



Decree No. 24/2000/ND-CP dated July 31, 2000 of the Government detailing the implementation of the law on foreign investment in Vietnam

Modified on 31-12-2015

Decree No. 24/2000/ND-CP dated July 31, 2000 of the Government detailing the implementation of the law on foreign investment in Vietnam

Decision No. 07/1999/QĐ-TTg dated January 26, 1999 of the Prime Minister ratifying the protocol for implementation of the initial commitments within the framework agreement on Asean service cooperation / Investment consultancy services and Development Project Law / Legal consultancy on project investment

THE GOVERNMENT -----	SOCIALIST REPUBLIC OF VIET NAM Independence - Freedom - Happiness -----
No: 24/2000/ND-CP	Hanoi, July 31, 2000

DECREE

DETAILING THE IMPLEMENTATION OF THE LAW ON FOREIGN INVESTMENT IN VIETNAM

THE GOVERNMENT

Pursuant to the September 30, 1992 Law on Organization of the

Most read



Decree No. 53/2013/ND-CP

Decree No. 72/2013/ND-CP

Decree No. 15/2013/NĐ-CP

Decree No. 52/2013/ND-CP dated May 16, 2013 of the Government on e-commerce

Decree No. 45/2013/ND-CP

Search

Keyword

IE: legal service service

Government;

*Pursuant to the November 12, 1996 Law on Foreign Investment in Vietnam;
and the June 9, 2000 Law Amending and Supplementing a Number of
Articles of the Law on Foreign Investment in Vietnam;
At the proposal of the Minister of Planning and Investment,*

DECREES:

Chapter I

GENERAL PROVISIONS

Article 1.- Scope of application

This Decree details the implementation of the November 12, 1996 Law on Foreign Investment in Vietnam and the June 9, 2000 Law Amending and Supplementing a Number of Articles of the Law on Foreign Investment in Vietnam (hereinafter referred collectively to as the Foreign Investment Law).

Foreign investment in industrial parks, export processing zones and high-tech parks; foreign investment in the forms of Build-Operate-Transfer (BOT) contracts, Build-Transfer-Operate (BTO) contracts and Build- Transfer (BT) contracts; foreign investment in the fields of medical examination and treatment, education and training, and scientific research shall comply with this Decree and other relevant law provisions.

International credit activities, trade activities and other indirect investment forms shall not be governed by this Decree.

Article 2.- Subjects participating in investment cooperation

Subjects participating in investment cooperation under the Foreign Investment Law shall include:

1. Vietnamese enterprises:

- a) State enterprises set up under the State Enterprises Law;
- b) Cooperatives set up under the Cooperatives Law;
- c) Enterprises of political organizations, socio-political organizations;
- d) Limited liability companies, joint-stock companies, partnerships, private enterprises set up under the Enterprise Law.

2. Establishments for medical examination and treatment, education and training or scientific research, which satisfy the conditions prescribed by the

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Government.

3. Foreign investors.
4. Enterprises with foreign investment capital.
5. Overseas Vietnamese.
6. The State bodies competent to sign BOT, BTO and BT contracts.

Article 3.- Lists and selection of investment projects

1. Issued together with this Decree:
 - a) The list of projects where investment is especially encouraged;
 - b) The list of projects where investment is encouraged;
 - c) The list of geographical areas where investment is encouraged;
 - d) The list of fields where investment is conditional;
 - e) The list of fields where investment is not licensed.

Basing itself on the socio-economic development planning and orientation in each period, the Ministry of Planning and Investment shall coordinate with the ministries and the People's Committees of the provinces and centrally-run cities (hereinafter referred to as the provincial-level People's Committees) in submitting to the Prime Minister for consideration and adjustment the above-said lists.

2. Investors may take initiative in selecting the investment projects, the investment partners, form of investment, geographical areas and duration of investment, markets for production consumption, the legal capital contribution percentages, in accordance with the provisions of the Foreign Investment Law and this Decree.

Article 4.- Governing laws

1. Subjects participating in investment cooperation prescribed in Article 2 of this Decree shall have to comply with the provisions of the Foreign Investment Law, this Decree and other relevant provisions of Vietnamese laws.
2. For any specific case of foreign investment in Vietnam which has not yet been prescribed by Vietnamese laws, the parties may agree in the contracts on the application of foreign laws if such foreign law application does not run

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Article 5.- Useable language

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The investment project dossiers and official documents forwarded to the Vietnamese State bodies shall be made in Vietnamese language or in Vietnamese and a common foreign language.

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Chapter II

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INVESTMENT FORMS

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Article 6.- Form of business cooperation contracts

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A business cooperation contract is a document concluded between two or more parties for investment and business in Vietnam, which defines the responsibility of and divide business results to, each party, without setting up a new legal person.

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Business cooperation contracts in the field of prospection, exploration and exploitation of oil and gas as well as a number of other natural resources in the form of production-sharing contracts shall comply with relevant law provisions and the Foreign Investment Law.

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Article 7.- Contents of business cooperation contracts

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A business cooperation contract must include the following contents:

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1. Names, addresses and competent representatives of the parties to the business cooperation contract (hereinafter called business cooperation parties); transaction address or address of the place where the project is to be executed;
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2. Business objectives and scope;
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3. The contributions of the business cooperation parties, the division of business results, the contract performance tempo;
- Resol
- Resol
4. Major products, their percentages for export and domestic consumption;
- Resol
5. Contractual term;
- Resol
6. Rights and obligations of the business cooperation parties;
- Resol
7. Financial principles;
- Resol
8. Procedures for amending, terminating the contract, the conditions for assignment;
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9. Liabilities for breaches of the contract, mode of settling disputes.

Besides the above-mentioned contents, the business cooperation parties may agree on other contents in the business cooperation contract.

The business cooperation contract must be signed on each page and fully at the end of the contract by the competent representatives of the business cooperation parties. The business cooperation contract shall take effect as of the date the investment license is granted.

Article 8.- The coordinating boards

In the business course, the business cooperation parties, if deeming it necessary, may agree to set up a coordinating board for the performance of the business cooperation contracts.

A coordinating board shall not be the leading body of the business cooperation parties. Its functions, tasks and powers shall be agreed upon by the business cooperation parties.

Article 9.- Executive offices

Foreign parties may set up executive offices in Vietnam to act as their representatives in the performance of business cooperation contracts and shall take responsibility for the operation of their executive offices.

The executive offices of the foreign parties to the business cooperation contracts have their own seals, may open accounts, recruit labor, sign contracts and conduct business activities within the scope of rights and obligations prescribed in the investment licenses and the business cooperation contracts.

The executive offices of the foreign parties to the business cooperation contracts must make registration at the investment licensing agencies.

Article 10.- Business cooperation parties' obligations to pay taxes

1. The foreign parties to the business cooperation contracts shall perform tax obligations and other financial obligations according to the Foreign Investment Law; the Vietnamese parties to the business cooperation contracts shall perform tax obligations and other financial obligations according to the legislation applicable to domestic enterprises.

2. The enterprise income tax and other financial obligations of the business cooperation parties (including land rent, natural resource tax...) may be

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incorporated into the products shared to the Vietnamese parties to the business cooperation contracts and the Vietnamese parties to the business cooperation contracts shall have to pay them to the State.

Article 11.- Form of joint-venture enterprises

1. Joint-venture enterprises are those set up in Vietnam on the basis of joint-venture contracts signed between two or many parties to carry out investment and business in Vietnam.

In special cases, joint-venture enterprises may be set up on the basis of the agreements signed between the Vietnamese Government and the Governments of other countries.

2. New joint-venture enterprises are those set up between joint-venture enterprises already set up in Vietnam and:

a) Foreign investor(s);

b) Vietnamese enterprise(s);

c) Establishment(s) for medical examination and treatment, education and training, or scientific research, which satisfy conditions prescribed by the Government;

d) Overseas Vietnamese;

e) Joint-venture enterprise(s), enterprise(s) with 100% foreign capital, which have already been set up in Vietnam.

3. Joint-venture enterprises shall be set up in form of limited liability companies. Each joint-venture party shall bear liability within the limit of its capital contributed to its enterprise's legal capital. Joint-venture enterprises shall have the legal person status under the Vietnamese law, be set up and operate from the dates their investment licenses are granted.

Article 12.- Contents of the joint-venture contracts

A joint-venture contract must include the following principal contents:

1. Names, addresses, competent representatives of the joint venture parties; name and address of the joint-venture enterprise;

2. Business objectives and scope;

3. The investment capital, the legal capital, the legal capital contribution percentages, capital contribution mode and tempo and the construction



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tempo;

4. Major products, their percentages for export and domestic consumption;
5. The operating duration of the enterprise;
6. The enterprise's representative at law;
7. Rights and obligations of the joint-venture parties;
8. Financial principles;
9. Procedures for amending and terminating the contract, the conditions for assignment, conditions for operation termination, enterprise dissolution;
10. Liabilities for breaches of the contract, mode of dispute settlement.

Besides the above-mentioned contents, the joint-venture parties may agree on other contents in the joint-venture contract.

The joint-venture contract must be signed on each page and fully signed at the end of the contract by the competent representatives of the joint-venture parties. The joint-venture contract shall take effect from the date the investment license is granted.

Article 13.- Joint-venture enterprises' charters

The charter of a joint-venture enterprise must include the following principal contents:

1. Name and address of the enterprise; names, citizenship and addresses of the competent representatives of the joint-venture parties;
2. Business objectives and scope;
3. The investment capital, the legal capital, the legal capital contribution percentages, mode and tempo;
4. The organizational structure for management of the enterprise;
5. Procedures for adopting decisions of the enterprise; dispute-settling principles;
6. The enterprise's representative at law;
7. Financial principles;
8. Profit and loss percentages divided to joint-venture parties;
9. Labor relations in the enterprise; matters related to the employment and

training of laborers;

10. Operating duration, conditions for operation termination and enterprise dissolution;

11. Procedures for amending and/or supplementing the enterprise's charter.

Besides the above-mentioned contents, the joint-venture parties may agree on other contents in the joint-venture enterprise's charter.

Joint-venture enterprises' charters must be signed on each page and at the end of the charters by competent representatives of the joint-venture parties and shall be registered at the investment license- granting agencies.

Article 14.- Legal capital of joint-venture enterprises

1. The legal capital of a joint-venture enterprise must represent at least 30% of its investment capital. For projects on construction of infrastructure works, projects on investment in geographical areas where investment is encouraged, forestation projects and large-scale projects, this percentage may be lower, but not lower than 20% of the investment capital and must be approved by the investment licensing agencies.

2. The percentage of capital contribution by the foreign party or parties to the joint-venture shall be agreed upon by the joint-venture parties, but must not be lower than 30% of the legal capital of the joint-venture enterprise. Basing themselves on the business fields, technology, market, business efficiency and other socio-economic benefits of the projects, the investment license-granting agencies may consider and allow the foreign parties to the joint-ventures contribute capital at a lower percentage, but not lower than 20% of the legal capital.

Where a new joint-venture enterprise is established, the percentage of legal capital contributed by foreign investor must ensure the above-mentioned condition.

3. For important projects as provided for by the Government, upon the signing of the joint-venture contracts, the parties shall agree on the increase of the capital percentage contributed by the Vietnamese parties to the legal capital of the joint-venture enterprises.

Article 15.- Legal capital contribution tempo

1. Legal capital contribution can be made in lump sum when the joint-venture

is set up or part by part according to the legal capital contribution mode and tempo stipulated in the joint-venture contract.

2. Where the joint-venture parties fail to make the capital contribution according to the committed tempo without any plausible reasons, the investment licensing agencies may withdraw the investment license.

Article 16.- Legal capital contribution with the land use right value

The legal capital contribution with the land use right value by the Vietnamese party shall be agreed upon by the joint-venture parties on the basis of the land leasing prices decided by the provincial-level People's Committee within the price bracket issued by the Finance Ministry.

Article 17.- Managing Board of a joint-venture enterprise

1. The Managing Board is the leading body of a joint-venture enterprise. It consists of the chairman, vice-chairman and other members.

The decision on the number of the Managing Board members, the number of members from each joint-venture party, the nomination of the Managing Board chairman, the appointment of the General Director and the first deputy General Director shall comply with the provisions of the Foreign Investment Law.

The chairman, vice-chairman and other members of the Managing Board may concurrently act as the General Director, deputy General Director or hold other posts in the joint-venture enterprise.

2. The Managing Board's term shall be agreed upon by the joint-venture parties, but must not exceed 5 years.

3. Where a new joint-venture enterprise is set up, the operating joint-venture enterprise party shall have at least 2 members in the Managing Board and at least one of them is the Vietnamese citizen representing the Vietnamese party to the joint venture.

4. The Managing Board members shall not enjoy salary, but may enjoy allowances related to the Managing Board's operation by decision of the Managing Board. These expenses shall be accounted into the management expenses of the joint venture enterprise.

Article 18.- Meetings of the joint-venture enterprise's Managing Board

1. The Managing Board meets at least once a year. It may hold irregular

meetings at the request of its chairman or of at least 2/3 of its members or of the General Director or the first deputy General Director. The Managing Board meetings shall be convened and presided over by its chairman. The Managing Board chairman may authorize his/her deputy to convene and preside over meetings of the Managing Board.

2. The Managing Board's meeting must be attended by at least 2/3 of its members representing the joint-venture parties. The Managing Board members may authorize in writing their representatives to attend meetings and vote on the authorized issues on their behalf.

3. The Managing Board shall adopt decisions under its jurisdiction in form of voting at the meetings or gathering written opinions.

Article 19.- Rights and responsibilities of the Managing Board chairman

The Managing Board chairman shall have the rights and responsibilities:

1. To convene and preside over the meetings of the Managing Board;
2. To play the key role in supervising and urging the implementation of decisions of the Managing Board.

Article 20.- Rights and responsibilities of the General Director, deputy-General Directors

1. The General Director and deputy General Directors of a joint-venture enterprise shall manage and run daily activities of the joint-venture enterprise. The General Director is the enterprise's representative at law, except otherwise provided for by the enterprise's Charter. The General Director or the first deputy General Director shall be nominated by the Vietnamese party to the joint venture and be the Vietnamese citizen permanently residing in Vietnam. Where the joint-venture enterprise has only one deputy General Director, he/she shall be the first deputy General Director.

