

PUBLIC ORDER AND SECURITY REQUIREMENTS FOR CERTAIN CONDITIONAL LINE OF BUSINESS

On September 03, 2009, the Government issued Decree No. 72/2009/ND-CP setting out certain public order and security requirements for certain conditional line of business.

The following line of business must satisfy certain public order and security requirements:

- Making of official seals;
- Manufacture, trading and use of industrial explosives and of ammonium nitrate with a high concentration (98.5% or more);
- Manufacture, trading and repair of security accessories, repair of hunting rifles;
- Manufacture of fireworks;
- Leasing of houses for temporary residence;
- Leasing of houses to foreigners and foreign organizations for residences or as offices;
- Printing services;
- Pawn brokerage services; karaoke, dancing and massage service business;
- Electronic games with prizes reserved for foreigners; casino business; and
- Debt recovery business.

Certain public order and security conditions include:

- A head of an enterprise, of a

branch office or of a representative office and a legal representatives of an establishment engaged in line of business required to meet certain public order and security conditions must have his/her good professional ethics, clear personal record, and does not belong to people who are not permitted to establish and manage an enterprise and to directly carry out business line subject to certain public order and security conditions required by this Decree.

- An establishment engaged in line of business subject to certain public order and security requirements may only be permitted to conduct business activities after it has been granted by a competent police office with a Certificate of Satisfaction of all conditions for public order and security.

- Only Vietnamese organizations and individuals within Vietnam will be permitted to make official seals.

- Only establishments of people's armed forces and of people's police forces will be permitted to manufacture, trade and repair security accessories and repair hunting rifles.

- Place of conducting any line of business subject to certain public order and security conditions must not be located within a restricted area, which is prohibited by law.

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An application file for issuance of a Certificate of Satisfaction of all public order and security conditions will include the following:

- (i) a written request for issuance of the Certificate;
- (ii) a copy of the Business Registration Certificate or of the Investment Certificate;
- (iii) a copy of the Certificate of Tax Code Registration;

(iv) a Certificate of Satisfaction of conditions on fire fighting and prevention;

(v) a Curriculum Vitae of a head of an enterprise, of a branch office or of a representative.

The time-limit for issuance of a Certificate of Satisfaction of all public order and security conditions is 07 working days upon receipt of a valid and proper application dossier.

This Decree shall take effect as from October 20, 2009 and replaced Decree 08/2001/ND-CP dated February 22, 2001.

ISSUANCE OF PERMIT FOR MEANS OF TRANSPORT OF FOREIGN VISITORS TRAVELING TO VIETNAM

On September 03, 2009, the General Department of Customs issued Official Letter No.5247/TCHQ-GSQL guiding the issuance of permit for means of transport of foreign visitors traveling to Vietnam.

Licensing bodies include:

- (i) The Government, based on the proposal submitted by the General Department of Tourism and the proposal submitted by the Ministry of Culture, Sports and Tourism may consider and permit the entering of means of transport of foreign visitors who prefer to travel by way of caravan to Vietnam (note that this caravan can be hosted by a Vietnamese travel agency).

(ii) The Government, based on the proposal submitted by the Ministry of Foreign Affairs and the proposal submitted by the Embassy of the foreign country where foreign visitors prefer to bring means of transport to Vietnam, may consider and permit the entering of means of transport of such foreign visitors to Vietnam for specific purposes.

The customs procedures for means of transport of foreign visitors wishing to bring into Vietnam will be carried out in compliance with those for means of transport issued together with Decision No. 1635/QD-TCHQ of the General Department of Customs dated September 12, 2009.

The Government Office is currently obtaining written opinions from members of the Government on the issuance of a Decree to regulate foreign cars with right-hand side drive, which are registered in foreign countries driving on the road in Vietnam.

REDUCTION OF 50% OF PIT FOR INDIVIDUALS WORKING IN ECONOMIC ZONES

On September 09, 2009, the Ministry of Finance issued Circular No. 176/2009/TT-BTC guiding the reduction of PIT for individuals working in economic zones.

