LEGAL NEWSLETTER

January 2023

# Dear Valued Clients and Partners,

ADK Vietnam Lawyers would like to introduce to you the January 2023 Legal Newsletter with the following main contents:

# Legal Spotlight

* 1. **The value-added tax rate imposed on the supply of goods and services returns to 10% in 2023**

Previously, on January 11, 2022, the National Assembly issued Resolution No. 43/2022/QH15 stipulating fiscal and monetary policies for supporting socio-economic recovery and development program (hereinafter referred to as “**Resolution 43/2022/QH15**”). Accordingly, the National Assembly has approved the policy of reducing 2% of VAT in 2022 for goods and services currently subject to 10% VAT, except for the following goods and services: telecommunication, financial activities, banking activities, securities, insurance, trading of real estate, metal, precast metal products, mining products (excluding coal mining), coke mining, refined oil, chemical products, goods and services subject to on special sales tax. This means that the VAT rate for the above goods and services is only 8%.

In order to guide the implementation of the above Resolution 43/2022/QH15, the Government issued Decree No. 15/2022/ND-CP stipulating tax exemption and reduction under Resolution no. 43/2022/QH15 of National Assembly on fiscal and monetary policies for supporting socio-economic recovery and development programs. In particular, this Decree clearly stipulates that the mentioned VAT reduction policy shall take effect from February 01, 2022 to the end of December 31, 2022.

Therefore, from January 1, 2023, goods and services that were previously eligible for VAT reduction policy will return to the original tax rate of 10%.

* 1. **Facilitating foreign investors related to insurance business in Vietnam**

On June 16, 2022, the National Assembly passed the Law on Insurance Business No. 08/2022/QH15 (hereinafter referred to as “**Law on Insurance Business 2022**”). This is considered an important legal instrument with the expectation that it will create a new development for the insurance market in the future.

In addition to ensuring the implementation of Vietnam's commitments in the WTO and signed trade agreements, Law on Insurance Business 2022 has created favorable conditions for foreign investors in the field of insurance business, including:

1. To specifically and clearly stipulate the establishment and operation of branches of foreign reinsurance enterprises in Vietnam: Pursuant to EU-Vietnam Free Trade Agreement (EVFTA) which was signed on June 30, 2019 and took effect from August 01, 2020, Vietnam has committed to allow reinsurance enterprises of EU to set up branches of foreign reinsurance enterprises in Vietnam after 3 years from the effective date of this Agreement. Therefore, in order to concretize the above commitment, Law on Insurance Business 2022 has been supplemented with provisions on the establishment of branches of foreign reinsurance enterprises in Vietnam in Chapter 3 of this Law.
2. To allow foreign investors are entitled to own shares and contributed capital up to 100% of charter capital of an insurance enterprise or reinsurance enterprise: Based on Vietnam’s commitments in the WTO and other trade agreements regarding the field of insurance services, Vietnam has not stipulated any restrictions related to the ratio of capital ownership of foreign investors in insurance enterprises. Hence, to ensure the clarity of such regulation, Law on Insurance Business 2022 provides that foreign investors are allowed to own shares and contributed capital up to 100% of the charter capital of an insurance enterprise or reinsurance enterprise in accordance with Article 68 of this Law.

# Law on Insurance Business 2022 takes effect from January 01, 2023.

* 1. **Cases where individuals and organizations are entitled to register asset-based security**

On November 30, 2022, the Government issued Decree No. 99/2022/ND-CP on security registration (hereinafter referred to as “**Decree 99/2022/ND-CP**”).

Accordingly, Decree 99/2022/ND-CP has provided 04 (four) cases where individuals and organizations are entitled to register asset-based security, including:

1. Firstly, the registration of mortgage of property, pledge of property and reserve of ownership rights in accordance with Civil Code and other relevant laws;
2. Secondly, the registration under an agreement between the securing party and the secured party or at the request of the secured party, except for retention of property;
3. Thirdly, the registration of notice of disposal of security property in case an asset is used to secure the performance of many obligations in which more than one party is jointly secured or in the case of an agreement between the securing party and the secured party;
4. Fourth, the registration of changes to the registered content (registration of changes); deregistration of registered content (deregistration) for the case specified in sections (i), (ii) and (iii) above.