2. The Managing Board shall define the powers and tasks between the General Director and the first deputy General Director. The General Director shall be accountable to the Managing Board for the activities of the joint-venture enterprise. The General Director should exchange ideas with the first deputy General Director on the implementation of the resolutions of the Managing Board regarding a number of important issues such as the organizational apparatus; the appointment and dismissal of key personnel;

the annual financial settlement, the final settlement of projects; the conclusion of economic contracts.

Where there are the divergence of opinions between the General Director and the first deputy General Director in administering the activities of the enterprise, the General Director's opinions shall be decisive, but the first deputy General Director may reserve his/her opinions for submission to the Managing Board for consideration and decision at its nearest meeting.

3. Where the General Director is absent, the first deputy General Director shall be authorized to represent the General Director in administering the enterprise and takes responsibility before the Managing Board and the General Director for his/her work.

Article 21.- Form of enterprises with 100% foreign investment capital

Enterprises with 100% foreign investment capital are those under the ownership of foreign investors and established in Vietnam by foreign investors who manage the enterprises themselves and take responsibility for the business results.

Enterprises with 100% foreign capital are established in form of limited liability companies, which have the legal person status under the Vietnamese laws, are set up and operate from the date they are granted the investment licenses.

Article 22.- Charters of enterprises with 100% foreign investment capital

The Charter of an enterprise with 100% foreign investment capital must include the following principal contents:

1. Name and address of the enterprise; name and address of the competent representative of the foreign investor;
2. The business objectives and scope;
3. The investment capital, the legal capital; the mode and tempo of capital disbursement and the construction tempo;
4. The representative at law of the enterprise;
5. The financial principles;
6. The labor relations in the enterprise, matters related to employment and training of laborers;

7. The operating duration, conditions for contract termination and enterprise dissolution;

8. Procedures for amending and/or supplementing the enterprise's Charter.

Besides the above-mentioned contents, the enterprise's Charter may also contain other contents.

The Charters of enterprises with 100% foreign investment capital must be signed on each page and fully at the end of the Charters by the competent representatives of the investors. The Charters of enterprises with 100% foreign investment capital shall be registered at the investment licensing agencies.

Article 23.- Legal capital of enterprises with 100% foreign investment capital

1. The legal capital of an enterprise with 100% foreign investment capital must represent at least 30% of its investment capital. For projects on construction of infrastructure works, projects on investment in geographical areas where investment is encouraged, forestation projects and large-scale projects, this percentage may be lower but it must not be under 20% of the investment capital and must be approved by the investment licensing agencies.

2. The mode and tempo of legal capital disbursement shall be stipulated in the enterprises' Charters. Where a foreign investor fails to disburse the legal capital according to the prescribed tempo without any plausible reasons, the investment licensing agency shall be entitled to withdraw the investment license.

3. The adjustment of investment capital and/or legal capital shall be decided by foreign investors and approved by the investment licensing agencies.

Article 24.- Representatives at law of the enterprises with 100% foreign investment capital

The representatives at law of the enterprises with 100% foreign investment capital shall be the General Directors, except otherwise provided for by the enterprises' Charters.

Chapter III

DEPLOYMENT OF PROJECTS AND ORGANIZATION OF BUSINESS

Article 25.- Personnel and the first session of the Managing Board of a joint-

venture enterprise

After being granted the investment license, the joint-venture enterprise must proceed with the following tasks:

1. Within 30 days after the granting of the investment license, the parties to the joint venture shall inform each other of the list of Managing Board members, nominate the chairman and vice-chairman of the Managing Board.

2. Within 60 days after the granting of the investment license, the Managing Board shall hold its first meeting to carry out the following principal tasks:

a) Adopting the Regulation on operation of the Managing Board;

b) Appointing the General Director, Deputy General Directors and chief accountant (or Finance Director);

c) Determining in detail the tempo of legal capital contribution by the joint-venture parties, the construction plan and tempo.

3. The minutes of the first session of the Managing Board shall be forwarded to the provincial/municipal Planning and Investment Service of the locality where the joint-venture enterprise is headquartered. For enterprises in the industrial parks, export-processing parks or high-tech parks, such minutes shall be addressed to the Management Boards of the industrial parks, export-processing zones or high-tech parks (hereinafter referred collectively to as the Industrial Parks Management Boards) where the projects are implemented.

4. The lists of the Managing Board members, the General Director and deputy General Directors of joint-venture enterprises shall be registered at the provincial/municipal Planning and Investment Services; for enterprises in the industrial parks, export-processing zones or high-tech parks, the above lists shall be registered at the Industrial Parks Management Boards.

Article 26.- Establishment and registration of the management apparatuses of enterprises with 100% foreign investment capital and business cooperation contracts

The establishment of the management apparatus and nomination of personnel of enterprises with 100% foreign investment capital shall be decided by the foreign investors.

The registration of the lists of staff members of enterprises with 100% foreign

investment capital, representatives of the business cooperation parties and the executive offices of the foreign business cooperation parties (for business cooperation contracts) shall comply with the regulations applicable to joint-venture enterprises prescribed in Article 25 of this Decree.

Article 27.- Establishment announcement

After being appointed, the General Director of the foreign-invested enterprise, and representatives of the business cooperation parties shall publish on a central or local daily newspaper in three consecutive issues the following principal contents:

1. Name and address of the enterprise or the location for performance of the business cooperation contract; names and addresses of branches, representative offices, executive offices (if any);
2. Names and addresses of the parties to the joint-venture or the business cooperation, or foreign investors;
3. The representatives at law of the enterprise or the business cooperation parties;
4. The serial number and date of issuance of the investment license, the investment licensing agency, the operation duration of the enterprise or the duration for performance of the business cooperation contract;
5. The investment capital, the legal capital of the enterprise; the percentage of capital contribution by each joint-venture party and the capital committed to disburse by the business cooperation parties;
6. Operation objectives and scope.

Article 28.- Business registration, practitioner's certificate

1. The investment license shall also be valid as the business registration certificate.
2. For domains or business lines which require business licenses as stipulated by law, the foreign-invested enterprises or business cooperation parties only need to register with the competent State bodies for carrying out the business activities under the provisions in the investment licenses without having to apply for the business licenses.
3. For domains and business lines which require the practitioners' certificates as stipulated, before commencing operation, the foreign-invested enterprises

and business cooperation parties must acquire the practitioners' certificates as provided for by law.

Article 29.- Branches, representative offices

1. Foreign-invested enterprises and business cooperation parties may open branches and/or representative offices outside the provinces or cities where they are headquartered or at the major operating locations of the business cooperation contracts in order to carry out business activities according to the provisions in the investment licenses.

Where it is necessary to step up the export, foreign-invested enterprises may open their branches or representative offices overseas in order to carry out transaction, marketing and product-selling activities. The establishment of overseas branches or representative offices must be considered and approved by the Ministry of Planning and Investment.

2. The foreign-invested enterprises shall be responsible for the operation of their overseas branches and/or representative offices. The incomes of branches shall be included into the income of the foreign-invested enterprises and must be annually transferred to their parent companies in Vietnam and liable to the enterprise income tax at the rates prescribed in the investment licenses. Where foreign-invested enterprises open their branches in countries which have signed with Vietnam the agreements on avoidance of double taxation, the provisions of such agreements shall apply.

3. The Ministry of Planning and Investment shall guide the order and procedures to open branches and/or representative offices of foreign-invested enterprises and business cooperation parties.

Article 30.- Hiring of managerial organizations

1. For the fields of hotels, leased offices, leased apartments, golf courses, sports, entertainment, medical examination and treatment, education and training and a number of other fields which require specialized management skills, foreign-invested enterprises and business cooperation parties may hire managerial organizations to manage the business activities.

2. The management hiring must not alter or exert negative impacts on the operation objectives of the projects and the interests of the Vietnamese State as already prescribed in the investment licenses.

3. The management hiring shall be effected through management contracts

signed between foreign-invested enterprises and managerial organizations. The management charges shall be agreed upon by the parties in the management contracts, and accounted into the managerial expenses of the enterprises or the business cooperation parties.

The management contracts shall take effect only after they are approved by the investment license-granting agencies.

4. The managerial organizations shall operate in the names and use the seals and accounts of foreign-invested enterprises, or one or many business cooperation parties. The managerial organizations shall be accountable to the foreign-invested enterprises or business cooperation parties and abide by Vietnamese laws in the course of exercising their rights and performing their obligations prescribed in the management contracts.

The managerial organizations shall have to pay taxes and fulfill other financial obligations according to the provisions of law. Foreign-invested enterprises or business cooperation parties shall have to pay on behalf of the managerial organizations these amounts to the Vietnamese State.

In all circumstances, the foreign-invested enterprises and the business cooperation parties shall bear responsibility for the entire operation of the managerial organizations before Vietnamese laws regarding matters related to the management activities stated in the management contracts. The managerial organizations shall bear responsibility before Vietnamese law for their activities outside the scope of the management contracts.

Article 31.- Reorganization of enterprises

1. The division, separation, merger, consolidation of enterprises, the change of investment forms (hereinafter referred collectively to as reorganization of enterprises) must be approved by the investment license-granting agencies.

A dossier requesting the reorganization of enterprise shall include:

- a) The written application for reorganization of enterprise;
- b) The dossier on capital transfer (for cases of capital transfer);
- c) The resolution of the Managing Board of the joint venture or the agreement reached between the business cooperation parties;
- d) The Charter of the new enterprise (except the cases of conversion into Vietnamese enterprises);

- e) The report on the enterprise's financial activities before the reorganization;
- f) The exposition on the reorganization of the enterprise;
- g) The documents relating to the land use right;
- h) Other documents when requested by the investment license- granting agencies.

2. The exposition on the enterprise reorganization shall contain the following principal contents:

- a) Name and address of the representative at law; names and addresses of the enterprises before and after the enterprise reorganization;
- b) Production and business objectives;
- c) The labor employment plan;
- d) The plan on settlement of rights and obligations of the enterprises involved in the enterprise reorganization;
- e) The time limit for implementation of the enterprise reorganization.

3. Within 30 working days after the receipt of complete and valid dossiers, the investment licensing agency shall issued a decision to approve the enterprise reorganization in form of granting the investment license. In case of non-approval, the investment licensing agency must send a written reply clearly explaining the reasons therefor.

Article 32.- Inheritance of rights and obligations after the enterprise reorganization

After being granted the investment license for enterprise reorganization, the new enterprise shall inherit all the rights and obligations of the former enterprise according to the plan on settlement of rights and obligations of enterprises stated in the exposition on the enterprise reorganization stipulated in Clause 2, Article 31 of this Decree.

Article 33.- Capital transfer

1. When transferring their capital, foreign-invested enterprises and business cooperation parties shall register the capital transfer with the investment licensing agencies.

2. The dossier of capital transfer registration shall include:

- a) The application for capital transfer registration;
- b) The capital transfer contract;
- c) The resolution of the Managing Board of the joint-venture enterprise or the agreement of the business cooperation parties;
- d) Amendments, supplements to the joint-venture contract, the business cooperation contract, the enterprise's Charter;
- e) The report on the enterprise's operation;
- f) The legal status and financial situation of the capital transferee in case the capital is transferred outside the enterprise.

3. Within 15 working days after the receipt of the dossier of capital transfer registration, the investment licensing agency shall decide the adjustment of the investment license.

Article 34.- Restructuring of the investment capital, the legal capital

- 1. In the course of operation, foreign-invested enterprises may restructure their investment capital and/or legal capital when there appear changes in the objectives, project scale, partners, capital contribution mode and other circumstances.
- 2. The restructuring of investment capital and/or legal capital mentioned in Clause 1 of this Article must not reduce the legal capital percentage to below the levels prescribed in Articles 14 and 23 of this Decree.
- 3. The restructuring of investment capital and/or legal capital as well as the change of the percentages of capital contribution by the joint-venture parties shall be decided by the Managing Board of the enterprise and approved by the investment licensing agency.

Article 35.- Transfer without compensation

Where foreign investors commit to transfer without compensation the property under their ownership to the Vietnamese State or the Vietnamese parties upon the expiry of the operation term as provided for in the investment licenses, the to-be transferred property must be in the state of normal operation.

Where foreign-invested enterprises or business cooperation contracts terminate their operation before schedule due to reasons other than force

majeure circumstances and if such termination alters the commitment to non-compensation transfer, the foreign investors shall have to compensate the preferences they have enjoyed thanks to the commitment to non-compensation transfer.

Article 36.- Temporary suspension of operation or prolongation of the project implementation tempo

Where there are plausible reasons to temporarily suspend operation or prolong the project implementation tempo, foreign-invested enterprises or business cooperation parties shall have to report it to the investment licensing agencies. Except for force majeure cases, the temporary suspension of operation or prolongation of the project implementation tempo shall be effected only after it is approved by the investment licensing agencies.

Upon the operation suspension or prolongation of project implementation tempo, foreign-invested enterprises and business cooperation parties may be entitled to the exemption or reduction of financial obligations, depending on each specific case.

Article 37.- Termination of operation, liquidation, dissolution of enterprises

The termination of operation, liquidation or dissolution of foreign-invested enterprises or business cooperation contracts shall be effected in the following order:

1. The investment license-granting agencies shall issue decisions to terminate the operation of foreign-invested enterprises or business cooperation contracts in circumstances stipulated in Article 52 of the Foreign Investment Law.
2. Foreign-invested enterprises and business cooperation parties shall have to set up the Liquidation Board to liquidate the enterprises' property, liquidate the business cooperation contracts.
3. After completion of the liquidation, the foreign-invested enterprises and business cooperation parties shall report thereon and send the liquidation dossiers to the investment licensing agencies for consideration and issuing decisions to dissolve the enterprises or terminate the effect of the business cooperation contract.

Article 38.- Announcement on the operation suspension

Within 15 days from the date the investment license-granting agencies issue the decisions on operation termination, the foreign-invested enterprises or business cooperation parties shall have to publish on a central or local newspaper for three consecutive issues the termination of operation and liquidation of property of the enterprises, or the liquidation of business cooperation contracts.