Taxpayers who are entitled to a reduction of PIT include those Vietnamese and foreigners who (i) are either the residents or non-residents in Vietnam, as defined in the Law on PIT, and (ii) directly work in economic zones.

Persons who are government employees and employees working under the labor contracts signed with the Management Committee of an economic zone; or with a State administrative authority; or with entities or individuals who carry out investment, production and/or business activities in an economic zone, but do not directly work within the economic zone, will not be eligible for a reduction of PIT.

Individuals working in economic zones with their taxable income as prescribed in this Circular will be entitled to a reduction of 50% of the PIT payable within a year, and at the end of the year and will finalize the amount of tax for the reduction as follows:

- For an individual with his/her personal incomes generated from salary and/or wage: the employer must calculate and withhold tax from the monthly income of an individual with income being salary and wage; the employer will, based on the PIT amount withheld, pay 50% of the amount withheld into the State Budget, and pay the remaining amount of the reduced tax payment to the employee.

Individuals who (i) generate their personal incomes from salary and wage and in the

category of individuals and (ii) directly make a monthly tax return with the tax office will, based on the PIT amount provisionally declared and payable each month, pay 50% of such PIT to the State Budget.

- Individuals and groups of individuals who generate their business incomes and declare and pay PIT in accordance with their tax return and are entitled to 50% reduction of PIT, will make their own calculation of the PIT amount of reduced provisional tax payable into the State Budget on a quarterly basis, and then pay the latter to the State Budget.

Individuals and groups of individuals who generate their with business incomes and pay tax on a fixed level of turnover, will make a monthly tax return on a standard form applicable to individuals and groups of individuals with business income, the tax office will fix the amount reduced and the amount of PIT payable, and notify the individual or group concerned to pay tax into the State Budget.

This Circular will take effect after 45 days from the signing date, and will apply to reduce the amount of PIT payable by individuals generated their personal incomes in economic zones from January 01, 2009.

Individuals who generate their personal incomes from salaries and wages in economic zones from the date on which Decree 29/2008/ND-CP dated March 14, 2008 took effect to the end of December 31, 2008 and in the category of high-income earners will also be entitled to a reduction of 50% of the PIT amount.

Individuals who conducted business in an economic zone prior to January 01, 2009 with their personal incomes from such business and who are currently enjoying investment incentives pursuant to the Law on Corporate Income Tax until the end of December 31, 2008 and are still within the period of corporate income tax exemption will transfer to direct entitlement to the incentive of exemption from PIT until the end of the remaining period of entitlement to tax exemption, and thereafter will be entitled to a reduction of 50% of PIT in accordance with the guidelines in this Circular.

TAX – FINANCE – BANKING

DETERMINATION OF TAXABLE INCOME FOR THE DIFFERENCE IN EXCHANGE RATE OF DEBTS PAYABLE IN FOREIGN CURRENCY

On September 10, 2009, the Ministry of Finance issued Circular No. 177/2009/TT-BTC guiding the determination of taxable income applicable to the difference in exchange rate of debts payable in foreign currency.

This Circular applies to organizations conducting activities of production and business of goods and services have taxable incomes (“enterprises”) as stipulated in the Law on Corporate Income Tax.

For enterprises remain their debts payable in foreign currency: their losses, interests resulting from the difference in exchange rate that arise in the period and their losses

, interests resulting from the difference in exchange rate caused by the re-evaluation of debts payable in foreign currency at the end of the fiscal year will be taken into account to the expenses or incomes in determining taxable corporate income tax in the period.

In case where the difference in exchange rate resulted from the re-evaluation of debts payable in foreign currency which is calculated to the cost resulting to the losses of the enterprise, such enterprise may allocate a part of the difference in exchange rate to the next year in order to avoid the losses. In such case, the enterprise must ensure the difference in exchange rate taken into account of its

expenses in the year must be equal to the difference in exchange rate of the debt payable in foreign currency in this year.

The Circular takes effect after 45 days from the signing date and applies from the 2009 tax period.

