

LEGAL ALERT

Vietnam
5 March 2020

Highlights of the Draft Amendment Law on Enterprises

On 28 October 2019, the Government of Vietnam submitted a report (“Draft Law”) to the National Assembly with the aim of proposing its amendments and supplements to several articles of the current Law on Enterprise for the National Assembly to consider. Accordingly, the main purpose of the Draft Law is to improve the quality of the business environment in Vietnam and, if passed, the Draft Law will be effective from 1 January 2021.

The salient differences between two laws are as follows:

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	Law on Enterprise 2014	Draft Law
Report of change of information about enterprise managers	An enterprise must report to the business registration office if there is any change in information of: <ul style="list-style-type: none"> any member of the Board of Management; any member of the Inspection Committee or any inspector; and Director or General Director. 	Report of change of information about enterprise managers.
Company seal	The enterprise is obligated to notify the business registration office of the sample seal before use.	This requirement is abolished. The Government is giving enterprises more freedom to use company seal as they see fit. This might reduce unnecessary procedure in the course of business.
Procedures for online business registration	Not regulated.	The Draft Law would enable online business registration with electronic documents without the need for filing additional documents for registration.
Legal representatives	Limited liability companies and shareholding companies may have more than one legal representative, however, the law is silent on who shall be the legal representative having full powers of the enterprise in the event the neither company charter nor official decision on the distinction of rights and obligations of each legal representative specifies that.	Either of the legal representatives shall be the legal representative having full powers of the enterprise as may be requested by courts, arbitrators or third parties in the event the neither company charter nor official decision on the distinction of rights and obligations of each legal representative specifies that.

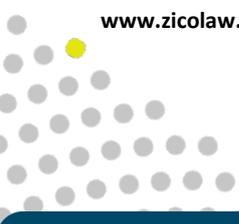


Overall, the Draft Law will be promulgated to increase the efficiency of business environment in Vietnam. This could be done by decreasing the number of unnecessary steps provided in the Law on Enterprise 2014 such as the report of change of information about enterprise managers and registration of company seal. The Draft Law would also offer a clearer guideline and solution for confusing provisions in the current law on enterprise.

If you have any questions or require any additional information, please contact **Trang Hoang** and **Hoang Tran** of ZICO Law Vietnam (a member of ZICO Law).

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