Article 39.- Setting up of liquidation boards

1. Within 30 days from the date of expiry of the operation duration or the date the decision on operation termination before schedule takes effect, the Managing Boards of joint-venture enterprises or foreign investors (for enterprises with 100% foreign investment capital) or business cooperation parties shall have to set up the Liquidation Boards to liquidate the property of enterprises or liquidate the business cooperation contracts. The composition of the Liquidation Board shall be decided by the Managing Board of the joint-venture enterprise, the foreign investors or business cooperation parties.

2. Past the above-mentioned time limit, if the Liquidation Board is not set up, the investment license-granting agency shall issue a decision to set up the Liquidation Board in order to effect the liquidation of the enterprise, the liquidation of business cooperation contracts. The investment licensing agencies may invite representatives of concerned agencies and organizations or experts, representatives of the laborers and representatives of creditors to join the Liquidation Board.

3. The decision on setting up the Liquidation Board mentioned in Clauses 1 and 2 of this Article must clearly define the composition, functions, tasks, powers and operation fund of the Liquidation Board and shall be sent to the joint-venture parties, members of the Managing Board of the joint-venture enterprise, foreign investors, the business cooperation parties.

Article 40.- Powers and tasks of the Liquidation Boards

1. The Liquidation Board is a body assisting the Managing Board of the joint-venture enterprise, foreign investors, and/or business cooperation parties in liquidating the enterprise, the business cooperation contract. The Liquidation Board may use the seal of the enterprise or of the Vietnamese party to the business cooperation contract in service of the liquidation.

2. In the course of liquidation, the Liquidation Board shall have the rights:

a) To request the General Director, deputy General Directors and chief accountant of the enterprise, the representatives of the business cooperation parties, as well as other organizations and individuals to supply dossiers, documents, vouchers' relating to the liquidation activities;

b) In case of necessity, to invite Vietnamese or foreign organizations and/or experts to audit and expertise machinery, equipment and workshops, and determine the remaining value of the enterprise or the business cooperation contract.

3. The Liquidation Board shall have the tasks:

a) To inform the creditors and concerned organizations in writing of the liquidation of the enterprises, the liquidation of business cooperation contracts;

b) To determine the value of assets under the lawful ownership of enterprises or the business cooperation contracts;

c) To determine the financial obligations already fulfilled towards the State;

d) To determine amounts to be recovered, to be paid;

e) To draw up liquidation plans for approval by the Managing Boards of the joint-venture enterprises, foreign investors or business cooperation parties;

f) To realize the liquidation plans already approved;

g) To make reports on liquidation results and submit them to the Managing Boards of joint-venture enterprises, the foreign investors, or the business cooperation parties.

Article 41.- Order of priority for settlement of obligations

In the course of liquidation, foreign-invested enterprises or business cooperation parties shall have to settle the obligations in the following order of priority:

1. The expenses related to the liquidation activities;

2. Wages, social insurance expenses, which are still owed by the enterprises or business cooperation parties;

3. Taxes and other financial obligations of the enterprises or business cooperation parties towards the Vietnamese State;

4. Debts;

5. Other obligations of the enterprises or the business cooperation parties.

Article 42.- Operation duration of the Liquidation Board

1. The operation duration of the Liquidation Board shall not exceed 12 months from the date of its establishment.

2. Upon the expiry of the operation duration, even if the liquidation is not yet terminated, the Liquidation Board shall terminate its operation; for such case, the joint-venture parties, the foreign investors or the business cooperation parties shall settle by themselves matters which have not yet been handled. In case of dispute, the settlement thereof shall comply with the provisions in Article 122 of this Decree.

Article 43.- Mode of liquidation of assets

Assets of foreign-invested enterprises and assets used for the performance of business cooperation contracts shall be liquidated by mode agreed upon by the parties.

In cases where the Vietnamese parties contribute capital with the land use right value, when the operation terminates, the land use right value of the remaining duration shall belong to the liquidation assets of the enterprises.

Article 44.- Procedures for settlement when enterprises fall into the state of bankruptcy

In the course of liquidation, if there are enough factors to determine that enterprises fall into the state of bankruptcy, the Liquidation Boards shall have to report such to the investment licensing agencies so as to terminate the liquidation and shift to the settlement according to the bankruptcy procedures stipulated in the legislation on enterprise bankruptcy.

Chapter IV

TAX - FINANCE MATTERS

Article 45.- The enterprise income tax rates

Foreign-invested enterprises and business cooperation parties shall pay the enterprise income tax at the rate equal to 25% of the earned profits, except cases prescribed in Article 46 of this Decree.

For the fields of prospection, exploration and exploitation of oil and gas as well as a number of other rare and precious natural resources, the enterprise

income tax rates shall comply with the provisions of the Petroleum Law and the relevant legislation.

Article 46.- Enterprise income tax in cases of investment encouragement

The preferential enterprise income tax rates shall apply as follows:

1. 20% for projects which meet one of the following criteria:

- a) They are industrial park enterprises operating in the field of services;
- b) The production projects not falling under the project categories mentioned in Article 45 and Clauses 2 and 3 of this Article.

2. 15% for projects which meet one of the following criteria:

- a) They are on the list of projects with investment encouragement;
- b) The investment is made in geographical areas with difficult socio-economic conditions;
- c) They are service enterprises in export-processing zones;
- d) They are industrial park enterprises which export more than 50% of their products;
- e) They transfer without compensation the assets to the Vietnamese State upon the expiry of the operation duration.

3. 10% for projects which meet one of the following criteria:

- a) They meet two of the criteria mentioned in Clause 2 of this Article;
- b) They are on the list of projects where investment is particularly encouraged;
- c) They invest in geographical areas with particularly difficult socio-economic conditions on the list of geographical areas where investment is encouraged;
- d) They are enterprises developing infrastructure in industrial parks, export processing zones, hi-tech parks; export-processing enterprises;
- e) They are in the fields of medical examination and treatment, education and training, and scientific research.

4. The duration of application of preferential enterprise income tax rates is stipulated as follows:

- a) The preferential enterprise income tax rates mentioned in this Article shall

be applied throughout the period of investment project implementation, to projects which meet one of the following criteria:

- They are on the list of projects where investment is encouraged;
- They are in geographical areas with particularly difficult socio-economic conditions on the list of areas where investment is encouraged;
- They are for the development of infrastructures in industrial parks, export-processing zones, hi-tech parks;
- They are for investment in industrial parks, export-processing zones or hi-tech parks;
- They are in the fields of medical examination and treatment, education and training, scientific research.

b) The enterprise income tax rate of 10% shall be applied for 15 years after the projects start their production and business operations, except the projects prescribed at Point a, Clause 4 of this Article.

c) The enterprise income tax rate of 15% shall be applied for 12 years after the projects start their production and business operation, except the projects prescribed at Point a, Clause 4 of this Article.

d) The enterprise income tax rate of 20% shall be applied for 10 years after the projects start their production and business operations, except the projects prescribed at Point a, Clause 4 of this Article.

5. After the period of enjoying the preferential enterprise income tax rates mentioned at Points b, c and d, Clause 4 of this Article, the projects shall pay an enterprise income tax at the rate of 25%.

6. Overseas Vietnamese investing in the country under the Foreign Investment Law shall be entitled to the 20% reduction of the enterprise income tax as compared with projects of the same type, except cases of enjoying the tax rate of 10%.

Article 47.- Projects not entitled to preferential enterprise income tax rates

The tax rates mentioned in Article 46 of this Decree shall not apply to projects on hotels, offices and apartments for lease (except cases of investment in geographical areas where investment is encouraged or non-compensation transfer of assets to the Vietnamese State upon the expiry of operation duration), finance, banking, insurance, trade, service-providing

projects (except projects in industrial parks, export-processing zones, hi-tech parks).

Article 48.- Enterprise income tax exemption and reduction

The enterprise income tax exemption and reduction shall be applied as follows:

1. The projects mentioned in Clause 1, Article 46 of this Decree shall enjoy the enterprise income tax exemption for 1 year after the profits are generated from business and 50% reduction for 2 subsequent years.
2. The projects mentioned in Clause 2, Article 46 of this Decree shall enjoy the enterprise income tax exemption for 2 years after the profits are generated from business and the 50% reduction for 3 subsequent years.
3. The projects mentioned in Clause 3 of Article 46 of this Decree and the projects for investment in geographical areas where investment is encouraged shall enjoy the enterprise income tax exemption for 4 years after the profits are generated from business and the 50% reduction for 4 subsequent years, except the projects which are exempt from enterprise income tax for 8 years.
4. The BOT, BTO and BT enterprises investing in geographical areas on the list of those enjoying investment encouragement; the hi-tech industrial enterprises; the hi-tech service enterprises in hi-tech parks; forestation projects and infrastructure construction and business projects in geographical areas meeting with particularly difficult socio-economic conditions; large-scale projects exerting great socio-economic impacts and being on the list of projects where investment is especially encouraged shall be entitled to enterprise income tax exemption for 8 years after the business activities yield profits.
5. The tax exemption and reduction duration shall be calculated consecutively from the first year when the business activities yield profits.
6. The above-said enterprise income tax exemption and reduction shall not apply to projects on hotels, offices and apartments for lease (except cases of investment in geographical areas where investment is encouraged or of non-compensation property transfer to the Vietnamese State upon the expiry of operation duration), projects for investment in the fields of finance, banking, insurance, commerce, service provision (except projects in industrial parks,

export processing zones, hi-tech parks).

Article 49.- Adjustment of preferential tax rates and enterprise tax exemption or reduction duration

1. In their business courses, if any foreign-invested enterprises and/or foreign parties to business cooperation fail to meet the criteria for enjoyment of the preferential enterprise income tax rates and tax exemption or reduction duration prescribed in Articles 46 and 48 of this Decree, the investment licensing agencies shall adjust the tax rates as well as tax exemption or reduction duration already stated in the investment licenses.

2. The Finance Ministry shall decide the tax exemption and reduction according to the current regulations for cases of meeting with difficulties in the course of business due to natural calamities, fires or other force majeure circumstances.

Article 50.- Tax on profit transfer abroad

1. The profits earned by foreign investors from their investment in Vietnam (including the enterprise income tax refunded due to reinvestment and the profits earned from capital transfer), if transferred abroad or retained outside Vietnam, shall all be liable to tax on profit transfer abroad.

2. The overseas profit transfer tax rates shall apply as follows:

a) 3% of the profit transferred abroad for:

- Overseas Vietnamese investing in the country under the Foreign Investment Law;
- Foreign investors investing in industrial parks, export processing zones or hi-tech parks;
- Foreign investors contributing legal capital or capital for performance of the business cooperation contracts, which is valued at USD 10 million or more;
- Foreign investors investing in geographical areas which have particularly difficult socio-economic conditions and are on the list of areas where investment is encouraged.

b) 5% of the profit transferred abroad for foreign investors who have contributed legal capital or capital for the performance of business cooperation contracts, which is valued at between USD 5 million and under 10 million and for foreign investors who have invested in projects on medical

examination and treatment, education and training or scientific research.

c) 7% of the profit transferred abroad for foreign investors who have contributed legal capital or capital for the performance of business cooperation contracts in cases other than those prescribed at Points a and b of Clause 2 of this Article.

3. The profit transfer tax shall be collected upon each transfer of profit.

4. Where foreign investors have already paid tax for transfer of their profits abroad, but later have not transferred their profits abroad, the already paid tax amounts shall be refunded.

Article 51.- Enterprise income tax reimbursement in case of reinvestment.

1. Foreign investors who use their profits and other lawful incomes from their investment activities in Vietnam for reinvestment in projects being executed or investment in new projects according to the Foreign Investment Law shall be refunded a part or whole of the paid enterprise income tax on the reinvested profit amounts (except cases prescribed in the Petroleum Law), if they meet the following conditions:

a) Reinvestment in projects entitled to enterprise income tax preferences stated in Article 46 of this Decree;

b) The reinvested capital shall be used for 3 years or more;

c) Having fully contributed legal capital or capital for the performance of the business cooperation contracts inscribed in the investment licenses.

2. The reimbursement levels of enterprise income tax on profits reinvested in Vietnam are prescribed as follows:

a) 100% if the profits are reinvested in projects entitled to the enterprise income tax rate of 10%;

b) 75% if they are reinvested in projects entitled to the enterprise income tax rate of 15%;

c) 50% if they are reinvested in projects entitled to the enterprise income tax rate of 20%.

3. When having the need to use their profits for reinvestment, foreign investors shall compile and send their dossiers to the Finance Ministry for consideration of the enterprise income tax reimbursement. Such a dossier

shall include:

- a) The application for enterprise income tax reimbursement due to reinvestment;
- b) The commitment to use the profits for reinvestment for 3 years or more;
- c) The commitment of the Managing Board of joint-venture enterprise, the foreign investor or business cooperation parties that the foreign investor has fully contributed the legal capital or the capital for the performance of the business cooperation contract;
- d) The copy of the investment license;
- e) The tax office's written certification of the already paid enterprise income tax amount.

4. Within 15 working days after the receipt of complete and valid dossiers, the Finance Ministry shall notify its decisions to the applying foreign investors; in case of approval, the foreign investors shall fill in the procedures for enterprise income tax reimbursement for their profit amounts used for reinvestment. Past the above-mentioned time limit, if the case is yet to be approved or is rejected, the Finance Ministry shall notify the foreign investor thereof in writing and clearly state the reasons therefor.

Where the profit amounts already registered for reinvestment have not been used for reinvestment, the foreign investors shall have to return the already reimbursed enterprise income tax amounts plus the interests thereon, which are calculated according to the loan interest rates.

Article 52.- Enterprise income tax on capital transfer

The capital transfer shall comply with the provisions in Article 33 of the Foreign Investment Law and be liable to tax according to the following provisions:

1. Where the capital transfer yields profits, the transferors shall pay the enterprise income tax at the rate of 25% of the earned profits.
2. The taxable profit is equal to the transfer value minus the initial value of the transferred capital, minus the transfer expenses (if any).