EXEMPTION, REDUCTION OF TAX FOR PROJECTS OF INVESTMENT AND CONSTRUCTION OF SOCIAL RESIDENTIAL HOUSES

On September 14, 2009, the Ministry of Finance issued Circular No. 181/2009/TT-BTC guiding the implementation of Decision No. 96/2009/QĐ-TTg dated July 22, 2009 of the Prime Minister amending and supplementing a number of articles of Decision No. 65/2009/QĐ-TTg, Decision No. 66/2009/QĐ-TTg and Decision No. 67/2009/QĐ-TTg.

The Circular has reduced 50% of the VAT rate from July 22, 2009 to December 31, 2009 applicable to the following cases:

(i) residential houses for lease to pupils, students of universities, colleges, professional secondary schools, vocational colleges, vocational schools during their learning time period;

(ii) residential houses for lease to workers working in industrial zones; and

(iii) residential houses for sale, lease, lease purchase for low income earners with accommodation difficulty.

The Circular gives exemption of corporate income tax payable in 2009 for:

(i) incomes from investment activities and business of residential houses for lease to pupils, students of universities, colleges, professional secondary schools;

(ii) incomes from investment activities and business of residential houses for lease to workers working in industrial zones; and

(iii) incomes from investment activities and

business of residential houses for sale, for lease, lease purchase to the low income people with accommodation difficulty.

The exempted CIT is determined based on business outcomes of the enterprise if the enterprise can calculate the income separated from business activities entitled to tax exemption. In case where the enterprise cannot calculate the income separated from business activities entitled to tax exemption, the exempted CIT is determined by the ratio between the revenue from business activities entitled to tax exemption with the total revenue from entire business activities of such enterprises in 2009.

The Circular takes effect after 45 days from the signing date.

TAX – FINANCE – BANKING**REGIME OF COLLECTION, PAYMENT AND MANAGEMENT OF FEE FOR ISSUANCE OF MINERAL OPERATION PERMIT, FEE FOR EXCLUSIVE EXPLORING OF MINERAL**

On September 15, 2009, the Ministry of Finance issued Circular No. 184/2009/TT-BTC stipulating regime of collection, payment and management of fee for issuance of mineral operation permit, fee for exclusive exploring of mineral.

Payable subjects of the fee for issuance of mineral operation permit, fee for exclusive exploratory of mineral are Vietnamese and foreign organizations and individuals who are granted mineral operation and exploring permit.

Fee level for issuance of mineral operation permit:

- (i) Mineral survey activity: VND2,000,000 per license.
- (ii) Mineral exploring activity: based on the exploratory area: (i) under 100 ha: VND4,000,000 per license; (ii) from 100 ha to 50,000 ha: VND10,000,000 per license; (iii) Over 50,000 ha: VND 15,000,000 per license.

(iii) Mineral processing activity: VND10,000,000 per license.

(iv) Mineral individual and recoverable exploitation activity: VND5,000,000 per license.

For the issuance of a permit for extension, re-issuance a permit resulted from transferring, inheriting, the people who apply for the permit for extension, or who are the transferees; or inheritor must pay the fee equivalent to 50% of the above fee.

Fee for exclusive exploration of mineral:

- (i) For the first year: VND 50,000 per ha per year;
- (ii) For the second year: VND80,000 per ha per year;
- (iii) For the third year and from the fourth year onwards: VND100,000 per ha per year.

These fees will be paid in Vietnam Dong. In case foreign organization and individual prefer to pay in foreign currency, fees will be paid in accordance with the average exchange rate of inter-banks promulgated by the State Bank of Vietnam at the time of payment.

This Circular shall take effect after 45 days from the signing date and replaced Circular No. 20/2005/TT-BTC dated March 16, 2005 of the Ministry of Finance guiding regime of collection, payment, management and use of fee for issuance of mineral operation permits and Circular No. 18/2003/TT-BTC dated January 10, 2003 of the Ministry of Finance guiding regime of collection, payment, management and use of fee for exclusive exploration of mineral.

