

LEGAL UPDATES (23 June 2020)

In this issue, we would like to bring to your attention a brief overview of the Resolutions adopted by the National Assembly.

Law on Enterprises (amended)

On June 17th, 2020, Vietnam National Assembly adopted the Law on Enterprises (amended) which will take effect on January 1st, 2021

Some highlights of the Enterprise Law (amended)

- No procedures for notifying the seal specimens to the Business Registration Authority;
- Enterprises with more than 50% charter capital owned by the State will be considered as state-owned enterprises (the current regulated ratio is 100%);
- A shareholder or a group of shareholders owning 5% or more of the common ordinary shares has the right to review, search and extract the minutes book and resolutions, decisions of the board of management, financial statements, and has the right to request a convening of a general cases meeting of shareholders in some specific cases.

Law on Investment (amended)

On June 17th, 2020, Vietnam National Assembly adopted the Investment Law (amended). Accordingly, some new points include:

- There is no regulations on the limit of the special investment incentive policy, only the preferential rate and the time limit for the application of special preferences shall comply with the provisions of the Law on Corporate Income Tax and the land laws;
- Debt collection service to be in the list of prohibited business investments.

The Law on Investment (amended) shall take effect on January 1st, 2021.

The Law on Investment under public-private partnerships (PPP)

On June 18th, 2020, Vietnam National Assembly adopted the Law on Investment under public-private partnerships (PPP). Accordingly, some highlights include:

- The State participation limit in PPP projects must not exceed 50% of the total investment of the project.

- The sharing mechanism accordance with the increment (revenue increased by over 125%), and decrement (revenue decreased by less than 75%) of the revenue to minimize risks for PPP projects, especially risks due to changes from the State.
- The PPP project enterprises are allowed to issue corporate bonds to raise capital for implementation of PPP projects

The Law on Investment under public-private partnerships (PPP) shall take effect on January 1st, 2021.

Ratifying 30% corporate income tax cut in 2020 for SMEs

On June 19th, 2020, Vietnam National Assembly adopted a resolution to cut off 30% corporate income tax (CIT) in 2020 for the SMEs which have no more than VND200 billion (US\$8.6 million) in revenue in 2020

The adopted resolution shall have effect after 45 days from the date of signing and will be applied to the tax period 2020.

We hope this short Letter of legal updates would bring you useful information.

Best regards.

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