Where foreign investors later continue to transfer their capital, the initial value of the capital on each subsequent transfer shall be determined as being equal to the transfer value of the preceding transfer contract plus the value of

the additionally contributed capital amount (if any).

3. After the investment licensing agencies certify the registration of the capital transfer contracts through the readjustment of investment licenses, the capital transferors or their authorized persons shall have to submit to the local tax offices the declaration on capital transfer activities, enclosed with the relevant dossiers according to the tax offices' regulations.

Article 53.- Tax calculation year

The tax calculation year for foreign- invested enterprises and business cooperation parties shall commence on January 1 and end on December 31 of the calendar year.

Foreign-invested enterprises and business cooperation parties may request the Finance Ministry's permission for the application of their own 12-month fiscal year for the calculation and payment of enterprise income tax.

Article 54.- Profits liable to enterprise income tax

The profit liable to enterprise income tax shall be the difference between the total revenues and the total expenditures plus other extra profits in the tax calculation year minus the loss amount to be carried forward according to the provisions in Article 40 of the Foreign Investment Law. The profit liable to enterprise income tax shall include the taxable profits of the main establishment plus the taxable profits of the affiliate establishments (if any) of an enterprise.

The determination of profits liable to enterprise income tax shall comply with the provisions in Article 9 of the Enterprise Income Tax Law. The foreign-invested enterprises and business cooperation parties may include in their expenditures the expenses certified by tax offices as reasonable expenses in support of Vietnamese organizations and/or individuals for charity and humanitarian activities.

Article 55.- Carrying forward of losses

In the course of operation, if foreign-invested enterprises or business cooperation parties suffer losses after settling taxes with the tax offices, they are entitled to carry forward their losses to the following year, and such loss amounts shall be subtracted from the taxable income. The duration for carrying forward losses shall not exceed 5 years.

Article 56.- Deduction for establishment of funds of enterprises

After paying the enterprise income tax and fulfilling other financial obligations, the foreign-invested enterprises may deduct the remaining profits for setting up the reserve fund, welfare fund, production expansion fund and other funds as decided by the enterprises.

Article 57.- Import tax exemption for imported goods

1. Foreign-invested enterprises and business cooperation parties shall be exempt from import tax for goods imported to create fixed assets, including:

a) Equipment and machinery;

b) Special-use transport means included in the technological chains and special-use conveyance means for transportation of workers (cars of 24 seats or more, waterway means);

c) Components, details, spare parts, accessories, assembly supports, molds, auxiliaries accompanying equipment, machinery, special-use transport and conveyance means prescribed at Point b of this Clause;

d) Raw materials and materials imported for manufacture of equipment and/or machinery in the technological chains or the manufacture of components, details, spare parts, accessories, assembly supports, molds, auxiliaries accompanying equipment and/or machinery;

e) Construction materials which can not be produced at home yet.

2. Raw materials and materials imported for the implementation of BOT, BTO and/or BT projects; plant varieties, animal breeds and special-type agricultural drugs permitted to be imported for implementation of agricultural, forestry or fishery projects shall be exempt from import tax.

3 The import tax exemption for import goods mentioned in Clauses 1 and 2 of this Article shall also apply to cases of project expansion, technological replacement and renewal.

4. Foreign-invested enterprises and business cooperation parties investing in the fields of hotel, office and apartment for lease, dwelling houses, trade centers, technical services, supermarkets, golf courses, tourist sites, sports complexes, rest and recreation areas, medical examination and treatment establishments, training, culture, finance, banking, insurance, audit, consulting services shall also be entitled to the tax exemption under the

provisions in Clauses 1 and 3 of this Article, excluding equipment only enjoying single import tax exemption according to provisions of the Appendix to this Decree.

5. Foreign-invested enterprises and business cooperation parties investing in the projects on the list of projects where investment is particularly encouraged or in geographical areas with particularly difficult socio-economic conditions prescribed in Appendices to this Decree shall be exempt from import tax on production raw materials for 5 years after the commencement of production.

6. Foreign-invested enterprises and business cooperation parties investing in the production of components, mechanical, electrical and/or electronic accessories shall be exempt from import tax on production raw materials for 5 years after the commencement of production.

7. Raw materials, spare parts, accessories and materials imported for the production of export goods shall be exempt from import tax.

8. Other kinds of goods and materials used for projects where investment is particularly encouraged under the Prime Minister's decisions shall be exempt from import tax.

9. Basing itself on the investment licenses, the technical- economic expositions and technical designs of projects, the Trade Ministry or the agency authorized thereby shall decide the list of import duty-free goods. The above-mentioned import goods must not be sold in the Vietnamese market. In necessary cases where they are sold in the Vietnamese market, the approval of the Trade Ministry is required and relevant taxes must be paid according to law provisions.

Article 58.- Import tax on raw materials and materials imported for the production of export goods and on raw materials for the production of products sold to export goods- producing enterprises

1. Foreign-invested enterprises and business cooperation parties producing export goods may postpone the payment of import tax on raw materials and materials imported for the production of export goods for a duration prescribed in the Export Tax and Import Tax Law. For several kinds of products exported due to the production requirement or production cycles, the time limit for tax payment postponement shall be decided by the Finance

Ministry.

Past the above-said time limit, foreign-invested enterprises and/or business cooperation parties shall have to pay the import tax and when exporting their finished products, they shall be refunded the import tax on the imported raw materials and/or materials at the rate corresponding to the rate of exported finished products.

2. Foreign invested enterprises and business cooperation parties which sell their products to other enterprises for direct production of export products shall be exempt from import tax on raw materials corresponding to these products.

Article 59.- Import tax calculation prices

Prices for calculation of import tax on import goods liable to import tax shall be determined according to the prices inscribed in the import goods invoices. Where such invoices are not available, the import tax calculation prices shall be determined according to the Finance Ministry's regulations.

Article 6.- Value added tax

1. Foreign-invested enterprises and business cooperation parties may postpone the payment of value added tax on raw materials and materials imported for the production of export goods within the time limit for the postponement of import tax payment prescribed by the Export Tax and Import Tax Law.

2. Foreign-invested enterprises and business cooperation parties shall not have to pay value added tax for:

a) Equipment, machinery and special-use transport means included in the technological chains, which cannot be produced in the country yet and are imported to create fixed assets of the foreign-invested enterprises or to perform business cooperation contracts;

Where the complete import equipment and machinery chains are not liable to value added tax but include types of equipment and machinery which can be produced at home, the value added tax shall not be imposed on such complete equipment and machinery chains;

b) The construction materials which can not been produced at home yet and are imported to create fixed assets of foreign-invested enterprises or to

perform business cooperation contracts;

c) Materials imported for the production of products to be supplied to enterprises directly engaged in the manufacture of export products.

Article 61.- Fixed asset depreciation

Foreign-invested enterprises and business cooperation parties shall make the fixed asset depreciation according to the Finance Ministry's regulation.

Chapter V

ACCOUNTING, STATISTICAL AND INSURANCE REGIMES

Article 62.- Accounting, auditing and statistical work

1. The accounting, auditing and statistical work in foreign-invested enterprises and business cooperation parties shall comply with the provisions of Vietnamese legislation on accounting, auditing and statistics.

2. Foreign-invested enterprises and foreign parties to business cooperation contracts shall comply with the accounting regime of Vietnam.

Where there are plausible reasons for the application of common foreign accounting regimes, such application must be approved by the Finance Ministry.

3. The foreign business cooperation parties shall make book entries according to the contents suitable to each type of business cooperation.

Article 63.- Measurement and currency units, accounting and statistical recording

1. The measurement units used in accounting and statistical work are the official measurement units of Vietnam. Other measurement units must be converted into official measurement units of Vietnam.

2. The currency unit used in accounting and statistical recording is Vietnam dong. In case of necessity, foreign-invested enterprises and foreign business cooperation parties may request the Finance Ministry to approve the use of foreign currency unit(s).

3. The accounting and statistical recording shall be effected in Vietnamese or both Vietnamese and a common foreign language.

Article 64.- Financial reports

Foreign-invested enterprises and foreign business cooperation parties shall have to forward their annual financial reports to the investment licensing agencies, the Ministry of Planning and Investment, the Finance Ministry and the General Department of Statistics within 3 months as from the end of their fiscal years.

The annual financial reports of foreign-invested enterprises and foreign business cooperation parties shall be audited by independent auditing companies licensed to operate in Vietnam according to the provisions of legislation on audit before forwarding them to the above-said agencies.

The auditing companies shall have to take responsibility before law for the independence, objectiveness and truthfulness of the auditing results.

The audited financial reports of foreign-invested enterprises and foreign business cooperation parties can be used as bases for determination and settlement of tax obligations as well as other financial obligations toward the Vietnamese State.

Article 65.- Regulations on insurance

1. Foreign-invested enterprises and foreign business cooperation parties shall effect the insurance on the basis of the insurance contracts signed with insurance companies licensed to operate in Vietnam according to the provisions of law.

2. Foreign-invested enterprises and foreign business cooperation parties shall effect the voluntary and compulsory insurance according to the provisions of law.

The insured subjects shall include human being, property, civil liability and other objects prescribed by law.

Chapter VI

FOREIGN EXCHANGE MANAGEMENT

Article 66.- Opening of accounts

Foreign-invested enterprises and foreign business cooperation parties are entitled to open foreign-currency accounts and Vietnam dong accounts at banks licensed to operate in Vietnam.

In special cases, for a number of projects with urgent demand, foreign-invested enterprises may open accounts at banks overseas after they obtain

the approval of the Vietnam State Bank. The enterprises shall have to report to the Vietnam State Bank on the situation on the use of accounts opened abroad. The opening, use and closure of accounts of enterprises shall comply with the regulations of the Vietnam State Bank.

Article 67.- Regulation on ensuring foreign currencies

1. Foreign-invested enterprises and foreign business cooperation parties are entitled to buy foreign currency(ies) at commercial banks licensed to deal in foreign currencies so as to meet the current transactions and other licensed dealings according to legislation on foreign exchange management.

2. For particularly important projects with investment made under the Government's programs in each period, the Prime Minister shall decide the balance of foreign currency(ies) for foreign-invested enterprises and foreign business cooperation parties, which is specified in the investment licenses.

3. The Vietnamese Government ensures the support in balancing foreign currency(ies) for foreign-invested enterprises and business cooperation parties that invest in infrastructure construction and a number of other important projects in cases where the commercial banks fail to fully satisfy the foreign currency demands stated in Clause 1 of this Article.

Article 68.- Transfer of revenues abroad by foreign investors

1. After fulfilling their tax obligations, foreign investors may transfer abroad:

- a) Profits earned from business activities, revenues divided to them;
- b) Revenues from service provision and technology transfer;
- c) Principals and interests of foreign loans;
- d) Investment capital;
- e) Other money amounts and assets under their lawful ownership.

2. Upon the termination of operation and dissolution of their enterprises, foreign investors are entitled to transfer abroad the assets under their lawful ownership.

3. Where the amount transferred abroad as provided for in Clause 2 of this Article is larger than the initial capital and reinvestment capital, the difference thereof shall be transferred abroad only after it is approved by the investment licensing body.

Article 69.- Transfer of foreigners' incomes abroad

Foreigners working in the foreign-invested enterprises or under the business cooperation contracts shall be entitled to transfer abroad their salaries and other lawful incomes in foreign currency(ies) after having paid the income tax and other expenses.

Article 70.- Exchange rates

The rates for conversion of foreign currencies into Vietnamese currency and vice versa applicable in the process of investment, production and business of foreign-invested enterprises and business cooperation parties shall comply with the regulations of the Vietnam State Bank at the time of conversion.

Chapter VII**EXPORT AND IMPORT, TECHNOLOGY TRANSFER, ENVIRONMENTAL PROTECTION****Article 71.- Registration of import plans**

1. Within 60 days after being granted the investment licenses, the foreign-invested enterprises and business cooperation parties shall register their plans for the import of machinery, equipment, accessories, supplies, raw materials' for the entire period of the project's capital construction, or the annual import thereof according to the construction and installation tempo. The import plans may be supplemented or adjusted at the beginning of the first month of each quarter and each year in accordance with the capital contribution schedule, the construction tempo and the production/business programs.

2. Basing themselves on the investment licenses, the economic-technical expositions and the technical designs of the projects, the agencies authorized by the Trade Ministry shall, within 15 days after the receipt of complete dossiers, approve the import plans for each project. Past the above time limit, if the plans are not yet approved, the agencies authorized by the Trade Ministry shall have to notify in writing the enterprises and/or business cooperation parties thereof, clearly stating the reasons therefor.

3. Under the same commercial conditions, foreign-invested enterprises and business cooperation parties are encouraged to buy goods in Vietnam instead of importing them.

Article 72.- Requirements on import equipment, machinery, supplies

Equipment, machinery and supplies imported into Vietnam for execution of investment projects must ensure their standards, qualities and conformity with the production, environmental protection and labor safety requirements stated in the economic-technical expositions, technical designs as well as the compliance with the regulations on import of equipment and machinery.

Except the used equipment and machinery listed for import ban, the foreign-invested enterprises and business cooperation parties may decide and take responsibility for the economic-technical efficiency of the import of used equipment and machinery, and ensure the technical as well as environmental protection requirements as prescribed by the Ministry of Science, Technology and Environment.

Article 73.- Expertise of imported equipment and machinery

1. Equipment and machinery imported to execute investment projects must be expertised in terms of their value and quality before they are imported or installed, except equipment and machinery procured through bidding.

2. Border-gate customs shall base themselves on the approved import plans to permit the import of equipment and machinery without demanding the presentation of expertise certificates.

3. Organizations performing the expertise of imported equipment and machinery shall be the expertising companies licensed to operate in Vietnam, Vietnamese State bodies with expertising function or expertising companies in foreign countries for the expertise of equipment and machinery before they are imported. The investors shall have to supply to the investment licensing agencies the information on the expertising companies they have chosen.

The expertising organizations shall have to take legal and material liabilities for the expertising results. Where the value of the expertised equipment and machinery is lower than the value reported by the investor, the investor shall have to readjust the implemented value according to such results. If any fraud is detected, the sinner shall be handled according to law, depending on the seriousness of the violation.