PILOT IMPLEMENTATION OF A NUMBER OF ADMINISTRATIVE PROCEDURES IN CONSTRUCTION INVESTMENT

On August 27, 2009, the Ministry of Construction and the Ministry of Planning and Investment issued Joint Circular No. 30/2009/TTLT-BXD-BKH detailing certain provisions of Resolution No. 33/2008/NQ-CP of the Government dated December 31, 2008 on pilot implementation of a number of administrative procedures in construction investment for projects of new urban zones, residential house zones, technical infrastructure in industrial zones.

Investment procedures for projects of new urban zones, residential house zones, technique infrastructure in industrial zones applicable to domestic investors:

A domestic investor carrying out construction investment projects of new urban zones, residential house zones, technical infrastructure in industrial zones, disregard of the capital investment scale, must go through the investment registration procedures in accordance with Items 2 and 3, Article 43 of Decree No. 108/2006/ND-CP dated September 22, 2006 and with a standard form as specified in Appendix I-11 of Decision No. 1088/2006/QD-BKH dated October 19, 2006. In case a domestic investor requests for issuance of an Investment

Certificate, the domestic investor will prepare an application dossier for investment registration and be granted an Investment Certificate within fifteen working days from the date of receipt of a valid and proper investment registration dossier.

Investment projects carried out by a domestic investor in new urban zones, residential house zones is not required to go through the investment registration procedure and the procedure for issuance of an Investment Certificate. In such a case, the domestic investor must satisfy the conditions for investment and business (if any) in accordance with the relevant laws on real estate business, residential houses and relevant regulations.

This Circular does not address the investment procedures for foreign investors. According to the current applicable regulations, foreign investors shall carry out the procedures of investment registration/evaluation and be granted an Investment Certificate as regulated.

Procedures for drawing up, evaluation, approval and amendment of construction detailed plan:

Provincial People's Committee has the authority to assign

investors to draw up a plan and submit the plan for approval in accordance with applicable regulations for areas where there has been any a 1/2000 construction detailed plan but a project investment intention is approved in writing by an administrative body in which the nature, location and scope of the project have been determined. The competent authority evaluating a 1/2000 construction detailed plan will be responsible to consider and reply to the completion and validity of a plan dossier within 05 working days.

The competent authority will consider, approve the difference in evaluation and approval of a plan in case where a 1/500 construction detailed plan prepared by an investor is different from a approved 1/2000 construction detailed plan but the first plan is in accordance with the standard on construction plan and is suitable with the system of technical infrastructure, social infrastructure, scenery and environment. The time-limit for approving a plan does not exceed 15 working days. A written approval or a decision on the approval of a 1/500 construction detailed plan is considered as an adjustment document of a 1/2000 construction detailed plan which has already been approved.

This Decision shall take effect after 45 days from the signing date.

AMENDMENT TO REGULATIONS ON SETTLING STATE-OWNED HOUSE AND LAND

On September 09, 2009, the Ministry of Finance issued Circular No. 175/2009/TT-BTC amending Circular No. 83/2007/TT-BTC dated July 16, 2007 guiding the implementation of Decision No. 09/2007/QĐ-TTg of the Prime Minister dated January 19, 2007 on re-arranging, settling State-owned house and land.

A starting price for selling the asset attached to the land must be suitable with the remaining actual price, no less than the cost of constructing a new asset of the same type, issued by the Provincial People's Committee ("PPC") multiplied by the remaining portion of the quality of the asset at the time of clarifying the selling price of the asset attached to the land. A starting price for transferring the land use right in the form of an auction must be closely to the actual market price at the time of transfer with the new usage purpose, no less than the land price of the

same type promulgated by the PPC on the first day of every January.

The State competent authorities having their house, land permitted for sale, transfer, when selling State-owned house, must hire an asset price evaluation organization to clarify the selling price of asset located on the land and the transferring land use right price; submit to the Department of Finance to chair and work with relevant authorities for evaluation and submission to the Chairman of PPC. The Chairman of PPC will approve or assign the Director of Department of Finance to approve the primary price and the result of the auction.