# Decree 99/2022/ND-CP takes effect from January 15, 2023.

* 1. **Raw materials, supplies and components for the production of information technology products, digital content and software may be exempt from import duty**

On December 31, 2022, Ministry of Information and Communication issued Circular 25/2022/TT-BTTTT stipulating the determination of imported raw materials, supplies and components exempt from import duty directly related to the production of information technology (IT) products, digital content and software (hereinafter referred to as “**Circular 25/2022/TT-BTTTT**”). Accordingly, Circular 25/2022/TT-BTTTT has set out a number of criteria to evaluate the exemption and reduction of import duty for raw materials, supplies and components related to the production of IT products.

In details, pursuant to Article 2 of Circular 25/2022/TT-BTTTT, the criteria for raw materials, supplies and components to be exempt from import duty for the production of IT products, digital content, software, including:

1. Being raw materials, supplies and components imported directly for the production of products on the List of software, hardware and electronic products specified in Circular No. 09/2013/TT-BTTTT dated 08 April 2013 of the Minister of Information and Communication promulgating the list of software and hardware, electronic products and Circular No. 20/2021/TT-BTTTT dated December 03, 2021 of the Minister of Information and Communication amending and supplementing above Circular No. 09/2013/TT-BTTTT; or on the list of digital content products as prescribed by the Ministry of Information and Communication. Based on the development situation and management policy in each period, the Ministry of Information and Communication will update and adjust the lists accordingly;
2. Not on the List of machinery, equipment, raw materials, supplies and components for the telecommunications - information technology industry, digital content and software that can be produced domestically in Appendix 8 issued with Circular No. 05/2021/TT-BKHDT dated August 17, 2021 of the Minister of Planning and Investment promulgating the list of machinery, equipment, spare parts, specialized means of transport, raw materials and supplies , semi-finished products that can be produced domestically.

# Circular 25/2022/TT-BTTTT takes effect from February 15, 2023.

# Featured Articles of ADK Lawyer in January

# The article “Legal issues regarding share swap deal in Vietnam”. The article has given an overview of the “share swap deal” as well as the main legal procedures to perform a share swap transaction in Vietnam in accordance with current laws.

To read the above articles in more detail, please visit our website at: <https://adk-lawyers.com/en/notable-legal-matters-for-share-swap-deal-in-vietnam>.

# Some prominent legal instruments take effect from February 2023

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| **No.** | **Name of legal instrument** | **Date of Issue** | **Date of Effective** |
| **DECREE** | | | | |
|  | Decree 128/2022/ND-CP of the Government on amendments to several articles of Decree no. 38/2021/ND-CP dated March 29, 2021 prescribing penalties for administrative violations involving cultural and advertising activities amended by Decree no. 129/2021/ND-CP dated December 30, 2021 of the Government on amendments to some articles of decrees providing for penalties for administrative violations against regulations on tourism; sports; copyright and related rights; cultural and advertising activities | 30/12/2022 | 15/02/2023 |
| **CIRCULAR** | | | | |
|  | Circular No. 75/2022/TT-BTC of the Ministry of Finance prescribing the collection rates, collection methods, payment and management of residence registration fees | 22/12/2022 | 05/02/2023 |
|  | Circular 18/2022/TT-NHNN of the State Bank of Vietnam amending Circular 09/2015/TT-NHNN regulating debt purchase and sale activities of credit institutions and foreign bank branches | 26/12/2022 | 09/02/2023 |
|  | Circular 20/2022/TT-NHNN of the State Bank of Vietnam guiding the one-way money transfer from Vietnam to abroad and payment, money transfer for other current transactions of residents being organizations, individual | 30/12/2022 | 15/02/2023 |
|  | Circular 25/2022/TT-NHNN of the State Bank of Vietnam stipulating the accounting regime for delivery, transfer, issuance, withdrawal and destruction of cash at the State Bank of Vietnam | 30/12/2022 | 15/02/2023 |
|  | Circular 01/2023/TT-BLDTBXH of the Ministry of Labor, War Invalids and Social Affairs prescribing the adjustment of salary and monthly income for which social insurance premiums have been paid | 03/01/2023 | 20/02/2023 |
|  | Circular 25/2022/TT-BTTTT of Ministry of Information and Communication stipulating the determination of imported raw materials, supplies and components exempt from import duty directly related to the production of information technology (IT) products, digital content and software | 31/12/2022 | 15/02/2023 |
|  | Circular 18/2022/TT-BKHCN of the Ministry of Science and Technology guiding the compulsory contents to be displayed on goods labels of some groups of goods by electronic means | 30/12/2022 | 15/02/2023 |

We hope this Legal Newsletter has a lot of useful information.

Best Regards.

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