4. In case of necessity, the investment license- granting agencies may request the re-expertise of the value of imported equipment and machinery.

Article 74.- Financial leasing/purchase and renting of equipment or

machinery

1. For a number of projects with special requirements, foreign-invested enterprises and business cooperation parties may rent equipment and machinery in the country and/or abroad for the execution of projects.
2. Where foreign-invested enterprises or business cooperation parties make the financial leasing/purchase of equipment and machinery to create their fixed assets, they shall be exempt from import tax.
3. Where foreign-invested enterprises or business cooperation parties rent equipment and machinery to carry out production and business activities, they shall have to comply with the following regulation:
 - a) They may rent only equipment and/or machinery not yet included in the technological chains registered in the economic-technical expositions, as well as molds and accompanying accessories for production in a given period;
 - b) The equipment and machinery hired from overseas must be re-exported upon the expiry of the leasing duration.

Foreign-invested enterprises and business cooperation parties shall perform the financial obligations for the lessors as prescribed by law.

Enterprises are entitled to account the equipment and machinery renting expenses into their business costs, must neither make the depreciation for the hired equipment and machinery nor calculate the value of rented property into the value of their own property.

The rented equipment and machinery, during the leasing term, shall not be considered the property of the leasing parties when the procedures for the enterprise dissolution or bankruptcy are carried out.

Article 75.- Processing and re-processing

Foreign-invested enterprises and business cooperation parties may carry out activities of product processing or reprocessing according to the objectives prescribed in the investment licenses, concretely:

1. Undertaking the product processing abroad;
2. Undertaking the product processing at home;
3. Ordering the domestic processing of a product part or a number of details which cannot be produced by the machinery, equipment or technological

chains.

Article 76.- Goods export

Foreign-invested enterprises and business cooperation parties may directly export or entrust the export of their products, and may undertake the entrusted export according to law provisions.

The enterprises shall fill in the export procedures at the Customs Offices without having to register their export plans.

Except goods on the list of goods banned from export and the list of goods subject to conditional export, foreign-invested enterprises and business cooperation parties may directly purchase goods and products in the Vietnamese market for export processing or for export according to the regulations of the Trade Ministry.

Article 77.- Sale of products in the Vietnamese market

For products sold in the Vietnamese market, foreign-invested enterprises may sell them directly or through sale agents without restriction on the sale areas. Enterprises may act as sale agents for other enterprises which have the same types of products made in Vietnam.

The sale prices of products shall be decided by the enterprises. For goods and services subject to the uniform price control by the State, the sale prices shall comply with the price brackets announced by competent State bodies.

Article 78.- Sale of products of export processing enterprises into the Vietnamese market

The export processing enterprises may sell into domestic markets their own products, including:

1. Raw materials, semi-finished products, to enterprises directly engaged in the production of export goods;
2. Goods with domestic demand for import;
3. Discarded materials and faulty products, which still have commercial value.

The procedures and tax payment for the above-mentioned goods shall comply with the law provisions on export and import.

Article 79.- Tax-guarantee warehouse

Foreign-invested enterprises producing export goods may set up tax-guarantee warehouses at the enterprises. Goods deposited into tax-guarantee warehouses are not liable to import tax payment.

Enterprises wishing to set up tax-guarantee warehouses must satisfy the following conditions and carry out the following procedures:

1. Exporting at least 50% of their products;
2. Goods transported from the tax-guarantee warehouses into the production establishments must be registered and subject to customs supervision;
3. Goods put into tax-guarantee warehouses must not be sold on the Vietnamese market. Where the Trade Ministry permits the sale thereof on the Vietnamese market, the enterprises shall have to pay import tax and other taxes according to the provisions of law;
4. If goods deposited in tax-guarantee warehouses get damaged and deteriorate thus failing to meet the production requirements, they must be re-exported or destroyed. The destruction thereof must comply with the regulations and be subject to the supervision by the Customs Office, Tax Office and Environment Office.

The General Department of Customs shall base itself on the above regulations to guide the granting of permits for the establishment of tax-guarantee warehouses at foreign-invested enterprises and manage and supervise the activities of tax-guarantee warehouses.

Article 80.- Protection and encouragement of technology transfer

1. The Vietnamese Government creates favorable conditions for and protects the legitimate rights and interests of the technology transferors in order to execute investment projects in Vietnam according to law provisions on technology transfer; encourages quick transfer of technologies, particularly advanced technologies and technologies which satisfy one of the following requirements:

- a) Technologies which create new and necessary products in Vietnam or produce export goods;
- b) Technologies which raise the technical properties, quality of products and raise the production capacity;
- c) Technologies which save raw materials, fuels; efficiently exploit and use

natural resources.

2. It is strictly forbidden to transfer technologies which have adverse impacts on ecological environment, public order and labor safety.

Article 81.- Transfer of technologies and capital contribution with technologies

1. The transfer of technologies by foreign-invested enterprises and business cooperation parties shall be effected on the basis of technology transfer contracts as prescribed by the legislation on technology transfer.

2. The value of the transferred technology used for capital contribution shall be agreed upon by the parties and must in all circumstances not exceed 20% of the legal capital.

Invention patents, technical know-how, technological processes, technical services, which are used for capital contribution shall be exempt from all technology transfer-related taxes.

3. When contributing capital with technologies, investors must compile dossiers on technology transfer. The technology transfer dossiers shall be sent together with the project dossiers of application for investment licenses and must include documents relating to industrial property, industrial property protection deeds and written certification of technical properties, the principle for agreement on the value of the technology of the joint-venture parties.

The capital contribution with technologies must be approved by the Ministry of Science, Technology and Environment. The investment licensing agencies shall readjust the investment licenses after the capital contribution with technologies is approved.

Article 82.- Environmental protection

1. Foreign-invested enterprises and business cooperation parties shall have to abide by the regulations on and meet the criteria for environmental protection and observe the Vietnamese legislation on environmental protection.

2. Basing itself on the technology's operation nature, level and environmental impacts, the Ministry of Science, Technology and Environment shall announce the list of projects subject to the elaboration of reports on environmental impact assessment.

The elaboration and evaluation of the environmental impact assessment reports shall comply with the provisions of the legislation on environmental protection.

3. For projects outside the above-mentioned list, the investors only need to expound in their dossiers of application for investment licenses factors which may affect the environment, state the handling measures and commit themselves to protect the environment in the process of construction and business activities.

4. Where the investors apply international advanced environmental standards in the process of construction and business activities in Vietnam, they only need to make registration thereof with the Ministry of Science, Technology and Environment.

Chapter VIII

LABOR RELATIONS

Article 83.- Labor recruitment

1. Foreign-invested enterprises and business cooperation parties recruit Vietnamese laborers through Vietnamese labor supply organizations. After 15 days at most from the date of receipt of the labor supply requests from foreign-invested enterprises or business cooperation parties, if the labor supply organizations fail to satisfy them, such foreign-invested enterprises or business cooperation parties are entitled to directly recruit Vietnamese laborers.

2. When having demands for employment of foreign laborers, foreign-invested enterprises and business cooperation parties shall fill in the procedures at the provincial/municipal Services of Labor, War Invalids and Social Affairs or the Industrial Park Management Boards for consideration of the work permit granting as prescribed by the labor legislation.

Article 84.- Wages paid to Vietnamese laborers

1. The minimum wage and wages of Vietnamese laborers working in foreign-invested enterprises and business cooperation parties are stipulated and paid in Vietnam dong. The Ministry of Labor, War Invalids and Social Affairs announces the minimum wage for each period.

2. The minimum wage and wages of Vietnamese laborers may be readjusted

when the consumer price indexes rise from 10% or more against those in the latest readjustment.

Chapter IX

LAND, CONSTRUCTION, BIDDING, PRE-ACCEPTANCE TEST, FINANCIAL SETTLEMENT OF PROJECTS

Article 85.- Land lease and payment of land rent

Foreign-invested enterprises and business cooperation parties shall be leased land by the Vietnamese State for execution of investment projects and shall have to pay land rents according to the regulations of the Finance Ministry.

Article 86.- Land rent levels and land rent exemption and reduction

On the basis of the land rent brackets and conditions for land rent exemption or reduction, prescribed by the Finance Ministry, the provincial-level People's Committees shall decide the land rent level as well as the exemption or reduction thereof for each project. The land rentals shall not be increased for at least 5 years; when they are to be increased, the increase level shall not exceed 15% over the preceding readjustment level.

Where foreign-invested enterprises or business cooperation parties, which are leased land by the State, have paid the land rent in advance for the whole project term or for several years, if during such period there is a decision to increase the land rent, the paid land rent shall not be readjusted.

Article 87.- Regulations on renting land in industrial parks, export processing zones, hi-tech parks

1. For projects on investment in industrial parks, export processing zones or hi-tech parks, which are built with investment by infrastructure development enterprises, the payment of land rent, the rent for subrent of land on which infrastructures have already been developed as well as the charges for use of infrastructure projects shall comply with the contracts signed with the infrastructure development enterprises.

2. Foreign-invested enterprises and business cooperation parties renting or subrenting land in industrial parks, export processing zones or hi-tech parks shall be granted the land use right certificates under the guidance of the General Land Administration.

Article 88.- Competence to decide land lease

The Prime Minister shall decide land lease to projects using the urban land with the area of 5 ha or more, other types of land with the area of 50 ha or more. The provincial-level People's Committees shall decide the land lease to the other projects.

Article 89.- Compensation, ground clearance, land lease dossiers

1. In case of land lease by the Vietnamese State, the People's Committees of the provinces where exist the investment projects shall have to organize the compensation, ground clearance, and complete the land lease procedures. The expenses for compensation and ground clearance shall be accounted into the investment capital of the projects. The provincial-level People's Committees shall agree with the enterprises which are leased land on the financial sources for implementation of compensation and ground clearance.

2. Where the Vietnamese party contributes capital with the land use right, it shall have to make the compensation, clear the ground and complete the procedures for the land use right. Expenses for the compensation and ground clearance shall be accounted into the contributed capital of the Vietnamese party or agreed upon by the parties.

3. The compensation unit price shall comply with the general regulations of the State.

4. For investment projects licensed by the provincial-level People's Committees, the land lease consideration shall be carried out simultaneously with the consideration of the investment licensing.

5. For investment projects licensed by the Ministry of Planning and Investment, the dossiers of application for land lease attached to the dossiers of application for investment licenses shall include the following contents:

- a) The location and area of the land plot to be used;
- b) The land rental proposed by the provincial-level People's Committee on the basis of the land rental bracket stipulated by the Finance Ministry;
- c) The compensation and ground clearance plan.

6. Land rent and subrent procedures and dossiers shall comply with the guidance of the General Land Administration.

Article 90.- The time limits for land rent calculation, capital contribution with

the land use right value

Where foreign-invested enterprises and business cooperation parties rent land to implement investment projects or the Vietnamese party contributes capital with the land use right value, the time limit for calculation of land rent or the value of capital contribution of the Vietnamese party shall be counted from the time of the hand-over of land on the field.

Article 91.- Land rent preferences

Foreign-invested enterprises and business cooperation parties are entitled to rent land at the lowest rate and enjoy exemption or maximum reduction of various taxes in case of building dwelling houses for workers and infrastructure works outside the fences. The lowest land rent level shall also apply to the fields of medical examination and treatment, education and training, scientific research.

Article 92.- Mortgage of land use right value and assets affixed to land

1. Foreign-invested enterprises may mortgage the land use right value and assets affixed to land during the land leasing or subleasing terms at Vietnamese credit institutions, foreign banks' branches operating in Vietnam or joint-venture banks between Vietnam and foreign countries in accordance with Credit Institution Law to borrow business capital according to the provisions of law in the following cases:

- a) The foreign-invested enterprises have already paid land rent for many years if the paid land leasing term remains for at least 5 years;
- b) The joint-venture enterprises to which the Vietnamese parties contribute capital with the land use right, if the duration of capital contribution with the land use right remains for at least 5 years.

2. The mortgaged land use right value includes the expenses for compensation and ground clearance and the land rent minus the land rent paid for duration in which the land was used.

3. The dossiers and procedures for mortgage of the land use right value shall comply with the guidance of the General Land Administration and the Vietnam State Bank.

Article 93.- De-mortgage of the land use right value and assets affixed to land

1. When fulfilling the debt repayment obligation toward the debts mortgaged with the land use right value and assets affixed to land, foreign-invested enterprises shall unfreeze the mortgage according to the provisions of law.
2. Where the foreign-invested enterprises fail to perform the debt repayment obligation under the loan contracts, the mortgaged assets shall be handled according to law provisions.
3. Organizations or individuals receiving the lawful land use right arising from the mortgage according to law provisions shall be entitled to continue using the land for the implementation of investment projects as prescribed in the investment licenses; any change of or supplement to, the operation objectives must be approved by the investment licensing agencies.

Article 94.- Management of the construction of foreign-invested projects

The management of the construction of foreign-invested projects shall include the following contents:

1. Appraisal of the construction project's planning and architecture.
2. Appraisal of technical design.
3. Examination of the implementation of bidding in construction, granting of consultancy and construction license for the bid-winning contractor.
4. Control of the construction project quality.

Article 95.- Appraisal of planning and architectural schemes

The dossier of application for investment license must be enclosed with the predesign demonstrating the architectural scheme.

The appraisal of the project's planning and architectural scheme shall be implemented in the process of appraising the investment projects.

Article 96.- Contents of the appraisal of technical designs

The construction project designs shall be appraised in the following details:

1. The legal status of the designing organization.
2. The design's compatibility with the planning and architecture already appraised in the approved projects and planning.
3. The observance of Vietnamese standards and criteria for technical design and construction or the foreign technical criteria approved by the Ministry of

Construction.

Article 97.- Competence to appraise technical designs and construction decision

The competence to appraise technical designs is stipulated as follows:

1. The Construction Ministry shall appraise technical designs of Group A projects prescribed in Article 114 of this Decree, excluding projects with small-scale and simple constructions. The provincial-level People's Committees shall appraise technical designs of the other projects.