The State competent authorities having competence of making decision on the sale of asset attached to the land and on the transfer of land use right will have the right to assign the purchaser if after its publication on the auction for

sale in accordance with the applicable regulation there is only one organization or individual who registers for purchasing; or the organization, individual who registers for purchasing for the socialization purpose in the fields of education, health, culture, environment.

The house, land under the ownership of administrative bodies, units, organizations in which a plan for the re-arrangement and settlement prior to the effective date of this Circular has been approved but the movement of households, individuals out of the house, land has not been taken, shall be subject to the regulations stipulated in this Circular.

This Circular will take effect after 45 days from the date of signing.

GUIDANCE ON DETERMINING THE OWNERSHIP OF THE BASEMENT AND MANAGING APARTMENT BUILDINGS

On September 01, 2009, the Ministry of Construction issued Official Letter No. 183/BXD-QLN in reply to (i) Official Letter No. 6809/UBND-XDDT of the People's Committee of Hanoi City on request for guiding on determination of the ownership of the basement part of The Manner Hanoi; and (ii) Official Letter No. 165/09/CV-PL/BITEXCO of BITEXCO dated July 18, 2009 requesting for guiding on a number of related matters regarding the management and use of the apartment buildings.

In respect of the ownership of the basement part of The Manner Hanoi, after considering the content and the effective date of the Sale and Purchase Contract entered into between BITEXCO and its clients (the "Contract") and all the dossiers and documents of the approved projects, the Ministry of Construction gives its opinion that BITEXCO has the reasons to affirm the basement part of The Manner Hanoi belonging to BITEXCO's ownership:

(i) The Contract only reflects

the agreement between BITEXCO and its clients that BITEXCO agreed to sell the apartments to its clients for private ownership. The Contract neither make any provision on the area for joint ownership nor on the area for joint ownership but not the area for joint ownership used for parking in accordance with the law on residential house;

(ii) The expenses for constructing the basement are calculated separately and are exclusive of the selling price of the

GUIDANCE ON DETERMINING THE OWNERSHIP OF THE BASEMENT AND MANAGING APARTMENT BUILDINGS (tt)

apartments in The Mannor Hanoi. The value of the basement is calculated into the list of invested real estates for depreciation.

The Ministry of Construction also provides further provisions on management and use of the apartment buildings as follows:

- (i) The Investors shall chair the first Meeting of the Apartment Building;
- (ii) The Investors and the other owners have the rights to vote on all the matters arising at the Meeting of the Apartment Building in accordance with the proportion of private ownership area in the apartment building;
- (iii) In case of the apartment building have been sold before the effectiveness of the Law on Residential House, the owners of the apartment building will have the responsibilities to bear expense for maintaining the joint ownership area;
- (iv) Management Board of the apartment building (the "Management Board") includes the representatives of the owners, the apartment users and the representatives of the Investors or the organization managing the apartment building. When a member of the

Management Board sells his apartment to other people, and move to other place, he is no longer the owner of the apartment building and naturally is no longer the a member of the Management Board. The Management Board can hold an ad-hoc meeting to dismiss such member of the Management Board and elect new member of the Management Board.

On September 07, 2009, the Ministry of Construction issued Official Letter No. 119/BXD-QLN in reply to Official Letter No. 6323/SXD-QLN issued by the Construction Department of Ho Chi Minh City on management of the apartment buildings.

This Official Letter provides guidelines on the method to calculate the floor area of an apartment in the apartment building according to either the clearance dimension of the apartment or the length from centre of the party-wall to centre of the periphery wall of the apartment (in which the party-wall is a partition wall shared by two apartments; the periphery wall is a wall located between the apartment and the corridor, the outside of the apartment). The floor area of the apartment and these methods of calculating above must be clearly mentioned in the

Apartment Sale and Purchase Contract and the drawing of the apartment as stipulated in point c Item 2.1 Clause 2 Article 1 of Circular No. 01/2009/TT-BXD of the Ministry of Construction dated February 25, 2009.

At present, there has not been any regulation showing that the parking area is not a part of the joint ownership area of the apartment building, the Ministry of Construction will examine and co-ordinate with the related ministries and branches to guide in detail the parking area which is in the joint ownership area and the parking area which is not in the joint ownership area but can be used jointly.

