

“I don't need lawyers who win at all cost.
I really need them to win, but calculate the costs ”

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INTERNATIONAL TRADE

VIETNAM'S OPPORTUNITIES FROM RUSSIA'S MEMBERSHIP IN THE WTO

On 6 December 2011, at the 8th WTO Ministerial Conference in Geneva, Russia was officially admitted into the World Trade Organization, ending 18 “marathon” years of talks to gain entry to this organization.

After completing ratification and notification procedures, Russia will become a fully-fledged member of the WTO.

Russia's WTO commitments under its Protocol of Accession to the WTO Agreement have further opened its trade regime.

Russia has agreed to lower its tariffs on a wide range of products. Average duties after full implementation of tariff reductions will be:

- 14.9% for dairy products (current applied tariff 19.8%)
- 10.0% for cereals (current applied tariff 15.1%)
- 7.1% for oilseeds, fats and oils (current applied tariff 9.0%)
- 5.2% for chemicals (current applied tariff 6.5%)
- 12.0% for automobiles (current applied tariff 15.5%)
- 6.2% for electrical machinery (current applied tariff 8.4%)
- 8.0% for wood and paper (current applied tariff 13.4%)

With respect to services business, Russia has made specific commitments on 11 services sectors and on 116 sub-sectors.

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INTERNATIONAL COMMERCE

Accordingly, Russia would allow 100% foreign-owned companies to engage in wholesale, retail and franchise sectors upon accession to the WTO, and restrictions as agreed in the Schedule are only imposed on some certain sectors such as telecommunications, insurance and banking.

Simultaneously, Russia will eliminate quantitative restrictions on imports, such as quotas, bans, permits, licensing requirements or other requirements or restrictions that could not be justified under the WTO provisions. In particular, from the date of accession, importers of alcohol, pharmaceuticals and some products with encryption technology would not need import licenses.

Russia's accession to the WTO will open up plenty of attractive opportunities to Vietnam for the investment and business exchange with this country.

With more than 60 years of relationship with Russian and a strong increase of turn-over in the last ten years, Vietnam has many advantages to penetrate this strategic market. During recent years, trade turn-over between the two countries has

been continuously increasing by 15% per year. In the first ten months of 2011, Vietnam's export turn-over of goods to Russia has reached 1 billion USD, increasing by 63,6% compared to the same period last year and making up 1.3% in the total export turn-over of goods of the country in the first ten months of 2011.

In the coming time, when import duties imposed on major goods of Vietnam such as mobile phones and components, black pepper, cashew nut and rice into Russia are reduced by 2% - 5%, Vietnamese enterprises will be relieved from import duties, thus improving sales and fostering export into this enormous market.

In addition, upon accession, Russia would apply the Custom Union Generalized System of Preferences Scheme (CU GSP) for developing and least-developed countries (including 152 countries). Vietnam will benefit from the CU GSP with the import duties applicable to products eligible for tariff preferences at the level of 75% of the Most Favored Nation duty rates.

LAND

PROCEDURES SIMPLIFIED FOR REGISTERING MORTGAGES OF LAND USE RIGHTS

On 18 November 2011, the Ministry of Justice and the Ministry of Natural Resources and Environment issued Joint-Circular no. 20/2011/TTLT/BTP-BTNMT guiding the registration of mortgages of land use rights and assets attached to land.

According to this Circular, from 15 January 2012, to register a mortgage of land use rights or assets attached thereto, the applicant is required to lodge only 01 application instead of 02 as prescribed previously. The application for registration may contain the signature and seal of only one party to the mortgage contract or its authorized representative instead of all parties to the contract as previously. Also it does not require the applicant to submit any document proving his legal status.

The Land Use Right Registration Office shall commence to settle the application on the day of receipt of such application and the settlement shall not last for more than 3 business days.

This Circular also allows administrative inter-procedures. The mortgage registration procedure may be conducted together with the procedure for granting of Certificate of Land Use Right, Residential Home Ownership and other assets attached to land. The procedure for registering mortgages of assets attached to land may be conducted together with the procedure for registering the ownership of the assets on the Certificate of Land Use Right, Residential Home Ownership and other assets attached to land.

TAXATION**NEW DECREE ON TAX INCENTIVES**

As provided by the Resolution no. 08/2011/QH13 by the National Assembly, the Government issued Decree no. 101/2011/ND-CP dated 04 November 2011 detailing the implementation of a number of tax solutions to remove difficulties for enterprises and individuals. This Decree takes effect from 20 December 2011.