The Construction Ministry shall guide the appraisal of technical designs.

2. The appraisal of technical designs and the notification of decision thereon to the investors shall be made within 20 working days from the date of receipt of the valid dossiers. After the technical design is approved, the investor can construct the project.

Past the above-said time limit of 20 working days, if the technical design-appraising body fails to notify the investor of its decision, the investor can construct the project according to the submitted technical design dossier.

3. Within 10 working days before the project construction starts, the investor shall have to notify the date of construction commencement to the provincial-level People's Committee of the locality where the project is to be constructed.

Article 98.- Responsibilities for construction works

1. The investors are responsible before Vietnamese law for the quality and safety of construction works; fire and explosion prevention and fighting; as well as environmental protection during the period of project construction as well as throughout the period of using the works.

2. The surveying and designing organizations as well as the construction contractors shall have to bear responsibility before the investors and Vietnamese laws for their jobs related to the quality of the works.

Article 99.- Putting works to use

Upon the completion of project construction, the investors shall report the completion of project construction to the project design- appraising body and be allowed to put the works to use. In case of necessity, this body shall conduct the examination of the works; if any violations of the approved

designs and/or the regulations on construction, the violators shall be handled according to law provisions.

Article 100.- Regulations on bidding for projects with foreign investment capital

1. Joint-venture enterprises and business cooperation contracts where State enterprises of Vietnam contribute 30% or more of the legal capital or business capital shall have to organize bidding for goods procurement as well as construction and installation according to the legislation on bidding. The Management Boards of joint-venture enterprises or the competent representatives of business cooperation parties shall have to approve the bidding plans and results based on the consent of the investment licensing bodies.

2. Apart from the projects prescribed in Clause 1 of this Article, the investors are encouraged to organize bidding for other projects according to the legislation on bidding.

Article 101.- Final settlement of works

1. Within 6 months after the works or work components are completely constructed and put into exploitation and use, foreign-invested enterprises and business cooperation parties shall have to forward their reports on construction work settlement to the investment licensing bodies. The investors shall have to bear responsibility for the truthfulness and accuracy of their settlement reports.

2. Within 30 days after receiving the construction work settlement reports, the investment licensing bodies shall have to consider and grant the certificate of registration of work settlement reports.

In case of necessity, the investment licensing bodies may appraise the investment capital settlement reports and request the adjustment of investment capital according to the reasonable expenses.

3. Within 6 months after the works are completely constructed and put to use, the investors shall have to submit the construction completion dossiers for archive according to law provisions.

4. The certification of ownership over the construction works shall comply with the provisions of law.

Article 102.- Liquidation

1. The investors shall submit their work settlement reports with certification of registration to the Customs Offices in order to carry out procedures for liquidation of machinery, equipment, raw materials and materials imported for the project construction and installation.

2. Where the imported goods are not used up for the installation and construction of works under projects, the investors shall report such to the investment licensing bodies and the Customs Offices for handling. The above-said goods shall be sold on domestic markets only when the Trade Ministry's approval is obtained and the relevant financial obligations are fulfilled according to the provisions of law.

Article 103.- Support for technical infrastructures outside the fences

The Government shall provide support for the construction of technical infrastructure outside the fences of foreign- invested enterprises or industrial parks, export processing zones and hi-tech parks. In case of necessity, the enterprises which build and deal in the technical infrastructures may come to term with the enterprises which develop the industrial park, export processing zone and/or hi-tech park infrastructures or foreign-invested enterprises on the capital advance or other modes for the construction of technical infrastructures.

Chapter X**INVESTMENT LICENSING PROCEDURES****Article 104.- The investment licensing process**

1. Foreign investment projects in Vietnam shall be approved in form of investment licenses. The investment licenses are issued in set forms by the Ministry of Planning and Investment.

2. The granting of investment licenses shall comply with one of the two following processes:

- a) Registration for investment licensing;
- b) Appraisal of investment licensing.

Article 105.- Conditions on projects subject to investment licensing registration

1. The projects subject to investment licensing registration shall also have to satisfy the following conditions:

- a) They do not belong to Group A as provided for in Article 114 of this Decree;
- b) They are in line with the approved planning;
- c) They are not on the list of projects subject to the elaboration of report on environmental impact assessment.

2. Apart from the conditions prescribed in Clause 1 of this Article, the projects subject to investment licensing registration shall have to satisfy one of the following conditions:

- a) Exporting all products;
- b) Investing in industrial parks, meeting the requirements on export percentage as stipulated by the Ministry of Planning and Investment;
- c) Belonging to the production fields with the investment capital of up to USD 5 million and having the export percentage of 80% or more.

3. The investment licensing bodies must not refuse to grant the investment licenses to projects which satisfy all conditions on investment licensing registration.

4. The other projects shall be subject to the appraisal of investment licensing.

Article 106.- Registration for investment licensing

1. The dossier of registration for investment license granting shall include:

- a) The application for investment licensing registration;
- b) The joint-venture contract and Charter of the joint-venture enterprise or the Charter of the enterprise with 100% foreign investment capital or the business cooperation contract;
- c) The documents certifying the legal status and financial situation of the parties.

2. The dossier of registration for investment licensing shall be made in 5 sets, including at least 1 original, which shall all be submitted to the investment licensing body.

3. Within 15 working days after the receipt of valid dossiers, the investment

licensing bodies shall notify their decisions of approval in form of investment licenses.

The Ministry of Planning and Investment shall issue documents guiding the compilation of the project dossiers of registration for investment licensing.

Article 107.- Dossiers of appraisal of investment licensing

1. The dossier of appraisal of investment licensing shall include:

- a) The application for investment licensing;
- b) The joint-venture contract and Charter of the joint-venture enterprise or the Charter of the enterprise with 100% foreign investment capital or the business cooperation contract;
- c) The eco-technical exposition;
- d) The documents certifying the legal status and financial situation of the joint-venture parties, the business cooperation parties, the foreign investors;
- e) The documents related to the technology transfer (if any).

2. The dossier shall be made in 12 sets for Group A projects or 8 sets for Group B projects, including at least 1 original, which shall all be submitted to the investment licensing body.

The Ministry of Planning and Investment shall issue documents guiding the compilation of dossiers of foreign investment projects.

Article 108.- Contents of investment project appraisal

The contents of investment project appraisal shall include:

1. The legal status and financial capabilities of foreign and Vietnamese investors.
2. The project's conformity with the planning.
3. The socio-economic benefits (the possibility of creating new production capability, new production lines, occupations and new products; market expansion; the possibility of creating jobs for laborers; the economic benefits of the project and budget remittances..).
4. The levels of techniques and technologies to be applied, the rational use and protection of resources, the protection of ecological environment.
5. The rationality of the use of land and valuation of assets contributed as

capital of the Vietnamese party (if any).

Article 109.- The process of appraising investment projects licensed by the Ministry of Planning and Investment

1. For Group A projects, the Ministry of Planning and Investment shall gather comments thereon from the concerned ministries, branches and provincial-level People's Committees before submitting them to the Prime Minister for consideration and decision. In case of divergence of opinions on important issues of the projects, the Ministry of Planning and Investment shall organize consultative meetings with competent representatives of concerned agencies to consider the projects before they are submitted to the Prime Minister. Depending on each specific case, the Prime Minister may request the State Council for Appraisal of Investment Projects to study and provide consultancy so that the Prime Minister shall consider and decide it;

2. For Group B projects falling under the deciding competence of the Ministry of Planning and Investment, the said Ministry shall gather comments from the concerned ministries, branches and provincial-level People's Committees before considering and deciding them.

3. Project appraisal time limits:

a) Within 3 working days after receiving the valid dossier, the Ministry of Planning and Investment shall send the dossier to the concerned ministries, branches and provincial-level People's Committees for comments;

b) Within 15 working days after receiving the valid dossier, the ministries, branches and provincial-level People's Committees shall send their written comments to the Ministry of Planning and Investment on the project contents belonging to their respective fields of management; if past the above-said time limit they fail to send any written comments, they shall be considered as having approved the projects;

c) For Group A projects, within 30 working days after receiving the valid dossiers, the Ministry of Planning and Investment shall submit its appraisals to the Prime Minister. Within 10 working days after receiving the reports of the Ministry of Planning and Investment, the Prime Minister shall issue decisions on the projects. Within 5 working days after receiving the Prime Minister's decisions, the Ministry of Planning and Investment shall notify the investors of the decisions on the granting of investment licenses to their

projects;

d) For Group B projects, within 30 working days after receiving the valid dossiers, the Ministry of Planning and Investment shall complete the project appraisal and grant the investment licenses.

The above time limit does not include the time during which the investors amend and/or supplement the dossiers of application for the investment licenses.

All requests of the Ministry of Planning and Investment for amendments and supplements to the project dossiers by the investors shall be made in writing within 20 working days after the receipt of valid dossiers.

If past the above time limit no investment license is granted, the Ministry of Planning and Investment shall send its written notice thereon to the investors clearly stating the reasons therefore, and concurrently to the concerned agencies.

4. The granting of investment licenses to projects in industrial parks, export processing zones and hi-tech parks shall be effected under the mechanism of authorization by the Ministry of Planning and Investment.

Article 110.- The appraisal process applicable to investment projects licensed by the provincial-level People's Committees

1. The project appraisal contents shall comply with Article 108 of this Decree.

2. The time limits for project appraisal and investment licensing:

a) Within 3 working days after receiving the valid dossiers, the provincial-level People's Committees shall send the project dossiers to the ministries which manage the economic and technical branches and concerned ministries and branches for comments on the projects;

b) Within 15 working days after receiving the valid dossiers, the ministries and branches shall send their written comments to the provincial-level People's Committees on the project contents falling into the fields of their management; if past the above time limit, they fail to send any written comments, they are considered as having approved the projects;

c) Within 30 working days after receiving the valid dossiers, the provincial-level People's Committees shall complete the project appraisal and grant the investment licenses.

The above time limit does not include the time for the investors to amend and/or supplement the dossiers of application for investment licenses.

All requests of the provincial-level People's Committees for amendments and/or supplements to the project dossiers by the investors shall be made in writing within 20 working days after the receipt of valid dossiers.

If past the above-said time limit the provincial-level People's Committees fail to grant the investment licenses, they shall send written notices thereon to the investors, clearly stating the reasons therefor, and concurrently to the concerned agencies.

3. Within 7 working days after granting the investment licenses or the adjusted licenses, the provincial-level People's Committees shall forward the originals of the investment licenses or the adjusted licenses to the Ministry of Planning and Investment and their copies to the Finance Ministry, the Trade Ministry, the ministries managing the economic and technical branches and the concerned State agencies.

Article 111.- Adjustment of investment licenses

1. The amending and supplement of investment licenses shall be approved by the investment licensing bodies in form of adjusted licenses.

2. The amendment to grant the adjusted licenses is stipulated as follows:

a) The Ministry of Planning and Investment shall decide the granting of adjusted licenses to the projects prescribed in Article 114 and Clause 2 of Article 115 of this Decree and authorize the Industrial Parks Management Boards to grant adjusted licenses to the authorized projects;

b) The provincial-level People's Committees shall decide the granting of adjusted licenses to projects assigned to them for investment licensing.

3. When having a need to amend and/or supplement the investment licenses, the foreign-invested enterprises and business cooperation parties shall submit their dossiers of application for the adjustment of their investment licenses to the investment licensing bodies according to the provisions in Clause 2 of this Article. Such a dossier includes:

a) The application for adjustment of the investment license;

b) The Resolution of the Management Board of the joint-venture enterprise or the agreement reached between the business cooperation parties or the

proposal of the foreign investors on the proposed amendment and/or supplement to the investment license;

c) The report on the project implementation situation.

4. The investment licensing bodies shall notify the foreign-invested enterprises and/or business cooperation parties of the decisions on the adjustment of investment licenses within 15 working days after the receipt of the valid dossiers.

The above time limit does not include the time for the foreign-invested enterprises and business cooperation parties to give additional explanation.

Chapter XI

STATE MANAGEMENT OF FOREIGN INVESTMENT ACTIVITIES

Article 112.- Guiding the investment activities

1. The ministries, branches and provincial-level People's Committees shall have to guide the foreign investment activities in the fields and geographical areas under their respective management; provide necessary information and create all favorable conditions for investors to select the investment opportunities in Vietnam; improve the administration and revise the investment procedures in order to ensure simple and quick investment procedures.

2. The ministries, branches and provincial-level People's Committees shall consult with the Ministry of Planning and Investment before promulgating according to their competence the legal documents related to foreign direct investment activities; in case of divergence of opinions, it must be reported to the Prime Minister for consideration and decision.

Article 113.- Coordination of State management activities

1. The ministries, branches and provincial-level People's Committees shall exercise the State management of foreign investment activities according to the provisions of law, effecting the regime of coordination in the work of enterprise management.

2. The provincial-level People's Committees shall have to promptly handle matters falling under their competence and guide enterprises to operate in strict compliance with the regulations in the investment licenses and the provisions of law.

3. The Ministry of Planning and Investment shall sum up and provide information on the foreign investment situation for the ministries, branches and the provincial-level People's Committees, periodically work with the Finance Ministry, the Trade Ministry, the State Bank, the General Land Administration, the General Department of Customs and the concerned provincial-level People's Committees in order to handle in time arising matters as well as petitions of foreign-invested enterprises, business cooperation parties and put forward policies and measures to improve the investment environment.

Article 114.- Competence to decide investment projects

1. The Prime Minister shall decide Group A- projects, including:

a) Projects, regardless of investment capital amounts, in various fields:

- Capital construction of infrastructures in industrial parks, export processing zones, hi-tech parks, urban centers; BOT, BTO and BT projects;
- Seaport and airport construction and business; sea shipping and air transport business;
- Petroleum activities;
- Postal and telecommunications services;
- Culture; publication and press; radio and television; medical examination and treatment establishments; education and training; scientific research; production of curative medicines for human use;
- Insurance, finance, audit, expertise;
- Prospection and exploitation of precious and rare natural resources;
- Construction of dwelling houses for sale;
- Defense and security projects.

b) Projects with investment capital of USD 40 million or more in such branches as electricity, mining, metallurgy, cement, machine building, chemicals, hotels, apartments and offices for rent, entertainment- recreation- tourist complexes;

c) Projects using the urban land of 5 ha or more and other type of land of 50 ha or more.