COMMERCE

NEW REGULATIONS ON DRUG INFORMATION AND ADVERTISING

On September 01, 2009, the Ministry of Health issued Circular No. 13/2009/TT-BYT guiding activities of drug information and advertising. This Circular is applied to agencies, organizations (divisions), individuals relating to activities of drug information and advertising within Vietnam.

The conditions for drug information and advertising:

(i) Only entities/units which have already registered drug are permitted to register the file of drug information and advertising for such registered drug. If such entities/units prefer to authorize other unit to register the file of drug information and advertising, the authorization must be made in writing, and the authorized entity/unit must have its legal entity status.

(ii) Only drugs, which have already granted their registration visa numbers for free-circulation in Vietnam, will be permitted to be informed and advertised in accordance with this Circular. Drug that have not been granted their registration visa numbers for free-circulation in Vietnam, but have been permitted to be freely circulated in other countries, will only be permitted to be informed to health officers via drug introduction conferences.

(iii) The content of drug information and advertising must ensure the most development in science, objectiveness, truthfulness, clearness and it does not cause any misunderstanding.

iv) The language and script used in informing and advertising are in Vietnamese, except for the cases of the words have been internationalized or the trade name and words that could not be replaced by Vietnamese.

(v) The minimum size of the letters used in information and advertising must be clear enough for reading in the normal condition, but it must not be smaller than the 11-font VnTime size.

(vi) Entities/units which prefer to give information and advertise drugs must bear full responsibility for the content and legality of the information stated in their drug information and advertising.

Dossier and procedure for registration drug information and advertising:

Entities/units which prefer to give information and advertise drugs must submit their application dossiers for drug information and advertising to the Drug Administration of Vietnam – The Ministry of Health before its drug information and advertising.

An application dossier includes:

(a) A Request for registration of drug information and advertising (a standard form as 3a-QC);

(b) A Proposed form and content of drug information and advertisement;

(c) The References verifying the content of drug information and advertisement;

(d) A copy of the instructions for use of drug approved by the Drug Administration of Vietnam;

(dd) A copy of the License of drug in free-circulation issued by the Drug Administration of Vietnam or a copy of the Decision on issuance of the registration visa number of drug issued by the Drug Administration of Vietnam;

(e) A copy of the Certificate of satisfaction of all the conditions for drug business or the License of Operation of the foreign enterprise in Vietnam;

(g) Screenplays, videos, tapes in case the advertising is made through radio broadcasting or television broadcasting (screenplays must describe clearly the images, words and music).

Such entities/units will be entitled to give information and advertise drugs in accordance with the content registered with the Drug Administration of Vietnam after 15 working upon receipt of the valid and proper dossier.

This Circular takes effect after 45 days from the signing date, and replaced Decision No. 2557/2002/QĐ-BYT dated July 04, 2002 and Circular No. 12/2002/TT-BYT dated August 23, 2002.

PROCEDURES FOR IMPORTING RAW MATERIALS INTO BONDED WAREHOUSE

On September 09, 2009, the General Department of Customs issued Official Letter No. 5372/TCHQ-GSQL guiding the customs procedures for importing raw materials into bonded warehouse (BW), and then raw materials will be sold to export processing enterprises (EPE).

The customs procedures for goods with ownership transfer in BW will be carried out in accordance with Clause 6 Article 55 of Circular No. 79/2009/TT-BTC of the Ministry of Finance dated April 20, 2009.

The customs procedure for the sale and purchase of goods in BW of FDI enterprises will be carried out in accordance with Decree No. 23/2007/ND-CP of the Government dated February 12, 2007.

The customs procedures for goods from a foreign country brought into BW will be carried out in accordance with Clause 1 Article 55 of Circular No. 79/2009/TT-BTC.

The customs procedures for goods of EPE imported from BW: if the buyer and the seller

are traders, the customs procedures will comply with Official Letter No. 12533/BTC-TCHQ of the Ministry of Finance dated September 07, 2009.