As for corporate income tax (CIT), the Government decides to reduce by 30% of CIT payable in 2011 of small and medium-sized enterprises (except for the tax imposed on income from business in lottery, real state, securities, finance, bank and insurance).

The same reduction shall be applied to labor-intensive enterprises operating in the fields of production and processing of agricultural products, forest products, aquatic products, textiles, garments, footwear, electronic components, or construction of socio-economic infrastructure works.

In case where enterprises are entitled to different

tax incentives at the same time, the most advantageous one shall be applied.

Simultaneously, personal income tax (PIT) shall be exempted from 01 August 2011 to the end of 31 December 2012 with respect to dividends distributed to individuals from investment activities in securities market, or capital contribution to buy corporate shares, from dividends distributed by joint-stock banks, financial investment funds or credit institutions.

PIT payable from 01 August 2011 to the end of 31 December 2012 with respect to the transfer of securities of individuals shall be reduced by 50%.

PIT exemption shall be applied from 01 August 2011 to the end of 31 December 2011 to individuals with taxable income from salary, wage, and from business subject to PIT of grade 1 in the partially progressive tariff prescribed in Article 22 of the Law on PIT.

LABOR**NEW REGULATIONS ON FOREIGNERS WORKING IN VIETNAM**

On 3 November 2011, the Ministry of Labor, War Invalids and Social Affairs issued Circular no. 31/2011/TT-BLDTBXH.

Coming into effect from 18 December 2011, this Circular stipulates that at least 30 days prior to the recruitment of foreign employees, the employer must announce the need for recruitment of Vietnamese employees for the positions proposed to recruit foreigners in a number of central or local newspapers. After such publication in two editions of newspapers, if the employer cannot recruit qualified candidate(s) for the position(s), he is allowed to recruit foreign employee(s) within the period of 36 months from the date of the last publication.

As previously prescribed, foreigners being members of limited liability companies with two or more members, owners of one-member company limited or members of board of directors of joint stock companies shall not be required to apply for work permit when working at such enterprises and organizations.

In addition, under this Circular, the following employees shall not be required to apply for work permit as previously stipulated: foreigners being the Chief Representatives of representative offices or heads of project offices, or foreigners who are appointed by a foreign non-Governmental organization as representatives of its operation in Vietnam.

ADMINISTRATIVE**NEW REGULATION ON REGISTERING TECHNOLOGY TRANSFER CONTRACT**

On 15 November 2011, the Government promulgated Decree no. 103/2011/ND-CP amending and supplementing a number of articles of Decree no. 133/2008/ND-CP dated 31 December 2008 detailing and guiding the implementation of certain articles of the Law on Technology Transfer.

If the parties to a technology transfer contract are Vietnamese individuals and/or organizations, they shall only submit a contract in Vietnamese without

being obliged to submit an English copy as stipulated before in their application file for registration of the technology transfer contract.

The time-limit for handling procedures for issuance of registration of amendments and supplements is within 07 working days upon receipt of a valid application file.

These amendments and supplements become effective as from 1 January 2012.

IMPOSING A PENALTY OF UP TO 30 MILLION VND FOR SELLING BOTTLED LPG BELOW STANDARD

A pecuniary penalty of 20 to 30 million VND shall be imposed to shops and agents trading in bottled liquefied petroleum gas (LPG) which have not satisfied circulation conditions on the market, purchasing and selling LPG and bottled LPG of unclear origin on the market.

A pecuniary penalty of 40 to 50 million VND shall be imposed to cases where the original shapes,

structure and weight of LPG bottles are illegally changed.

The foregoing are penalties set out in the Government's Decree no. 105/2011/ND-CP dated 16 November 2011 stipulating the sanctions against administrative violations in the trading of LPG, effective as from 1 January 2012.

HIGH PENALTIES IMPOSED FOR VIOLATIONS IN MEASUREMENT, PRICE LISTING, PETROL AND OIL RETAIL

Pursuant to the Government's Decree no. 104/2011/ND-CP dated 16 November 2011 stipulating the sanctions against administrative violations in petrol and oil trading, a pecuniary penalty of 20 to 30 million VND shall be imposed to the acts of illegally changing the technical condition or illegally breaking seals, leaden seals or verification stamps on measuring instruments in petrol and oil trading.

A pecuniary fine ranging from 10 to 20 million VND shall be imposed to petroleum retail establishments that fail to list their retail prices for petrol and oil products, or list their retail prices not in accordance with regulations, causing confusion for customers.

Decree no. 104/2011/ND-CP takes effect from 1 January 2012, cancel Article 10 Decree no. 107/2008/ND-CP dated 22 September 2008.