2. The Ministry of Planning and Investment shall decide Group B projects

(being those not prescribed in Clause 1 of this Article), except projects defined in Clause 3 of this Article.

3. The provincial-level People's Committees shall decide projects defined in Clause 1, Article 115 of this Decree.

Article 115.- Assignment of investment licensing responsibility

1. Investment projects assigned to the provincial-level People's Committees for investment licensing shall have to satisfy the following criteria and conditions:

a) Being in line with planning and plans for socio-economic development, which have already been approved;

b) Being other than Group A projects prescribed in Clause 1, Article 114 of this Decree with investment capital amounts prescribed by the Prime Minister.

2. The provincial-level People's Committees shall not be assigned the responsibility to grant investment licenses to investment projects in the following fields (regardless of investment capital amounts):

a) National highways and railways construction;

b) Cement production, metallurgy, electricity, edible sugar, liquors, beer, cigarettes; automobile and motorcycle manufacture and assembly;

c) Tour bussiness.

Article 116.- The provincial-level People's Committees' function of State management over foreign investment

The provincial-level People's Committees shall have the responsibility:

1. To make and announce lists of local projects for attracting foreign investment, based on the approved socio-economic development planning and the coordination with concerned ministries and branches; to mobilize and promote investment.

2. To assume the prime responsibility for the appraisal, grant investment licenses and adjust investment licenses, decide to dissolve foreign-invested enterprises and terminate business cooperation contracts ahead of time regarding projects under their jurisdiction.

3. To take part in the appraisal of projects in their respective localities, which

are granted the investment licenses by the Ministry of Planning and Investment.

4. To perform the function of State management over projects with foreign investment capital in their respective localities according to the following principal contents:

a) Supervising the capital contribution, the observance of regulations in the investment licenses as well as relevant legal documents;

b) Supervising the implementation of the provisions on financial obligations, labor and wage relations, social order and safety, the ecological environment protection, fire and explosion prevention and fighting;

c) Granting the land use right certificates; organizing the ground clearance; granting permits for opening head-offices, branches; registering residence for foreigners; recommending Vietnamese laborers to enterprises and granting certificates according to current regulations;

d) Removing difficulties and problems of investors according to their competence, and proposing the ministries and branches to settle matters beyond their competence;

e) Assuming the prime responsibility for or joining other ministries and branches in examining and inspecting activities of foreign-invested enterprises;

f) Evaluating socio-economic efficiency of foreign direct investment activities in their localities.

5. Quarterly, biannually and annually, the provincial-level People's Committees send reports on foreign investment activities in their localities to the Ministry of Planning and Investment.

Article 117.- The Planning and Investment Ministry's function of State management over foreign investment

1. The Ministry of Planning and Investment shall act as the main player in settling matters in the process of formation, deployment and implementation of investment projects, including:

a) Guiding and coordinating with the ministries, branches and provincial-level People's Committees in drawing up the planning, plans and lists of projects calling for investment and conducting promotion activities to call for

investment;

b) Assuming the prime responsibility for appraisal, granting the investment licenses and the adjusted licenses for investment projects under its competence;

c) By the Prime Minister's decision, authorizing the Industrial Parks Management Board to grant, adjust and withdraw investment licenses for foreign projects of investment in industrial parks, export processing zones and hi-tech parks at the proposals of the provincial-level People's Committees or the Ministry of Science, Technology and Environment (for hi-tech parks);

d) Reconciling disputes when so requested;

e) Organizing the examination and inspection of the carrying out of foreign investment activities;

f) Making general evaluation of the socio-economic efficiency of foreign direct investment in Vietnam;

g) Deciding to dissolve foreign-invested enterprises and to terminate the business cooperation contracts ahead of time with regard to projects under its jurisdiction.

2. Annually, the Ministry of Planning and Investment sums up the situation of investment licensing and foreign investment activities in Vietnam and report it to the Prime Minister and notify the concerned ministries and branches thereof.

Article 118.- The function of State management over foreign investment of the other ministries, the ministerial-level agencies and the agencies attached to the Government

The other ministries, the ministerial-level agencies and the agencies attached to the Government shall have the responsibility:

1. To coordinate with the Ministry of Planning and Investment in elaborating legislation, policies and planning related to foreign investment.

2. To elaborate planning, plans and lists of their own projects calling for foreign investment; organizing investment mobilization and promotion.

3. To give comments on matters falling under their jurisdiction in the appraisal of projects, granting and adjustment of investment licenses.

4. To promulgate and guide the implementation of policies, settle procedures related to the deployment and implementation of investment projects.
5. To conduct specialized inspection; evaluate the socio-economic efficiency of the investment projects under their respective specialized management.
6. To promulgate technical criteria and processes related to their own economic and technical domains.
7. To perform other tasks under their jurisdiction as prescribed by law.

Article 119.- Regulations on inspection and examination

1. The inspection and examination of activities of foreign-invested enterprises and business cooperation parties must ensure the compliance with functions, jurisdiction and law provisions on foreign investment as well as on inspection and examination.
2. The agencies having inspection and examination function shall have to draw up plans for periodical inspection and examination to be addressed to the Ministry of Planning and Investment, the concerned provincial-level People's Committees and Industrial Park Management Boards for the coordinated inspection and examination. The periodical specialized inspection and examination shall be carried out not more than once a year for an enterprise.
3. Those who issue inspection and examination decisions in contravention of law or who take advantage of the inspection and examination to seek personal profits, harass and cause troubles to business activities of enterprises shall, depending on the seriousness of their violations, be disciplined or examined for penal liability; if causing damage, they shall have to compensate therefor as prescribed by law.
4. Foreign investors, foreign-invested enterprises, business cooperation parties, organizations and individuals may complain or initiate lawsuits against illegal decisions and acts of causing difficulties and troubles committed by State employees and bodies. The complaint or lawsuit making and the settlement of complaints and lawsuits shall comply with the law provisions on complaints and denunciations.

Chapter XII

INVESTMENT SECURITY AND DISPUTE HANDLING

Article 120.- Investment security

1. The Vietnamese Government assures the equal and satisfactory treatment for foreign investors investing in Vietnam under the Foreign Investment Law. Where the international agreements which the Socialist Republic of Vietnam has signed or acceded to contain provisions different from those of this Decree and other legal documents, the provisions of such international agreements shall apply.

2. The signing of agreements on or the application of measures for, investment security or guaranty shall apply only to particularly important projects of investment under the Government's programs in the field of infrastructure, investment projects under BOT, BTO or BT contracts and a number of other particularly important projects.

Article 121.- Investment security in case of legal changes

1. In cases where the changes of Vietnamese law provisions cause damage to the interests of foreign-invested enterprises and business cooperation parties, such foreign-invested enterprises and business cooperation parties shall be entitled to enjoy the preferences prescribed in the investment licenses or the satisfactory settlement by the State according to the following measures:

- a) Changing the operation objectives of the projects;
- b) Tax reduction and exemption according to the provisions of law;
- c) The damage suffered by foreign-invested enterprises and/or business cooperation parties shall be deducted from their taxable incomes;
- d) Being considered for satisfactory compensation in a number of necessary cases.

With regard to projects licensed by the provincial-level People's Committees or the Industrial Parks Management Board, before deciding to apply the above-said measures, the provincial-level People's Committees or the Industrial Parks Management Board shall have to consult with the Ministry of Planning and Investment and the Finance Ministry.

3. The more preferential provisions promulgated after the granting of investment licenses shall automatically be applied in replacement of the previous corresponding regulations. If the application of new law provisions

requires the adjustment of investment licenses, the investment licensing agencies shall adjust the investment licenses.

Article 122.- Handling of disputes

1. Disputes between joint-venture parties or between business cooperation parties; or disputes between foreign-invested enterprises and foreign organizations and/or individuals; or disputes between foreign parties to joint-ventures or to business cooperation and Vietnamese economic organizations must, first of all, be settled through negotiations and reconciliation among the disputing parties.

In case of reconciliation failure, the disputing parties may come to agreement on one of the following handling modes:

- a) Vietnamese courts;
- b) Vietnamese arbitrators; or foreign arbitrators, international arbitrators;
- c) Arbitration set up upon the agreement reached between the parties.

2. Disputes among foreign-invested enterprises or between foreign-invested enterprises and Vietnamese economic organizations shall be settled at Vietnamese arbitrators or courts according to Vietnamese laws.

3. Disputes between foreign investors and competent State bodies, which arise from BOT, BTO or BT contracts; disputes between BOT enterprises and Vietnamese economic organizations shall be settled by modes agreed upon by the parties in the contracts in conformity with the Government's Regulation on investment under BOT, BTO and BT contracts, applicable to foreign investment in Vietnam.

Chapter XIII

COMMENDATION AND HANDLING OF VIOLATIONS

Article 123.- Commendation

1. Foreign-invested enterprises, business cooperation parties and individuals who record outstanding achievements in foreign investment activities in Vietnam shall be commended and/or rewarded according to the provisions of law.

2. Depending on the achievements of enterprises or individuals in their production and/or business activities, contribution to the society and the

observance of Vietnamese law provisions, the competent State bodies shall decide the commendation in various forms, including:

- a) Orders or Medals awarded by the State;
- b) Orders or Medals awarded by the State President;
- c) Certificate of merit conferred by the Prime Minister;
- d) Certificate of merit conferred by ministers or heads of the ministerial-level agencies;
- e) Certificate of merit conferred by provincial People's Committee presidents.

3. Foreign-invested enterprises, business cooperation parties and individuals, that deem themselves to have recorded the achievements mentioned in Clause 2 of this Article shall submit their written requests for commendation consideration as prescribed below:

- a) The written requests to the State President, the Prime Minister or the Minister of Planning and Investment shall be addressed to the Ministry of Planning and Investment. The Ministry of Planning and Investment shall coordinate with relevant agencies in consideration thereof and decide to commend enterprises and individuals according to its competence or propose the State President and the Prime Minister to consider the commendation;
- b) The written requests to the ministers of specialized branches or heads of the ministerial-level agencies shall be addressed to the ministries managing specialized branches or the ministerial-level agencies for consideration;
- c) The written requests to the provincial-level People's Committee presidents shall be addressed to the provincial-level People's Committees for consideration.

Article 124.- Handling of violations

1. Officials, employees and management bodies of the Vietnamese State, that abuse their powers to cause difficulties and troubles to and obstruct foreign investment activities, shall, depending on the seriousness of their violations, be examined for their liability according to the provisions of law.

In cases where the violations cause damage, the involved State officials, employees and management bodies shall have to pay compensation to the organizations and/or individuals that have suffered the damage.

2. Foreign-invested enterprises, business cooperation parties, foreign investors and laborers, that violate the provisions of the investment licenses and Vietnamese laws, shall be handled according to law.

Chapter XIV

IMPLEMENTATION PROVISIONS

Article 125.- Implementation provisions

1. This Decree takes effect as from August 1, 2000 and replaces Decree No.12/CP of February 18, 1997 and Decree No.10/1998/ND-CP of January 23, 1998 of the Government. The previous regulations contrary to this Decree shall all be annulled.

2. The ministers, the heads of the ministerial-level agencies, the heads of the agencies attached to the Government and the presidents of the People's Committees of the provinces and centrally-run cities shall have to guide the implementation of this Decree.

	ON BEHALF OF THE GOVERNMENT PRIME MINISTER Phan Van Khai
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APPENDIX I

I. LIST OF PROJECTS WITH SPECIAL INVESTMENT ENCOURAGEMENT

- Production or processing with 80% or more of the products for export;
- Processing of agricultural products, forest products (excluding timber) or aquatic products from domestic raw materials, with 50% of the products for export;
- Production of new breeds with high quality and economic efficiency;
- Agricultural farming, forestation, aquaculture;

- Production of new materials, rare and precious materials; application of new bio-technologies; new technologies for manufacture of information and telecommunication equipment;
- Hi-tech industries;
- Investment in research and development;
- Manufacture of waste treating equipment;
- Production of antibiotics raw materials;
- Pollution treatment and environmental protection, waste treatment;
- Investment under BOT, BTO or BT contracts.

II. LIST OF PROJECTS WITH INVESTMENT ENCOURAGEMENT

- Production or processing with 50% or more of products for export;
- Production or processing with 30% or more of the products for export and with the use of large percentages of domestic raw materials and materials (valued at from 30% or more of the production cost).
- With intensive employment of Vietnamese laborers and efficient use of natural resources available in Vietnam;
- Processing of farm produce, forest products (excluding timber), aquatic products;
- Preservation of food; post-harvest preservation of farm produce;
- Mineral exploration, exploitation and intensive processing;
- Development of petro-chemical industry; construction and operation of oil and gas pipelines, depots, ports;
- Manufacture of equipment, detail groups in oil, gas, mineral or fuel exploitation; manufacture of big lifting and lowering equipment;
- Manufacture of high-quality steel, alloy, nonferrous metals, special metals, steel cast, spongy iron for industrial use;
- Manufacture of machine tools for metal working, metallurgical equipment;
- Manufacture of precision tools, safety check and inspection equipment; manufacture of molds for metal and non-metal products;
- Manufacture of medium- and high-voltage electric equipment;

- Manufacture of diesel engines through advance technologies and techniques; manufacture of dynamic and hydraulic machines and spare parts, compressors;
- Manufacture of automobile and motorbike spare parts; manufacture and assembly of construction equipment, machines and vehicles; manufacture of technical equipment for transport service;
- Shipbuilding; manufacture of equipment and spare parts for freighters, fishing ships;
- Manufacture of information and telecommunications equipment;
- Manufacture of electronic components and equipment, informatics technology;
- Manufacture of agricultural equipment, spare parts, machines, irrigation and drainage equipment;
- Production of assorted insecticide raw materials;
- Production of base chemicals, pure chemicals, dyes, special-use chemicals;
- Production of cleansing raw materials, chemical additives;
- Production of special-type cement, composite materials, sound-proof, electric-insulated and heat-resistant materials, wood substitute composite materials, refractory materials, construction plastic, glass fibers;
- Production of light construction materials;
- Production of paper pulp;
- Production of silk, assorted yarns and special fabric for industrial use;
- Manufacture of high-class raw materials for production of export footwear and garments;
- Manufacture of high-quality packings for export goods;
- Manufacture of medical equipment in analytical technology and extracting technology in medicine;
- Production of drug raw materials, medicines of GMP international standards;
- Improvement, development of energy sources;
- Mass transit;

- Construction and renovation of bridges, land roads, airports, harbors, railway stations, car terminals, railways;
- Construction of water plants, water supply and drainage systems;
- Construction- commercial operation of infrastructures of industrial parks, export processing zones, hi-tech parks.