For VAT: BW is a non-tariff zone. Therefore, goods and services purchased and sold between foreign traders and the non-tariff zone, and between the non-tariff zones will not be subject to taxable objects of VAT.

LABOR

GUIDANCE FOR CALCULATING WORKING TIME ENJOYING SEVERANCE ALLOWANCE

On August 28, 2009, the Ministry of Labor, Invalids and Social Affairs issued Official Letter No. 3214/LDTBXH-LDTL guiding the calculation of working time enjoying severance allowance.

An employer will be responsible to pay a severance allowance to an employee who has worked for 12 months or more in the cases of termination of a labor contract under Article 42 of the Labor Code.

Under Article 2 of Circular No. 17/2009/TT-BLDTBXH dated May 26, 2009 amending and supplementing a number of points of Circular No. 21/2003/TT-BLDTBXH dated September 22, 2003 guiding the implementation of a number of Articles of Decree No. 44/2003/ND-CP on March 09, 2003

of the Government on Labor Contract: the period of employment for calculation of a severance allowance is the actual total period of employment exclusive of the time of contributing unemployment insurance in accordance with Decree No. 127/2009/ND-CP of the Government dated December 12, 2009. In the case where the total period of employment has supernumerary months, the period of employment shall be calculated as follows: for a period from one to less than six months: an employer shall round up to ½ year; for a period from six months to twelve months: an employer shall round up to one year.

Where an employee has performed several labor contracts respectively with only one enterprise, upon the expiry of each contract, the

enterprise shall add up the durations of employment under all the labor contracts in order to calculate the period of employment enjoying a severance allowance. An employee shall not receive a severance allowance for the working time under the labor contract, which was illegally terminated by the employee.

The wage used as basis for calculating a severance allowance is the average of the wages of the six months immediately preceding the termination of the labor contract, including seniority and position wages and allowances (if any).

GUIDANCE FOR IMPLEMENTATION OF HEALTH INSURANCE

On August 14, 2009, the Ministry of Health and the Ministry of Finance issued Joint Circular No. 09/2009/TTLT-BYT-BTC guiding the implementation of health insurance ("HI").

HI contribution rate of volunteer:

(i) HI premium of every 03 months from January 1, 2009 to December 31, 2009: VND30,000 per head is for students who study at schools and universities in urban areas and VND25,000/head is for the same ones in rural and mountainous areas. VND80,000 per head is for the following:

- part-time government officers who work in a commune, ward, town under the law on official and public servant,
- employees who are in sick leave period enjoying sick benefit since they suffer from a disease that is in the list of diseases requiring long-term treatment,
- members of household who work in agricultural, forestry and pisciculture, salt mash production and relatives of salary paid employees,
- members of co-operative, individual business households in urban area. VND60,000 per head is for the above

persons in mountainous areas.

(ii) A monthly MI premium rate for volunteers who continue to contribute MI shall be 4.5% of the current minimum wage from January 1, 2010.

Amount can be refunded to the MI contributor in case of taking medical examination and treatment at a medical organization that is different from the registered one or technical-professional entity or in case of traveling abroad for medical examination and treatment

- In case of traveling abroad

GUIDANCE FOR IMPLEMENTATION OF HEALTH INSURANCE (tt)

for a medical examination and treatment: a patient must pay all costs and expenses for his/her medical examination and treatment and then he/she will be reimbursed all actual costs and expenses, but not exceed VND4,500,000 based on invoices/receipts require to present to the social insurance department.

- In following cases of: (i) taking a medical examination and treatment in a medical organization that does not enter into a contract for medical examination and treatment with the social insurance department; (ii) taking a medical examination and treatment in a medical organization that already enters into a contract for medical examination and treatment with the social insurance department but the procedure for medical examination and treatment has not been completed under Article 28 of the Law on Health Insurance, a patient can directly pay all costs and expenses to the health organization, after that, he/she can bring related invoice and receipts to the social insurance department for refund.

Based on technical services that patients were provided, technical-professional route of the health organizations and valid invoices/receipts, the social insurance department shall refund to a patient actual costs and expenses but not exceeding the following thresholds:

(i) Hospital ranked grade III or downward: VND55,000/each of non-resident treatment; VND450,000/each time of resident treatment.

