

March 2016

Foreign Invested Enterprises are only allowed to perform the trading of goods after obtaining a Business License



Recently, many questions arisen in relation to the regulations on foreign investors making capital contribution and acquisition of shares in Vietnamese enterprises engaged in the trading of goods and activities directly related to the trading of goods.

Grant Thornton Vietnam would like to summarise the opinions of the Ministry of Industry and Trade as per the Official Letter No. 12933/BCT-KH dated December 18th, 2015 for your reference as follows:

1. Legal basis:

Investments by foreign investors via capital contribution, acquisition of shares and capital in Vietnamese enterprises must be made in accordance to the Law on Investment No. 67/2014/QH13 and Decree No. 118/2015/ND-CP stipulating details and guidance on the implementation of some articles in the Law on Investment. In addition to the compliance requirements with the Investment Law, the contribution of capital, acquisition of shares and capitals must also follow the Vietnam's commitments in International Agreements.

2. Trading of goods activities and activities directly relating to the trading of goods (hereinafter referred to as trading of goods activities) of foreign investors are in the list of Investment Sectors with Conditions.

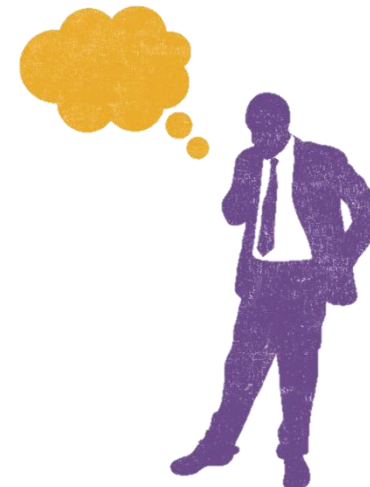
Therefore, in order for the foreign invested enterprises (including those that become foreign invested enterprises through the capital contribution or share acquisition of foreign investors) to carry out the trading of goods, they must satisfy all the conditions and comply with the registration procedures to apply for a Business License in accordance with the Ministry of Industry and Trade's legal documents.

In this Official Letter, the Ministry of Industry and Trade confirms that: Foreign Invested Enterprise are only allowed to perform the trading of goods after obtaining a Business License.

3. The Ministry of Industry and Trade is currently in charge of the implementation of changes and supplements to Decree No. 23/2007/ND-CP following the Prime Minister's guidance in the Resolution No. 59/NQ-CP dated August 7th, 2015 of the Government.

Therefore, with respect to issues of a foreign investor making a capital contribution or acquisition of shares and capital in Vietnamese enterprises to carry out the trading of goods, the Ministry of Industry and Trade will continue providing guidance to the related State Authorities after the amended Decree No. 23/2007/ND-CP is issued and takes effect.

Please contact Grant Thornton Vietnam's professional advisors to get our detailed advice should you need to apply for a Business License with the Licensing Authority for trading of goods.



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Should you need to use information from this newsletter or support from Grant Thornton Vietnam, please contact our professional consultants.

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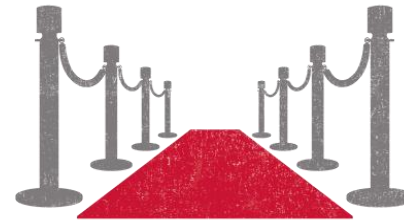
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