

## LEGAL UPDATES

### COMMERCE

#### **Decree No. 17/2020/ND-CP amending and supplementing a number of articles of decrees in relating to business conditions under the management authority of the Minister of Industry and Trade**

Effective date: 22 March 2020, except that the provisions for (1) car manufacture, assembly, import and warranty and maintenance services and (2) liquor business took effect from 05 February 2020

Among the decrees amended and supplemented by this Decree, the notable are Decree No. 116/2017/ND-CP providing for conditions for car manufacture, assembly, import and warranty and maintenance services ("**Decree 116/2017**") and Decree No. 105/2017/ND-CP regarding liquor business ("**Decree 105/2017**").

#### **1. Car manufacture, assembly, import and warranty and maintenance services**

- a. The Vehicle Type Approval Certificate for imported unused cars issued in exporting countries is now removed. Previously, requirement for the Vehicle Type Approval made it a barrier for importing cars to Vietnam as many countries did not issue this kind of certificate.
- b. The quality control process for imported unused cars is simplified. From 05 February 2020, the quality test is not required if the imported cars are identical to the model imported and tested in the last 36 months. Decree 116/2017 previously required a sample of each model of each shipment to be tested at the time of import without exception. This means the quality test was repeated for every following shipment, regardless that the shipment contained the same model which had been imported and tested before.
- c. Import business licenses of car importers will also be revoked or suspended if the importers import or temporarily import cars with GPS maps violating Vietnam's sovereignty.
- d. This Decree removes several conditions for car manufacture, assembly, import and warranty and maintenance services, especially the requirement for years of experience of the person in charge of technical issues in car manufacture and assembly.

#### **2. Liquor business**

- a. Liquor business is now managed in 02 categories: liquor with alcohol content from 5.5% ABV and above and liquor with alcohol content below 5.5% ABV.
- b. Doing business of liquor with alcohol content from 5.5% ABV and above, including producing, distributing, doing wholesale and retail requires a business license.

Exemption from the business license is applicable to on-the-spot sale for consumption of liquor with alcohol content from 5.5% ABV and above. This business only needs registering with the authority before implementation.

The Decree amends and removes certain conditions for distribution, wholesale, retail

and on-the-spot sale for consumption of this kind of liquor, such as (i) requirement for a lawful use of a warehouse or warehouse system with a specific total floor use area by the distributors and wholesalers is removed and (ii) enterprises industrially producing liquor have the right to sell their products not only directly, but also through a member company or branch, to other permitted traders.

- c. Doing business of liquor with alcohol content below 5.5% ABV does not require a license but needs registering with the authority before implementation.

The Decree newly provides for business conditions and rights and obligations of the traders of this kind of liquor, particularly complying with food safety regulations, ensuring the lawful liquor origin and liquor use period.

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## TRANSPORT

### Decree No. 10/2020/ND-CP on business conditions for transport by car business

Effective date: 01 April 2020

Decree No. 10/2020/ND-CP on business conditions for transport by car business ("**New Decree**") replaces Decree No. 86/2014/ND-CP on the same subject matter ("**Prevailing Decree**").

Key points of the New Decree are set out below:

1. Scope of "doing business of transport by car" is more comprehensive where an entity carrying out *at least one of the main stages* of the transport (directly managing vehicles and drivers or determining transport fares) to transport passengers or goods by road for profit will be considered conducting business of transport by car. Transport by car business under the Prevailing Decree only includes using cars to transport passengers or goods by road for profit.
2. As regards business of passenger transport by taxi, in addition to using a meter to calculate fares, the New Decree supplements a method of using software for booking, cancelling, calculating fares and directly connecting with passengers via electronic means.
3. Taxi operators may choose to either install lightboxes on the roof or use "taxi" decals on the front and rear windows. Previously, every taxi must have lightboxes on the roof.
4. By 01 July 2021, cars used for transporting goods by container with a trailer or semi-trailer and cars used for transporting passengers with 9 or more seats (including driver) must have a camera recording and storing images of drivers (and car doors in case of passenger transport cars) during transport in the last 24 hours or 72 hours (depending on the route length).
5. Regulations on providers of software application to assist with a connection in transport are stipulated for the first time.

The software providers not directly managing vehicles and drivers or determining transport fares must comply with, among others, the following conditions: (i) to only provide softwares to companies licensed for doing business of transport by car and vehicles satisfying the conditions for doing business of transport, (ii) to provide information of their customers to authorities upon request, (iii) to archive history of transactions for at least 2 years and (iv) to ensure that the softwares allow the drivers to accept a trip by multiple steps only when the cars stop and by one button when the cars are moving.

Where a software provider also carries out at least one of the main stages of the transportation of the transport (directly managing vehicles and drivers, or determining the transport fare) to transport passengers or goods by road for profit, it must comply with the conditions for doing business of transport by car.

6. With promulgation of this Decree and termination of the pilot program for application of technology in managing and connecting electronic contract-based passenger transport from 01 April 2020, operation of ride-hailing platforms (e.g. Grab) will be regulated by this Decree.

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## BANKING AND FINANCE

### **Draft Circular governing rescheduling of loan repayment, exemption or reduction of interest and maintenance of loan categories by credit institutions and branches of foreign banks in order to support clients affected by acute respiratory infections caused by new strains of coronavirus (Covid-19)**

#### **The draft Circular was publicized on 26 February 2020**

The State Bank of Vietnam is collecting opinions on the draft Circular of which key points are:

1. There are 03 measures that credit institutions and branches of foreign banks may apply to their clients affected by Covid-19, particularly: rescheduling of loan repayment, exemption or reduction of interest and maintenance of loan categories.
2. Rescheduling of loan repayment and exemption or reduction of interest is applied to:
  - a. loans not becoming overdue of the clients considered unable to fully repay the principal and/or interest as agreed due to Covid-19, including loans governed by Decree No. 55/2015/ND-CP on credit policies to support agricultural and rural development; and
  - b. loans becoming due during the period from 23 January 2020 to the promulgation date of the Circular due to Covid-19.

Total repayment schedule after rescheduling shall not exceed the original loan tenure.

3. Category of a loan classified at the latest time prior to 23 January 2020 may be maintained in relation to balance of loans as specified in Item 2 above of which the repayment schedule of principal and/or interest is due from 23 January 2020 to a time immediately following 90 days from the official announcement on the end of Covid-19, including the loan balances that have been restructured or of which interests have been exempted or reduced during the period from 23 January 2020 to the effective date of the Circular and have been classified into another loan category in accordance with the regulations of the State Bank of Vietnam.

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For more information please contact

**Benjamin Yap (Mr.)**

Senior Partner

Tel +84 28 38206448

Mobile +84 97 3753111

[benjamin.yap@rhtlaw.com.vn](mailto:benjamin.yap@rhtlaw.com.vn)

**Dang Thi Tuong Vi (Ms.)**

Partner

Tel +84 28 3820 6448

Mobile +84 90 3 325 346

[vi.dang@rhtlaw.com.vn](mailto:vi.dang@rhtlaw.com.vn)