III. LIST OF GEOGRAPHICAL AREAS WHERE INVESTMENT IS ENCOURAGED

Ordinal number	Province/City	Section A: Geographical areas facing particularly difficult socio-economic conditions	Section B: Geographical areas facing difficult socio-economic conditions
1	Ha Giang	All districts and provincial capital	
2	Cao Bang	All districts and provincial capital	
3	Lai Chau	All districts and provincial capital	
4	Lao Cai	All districts and provincial capital	
5	Son La	All districts and provincial capital	
6	Bac Kan	All districts and provincial capital	
7	Tuyen Quang	All districts and provincial capital	
8	Lang Son	All districts and provincial capital	
9	Yen Bai	All districts and provincial capital	

		capital	
10	Thai Nguyen	All districts, provincial capital and Thai Nguyen City	
11	Bac Giang	All districts and provincial capital	
12	Vinh Phuc	Districts: Lap Thach, Tam Duong and Binh Xuyen	Districts not in Section A
13	Phu Tho	All districts, provincial capital and Viet Tri city	
14	Hoa Binh	All districts and provincial capital	
15	Bac Ninh		Districts: Que Vo, Yen Phong, Gia Binh, Luong Tai and Thuan Thanh
16	Ha Noi		Soc Son district
17	Ha Tay		Districts: Ba Vi, My Duc, Phuc Tho, Quoc Oai, Thach That and Ung Hoa
18	Quang Ninh	Districts: Ba Che, Binh Lieu, Quang Ha, Hoanh Bo, Tien Yen, Dong Trieu and Mong Cai provincial capital	Yen Hung district and provincial towns of Cam Pha, Uong Bi
19	Hai Phong		Districts: Vinh Bao and Tien Lang
20	Hai Duong	Chi Linh district	All districts not included in Section A
21	Hung Yen		All districts and

			provincial capital
22	Thai Binh		All districts and provincial capital
23	Ha Nam		All districts and provincial capital
24	Nam Dinh		All districts and Nam Dinh city
25	Ninh Binh	Districts: Nho Quan, Yen Mo and Gia Vien	Tam Diep provincial town and all districts not in Section A
26	Thanh Hoa	Districts: Lang Chanh, Thuong Xuan, Quan Hoa, A Ba Thuoc, Ngoc Lac, Nhu Xuan, Cam Thuy, Thach Thanh, Quan Son and Muong Lat	Districts not in Section A
27	Nghe An	Districts: Ky Son, Tuong Duong, Con Cuong, Quy Chau, Que Phong, Quy Hop, Nghia Dan, Anh Son, Tan Ky, Thanh Chuong, Do Luong	Cua Lo provincial town and districts not in Section A
28	Ha Tinh	All districts	Ha Tinh provincial capital
29	Quang Binh	All districts	Dong Hoi provincial capital
30	Quang Tri	Quang Tri provincial capital and all districts	Dong Ha provincial town
31	Thua Thien - Hue	All districts	Hue City
32	Da Nang		Districts: Hoa Vang,

			Thanh Khe, Ngu Hanh Son and Lien Chieu
33	Quang Nam	All districts and Hoi An provincial town	Tam Ky provincial capital
34	Quang Ngai	All districts	Quang Ngai provincial capital
35	Binh Dinh	All districts	Quy Nhon city
36	Phu Yen	All districts	Tuy Hoa provincial capital
37	Khanh Hoa	Districts: Khanh Son and Khanh Vinh	Districts not in Section A
38	Binh Thuan	All districts	Phan Thiet provincial capital
39	Ninh Thuan	All districts	Phan Rang provincial capital
40	Kon Tum	All districts and provincial capital	
41	Gia Lai	All districts and provincial capital	
42	Dak Lak	All districts and Buon Ma Thuot city	
43	Lam Dong	All districts, provincial towns and Da Lat city	
44	Dong Nai	Districts: Dinh Quan, Tan Phu and Xuan Loc	
45	Binh Phuoc	All districts and provincial capital	
46	Binh Duong		Districts: Ben Cat, Phu Giao, Tan Uyen and

			Dau Tien
47	Tay Ninh		All districts
48	Ho Chi Minh City		Districts: Can Gio and Cu Chi
49	Ba Ria-Vung Tau		Districts: Long Dat and Xuyen Moc
50	Long An	All districts	Tan An provincial capital
51	Dong Thap	All districts and provincial capital	
52	Tien Giang	All districts and provincial capital	My Tho city
53	Ben Tre	All districts and provincial capital	
54	Vinh Long	All districts and provincial capital	
55	Tra Vinh	All districts and provincial capital	
56	An Giang	All districts and Long Xuyen City	
57	Can Tho	All districts and provincial towns	Can Tho city
58	Soc Trang	All districts and provincial towns	
59	Bac Lieu	All districts and provincial towns	
60	Ca Mau	All districts and provincial towns	

61	Kien Giang	All districts and provincial towns
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IV. LIST OF FIELDS WITH CONDITIONAL INVESTMENT

1. Investment only in forms of joint venture or business cooperation contract:

- Construction and commercial operation of international telecommunication networks, local telecommunication networks (only in form of business cooperation contract);
- Production and processing of oil, gas, rare and precious minerals;
- Consulting services (excluding technical consultancy);
- Air, rail and sea transport; mass transit, construction of harbors and airports (excluding BOT, BTO and BT projects);
- Production of industrial explosives;
- Forestation;
- Tour business;
- Culture.

2. Products which must ensure the export percentage requirement

The compulsory export percentages for home-made products which have already met the quantitative and qualitative requirements shall be announced for each period by the Ministry of Planning and Investment.

3. Processing projects which must be linked to investment in creation of raw material sources

- Dairy production and processing;
- Vegetal oil and cane sugar production;
- Timber processing.

4. Projects for investment in import services, domestic distribution services shall comply with the Prime Minister's regulations.

V. LIST OF FIELDS NOT LICENSED FOR INVESTMENT

1. Projects which are detrimental to the national security, defense and public interests.

2. Projects which cause harms to historical and cultural relics, fine traditions

and customs of Vietnam.

3. Projects which cause harms to ecological environment; projects on treatment of hazardous wastes brought from overseas into Vietnam.

4. Projects for production of toxic chemicals or use of hazardous agents banned under international treaties.

APPENDIX II

I. DETAILED REGULATIONS ON LIST OF MACHINERY, EQUIPMENT AND TRANSPORT MEANS EXEMPT FROM IMPORT TAX FOR CREATION OF FIXED ASSETS OF FOREIGN-INVESTED ENTERPRISES AND BUSINESS COOPERATION PARTIES

1. Principal machinery and equipment in the technological chain shall include:

Manufacturing machinery and equipment; supplies, components, accompanying spare parts for assembly and installation of equipment systems; molds accompanying manufacturing equipment, machinery, instruments for the completion of operation to produce products prescribed in the investment licenses.

2. Support machinery and equipment in the technological chain shall include:

1. Electrical system: The complete equipment, machinery and supplies for installation of complete electricity supply system.

2. Water supply and drainage systems: all equipment, machinery, supplies including pipelines for installation of complete water supply and drainage as well as waste treatment systems.

3. Lighting system: all equipment, machinery and supplies for installation of complete lighting system.

4. Air conditioning and ventilating system of production areas.

5. Laboratory equipment and facilities.

6. Fire prevention and fighting equipment, lightning arresters, labor safety equipment and devices.

7. Information and communications systems

8. Machinery and equipment necessary for product designing or office equipment in service of production management.

3. Special-use transport means in the technological chain shall include:

1. Special-use transport means for business operations prescribed in the investment licenses.

2. Means for transportation of raw materials and products in the technological chains.

II. DETAILED REGULATIONS ON LIST OF GROUPS OF IMPORT DUTY-FREE EQUIPMENT OF ENTERPRISES DEALING IN HOTELS, OFFICES-APARTMENTS FOR RENT, DWELLING HOUSES, TRADE CENTERS, TECHNICAL SERVICES, SUPERMARKETS, GOLF COURSES, TOURIST SITES, SPORT COMPLEXES, ENTERTAINMENT AND RECREATION AREAS, MEDICAL EXAMINATION AND TREATMENT ESTABLISHMENTS, TRAINING, CULTURE, FINANCE, BANKS, INSURANCE, AUDIT, CONSULTING SERVICES

A. LIST OF GROUPS OF EQUIPMENT EXEMPT FROM IMPORT DUTIES UNDER THE GENERAL REGULATIONS

1. System of assorted water supply equipment (mechanical pump, filterer, water meter, boiler...).

2. Air conditioning and ventilating system (central or local conditioning system and complete accessories and supplies...).

3. Fire prevention and fighting system.

4. Power-supply and lighting system (assorted lamps)

5. Garbage and waste water treatment system.

6. Information and communication system.

7. Carriage system (lift, electric cars, assorted strollers).

8. Laundry system.

9. Security system.

10. Equipment for physical exercises and sports, swimming pools, tennis courts, hair stylists, dancing halls, karaoke bar, entertainment and recreation, physiotherapy (excluding equipment stated in Section B of this Appendix, if any).

11. Machinery and equipment for lawn tending (lawn mowers, insecticide sprayers...).
12. Water spraying, irrigation and drainage systems.
13. Medical machinery, equipment, instruments, laboratory instruments.
14. Teaching and learning equipment and facilities (including tables, stools, blackboards, teaching aids, lab instruments...).
15. Accessories accompanying the above-mentioned equipment and machinery.
16. Machinery and equipment of various types used exclusively for banking and financial enterprises (security safe, assorted computers, cash counters, counterfeit money detectors, information system, security machinery, cash transport vehicles).
17. Office equipment and furniture in service of business management (computers, printers, fax and telex machines, photocopiers, desks, chairs, file cabinets...).

B. LIST OF GROUPS OF EQUIPMENT ONLY ENTITLED TO SINGLE IMPORT TAX EXEMPTION, NON-APPLICABLE TO CASES OF REPLACEMENT

1. Equipment and furniture for hotel rooms and interior decoration (beds, wardrobes, desks, chairs, telephone).
2. Sanitary wares (bath tubs, toilet stools, wash basins, supplies for sanitary system installation, mirrors...).
3. Living room equipment and furnitures (tables, chairs)
4. Furniture for kitchen, dining rooms, restaurants, bars (assorted stoves and cooking utensils)
5. Paintings, statutes, tapestry and other decorative objects.
6. Refrigerators, television set, microwave stove, smoke discharger, deodorizer, glass, cups, plates, bowls.
7. Audio-visual equipment.
8. Golf clubs.

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foreign investment

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- Circular No. 07/2004/TT-BTM dated August 26, 2004
- Circular No. 122/2004/TT-BTC dated December 22, 2004 of the Ministry of Finance guiding the implementation of accounting and auditing regimes by Vietnam-based enterprises and organizations with foreign capital
- Circular No. 124/2004/TT-BTC guiding the regulations on transfer of profits abroad by foreign economic organizations or individuals, that earn profits from their investment in forms prescribed in the Law on foreign investment
- Circular No. 55/2002/TT-BTC dated June 26, 2002 of the Ministry of Finance guiding the Vietnamese enterprises' accounting regime applicable to foreign-invested enterprises and organizations operating in Vietnam

Decree No. 46/2000/ND-CP amending and supplementing a number of articles of the Government's Decree No.35/CP dated June 14, 1996 (03/01)	Decree No 78/1999/ND-CP supplementing and amending the Government's Decree No. 102/1998/ND-CP amended and supplemented a number of articles of the Government's Decree No. 28/1998/ND-CP detailing the implementation of the VAT Law(03/01)
Decree No. 15/2000/ND-CP of The Goverment detailing the implementation of Resolution No. 90/1999/NQ-UBTVQH10(03/01)	Decree No. 46/1999/ND-CP amending a number of articles of the Government's Decree No. 85/1998/ND-CP
Decree No. 12/2000/ND-CP amending and	

supplementing a number of articles of the investment and construction management regulation issued together with the Government's Decree No. 52/1999/ND-CP dated July 8, 1999(03/01)

Decree No. 175/1999/ND-CP on the readjustment of the minimum wage level and the levels of subsidy and cost-of-living allowance applicable to wage-earners, and subjects entitled to allowances, subsidies and cost-of-living(03/01)

Decree No. 85/1999/ND-CP amending and supplementing a number of articles of the regulation on the allocation of agricultural land to family households and individuals for stable and long-term use in agricultural(03/01)

on the recruitment, employment and management of vietnamese laborers working for foreign organizations or individuals in Vietnam(03/01)

Decree No. 36/1999/ND-CP on sanctioning administrative violations in the territorial waters and adjacent areas, exclusive economic zones and continental shelf of the Socialist Republic (03/01)

Decree No. 27/1999/ND-CP amending and supplementing the regulation on financial management and business cost-accounting at state enterprises, issued together with the Government's Decree No. 59/1996/ND-CP(03/01)

Decree No. 25/1999/ND-CP on mode of returning residential houses, the pre-return residential house-leasing prices and procedures for establishment of the ownership over residential houses in Resolution No.58/1998/NQ-UBTVQH10(03/01)

Enterprise	Intellectual property	Investment	Tax	Lan
Litigation	Translation	FAQ	Legal Documents	Cor

Enterprise	Intellectual property	Investment	Tax
Litigation	Translation	FAQ	Legal Documents
			Law
			Resolution
			Decree
			Decision
			Circular
			Official dispatch
			Others

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