Agency; and
- (d) The tax authorities.

These agencies must coordinate and streamline the following procedures:

- (i) Registration of enterprise/branch/representative office establishment;
- (ii) Initial labor usage declaration;
- (iii) Initial social insurance registration (for obtaining the company’s social insurance code); and
- (iv) Registration for invoice usage.

Per Decree 122, the BRO will act as the “single window” (“một cửa” in Vietnamese) for parties seeking to incorporate businesses to submit their application dossiers. Furthermore, the BRO will be the entity that responds to all the above-mentioned procedures. The coordination and interconnection

among the state authorities as stipulated in Decree 122 will be implemented through a digital data connection.

From 15 October 2020 when the decree took effect, it is clear, however, that the enterprise's tax code will also be used as the social insurance code of a company. This alone removes one step in the process and eliminates the need to separately register with the Department of Labour, War Invalids, and Social Affairs to obtain the enterprise's code. This is simply part of the several changes coming under the new guidance from the Government.

Decree 122 additionally provides new sample forms for enterprise, branch, and representative office registration that include all the content required to accomplish the above-mentioned procedures. These new forms will replace the corresponding old forms specified in Circular No. 02/2019/TT-BKHDT of the Ministry of Planning and Investment dated 8 January 2019.

It is, as yet, unclear whether the public-facing single window will be digital and how many of the current processes will be completely digitized, whether the BRO will accept digital signatures, or what other technologies will be adapted through the process of streamlining incorporation, labor and tax registrations. With the promulgation of sample forms included in Decree 122, however, it seems unlikely that the streamlined procedures will completely abandon physical paper.

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