(ii) Hospital ranked grade II: VND120,000/each of non-resident treatment; VND1,200,000/each time of resident treatment.

(iii) Hospital ranked grade I, special grade: VND340,000/each of non-resident treatment; VND 3,600,000/each of resident treatment.

The dossier for refund of costs and expenses for medical examination and treatment for cases mentioned above shall comprise:

- A Request for payment (as a stipulated form);
- A HI card (copy);
- A permit for exit the hospital or dossier for medical record (original or copy); valid receipts (a doctor's prescription), medical report book, invoice for purchase of medicine, invoice for hospital fees and other related receipts).

In case of going abroad for a medical examination and treatment, in addition to the above documents, a patient must provide an opinion made by a health organization at provincial or central authority level that confirms the disease status and suggestion for treatment. In case of being delegated for a business trip or a study course abroad, there also must be a decision made by the competent authority to such delegation. Any dossier, receipts in foreign language must be translated into Vietnamese of whose the translator's signature must be lawful certified.

Moreover, this Circular provides the payment for costs and expenses for medical examination and treatment between the social insurance department and the health organization, procedure for refund costs and expenses for medical examination and treatment between the social insurance department and the HI participants.

This Circular takes effect from October 01, 2009.

NATIONALITIES

GUIDANCE FOR IMPLEMENTATION OF THE LAW ON VIETNAMESE NATIONALITIES

On September 22, 2009, the Government issued Decree No. 78/2009/ND-CP providing guidelines for implementation of a number of articles of the Laws on Vietnamese Nationalities.

Criteria for Granting the Vietnamese nationality:

This Decree provide certain conditions for those wishing to apply for Vietnamese nationality as below:

(i) An applicant for citizenship of Vietnam must be able to use Vietnamese for integration with Vietnamese community (based on his ability to communicate with Vietnamese citizen in a daily and normal life in Vietnam).

(ii) An applicant for citizenship of Vietnam must reside in Vietnam and must be granted a permanent resident card by the police.

(iii) An applicant for citizenship of Vietnam must be able to show that he/she ensure his/her normal life in Vietnam by his/her owned assets, legitimate income or he/she is sponsored by a Vietnamese organization or an individual.

This Decree also provides some documents in the Application Dossier for granting of the citizenship of Vietnam:

(i) Documents proving the foreign nationality of Applicant for citizenship of Vietnam. These documents can replace the Birth Certificate or the Passport;

(ii) Certificate proving the common knowledge in Vietnamese language can be one of the followings documents: a copy of a master decree, a bachelor's decree, a junior college, a primary college, a secondary school or a lower secondary school qualification; a copy of decree or a certificate approving the common knowledge in Vietnamese language issued by a organization for training Vietnamese language.

Condition for returning to Vietnamese citizenship:

(i) An applicant wishing to return to Vietnamese citizenship rendered useful service to the development or defense of Vietnam and his returning of citizenship of Vietnam shall be useful for Vietnam;

(ii) An Applicant wishing to return to Vietnamese citizenship investing into Vietnam with an invested project that is issued of the Investment Certificate by the competent authority of Vietnam.

Persons who are not

permitted to renounce Vietnamese citizenship:

Any person who owes the Government tax or has a financial liability to the Government or a company or an individual in Vietnam is not permitted to renounce his Vietnamese citizenship if the creditor requests in writing that the dossier for renounce must be rejected.

Registration for retaining the Vietnamese citizenship:

Should an overseas Vietnamese who still held citizenship before July 1, 2009 pursuant to the laws and regulations of Vietnam but do not hold a valid Vietnamese passport wishes to retain Vietnamese citizenship, he must register for retaining the Vietnamese citizenship. Such registration must be done before the end of July 1, 2014. Otherwise, he/she will lose his Vietnamese citizenship. In case he/she prefers to obtain Vietnamese citizenship, he/she must register for returning Vietnamese citizenship.

This Decree takes effect from November 10, 2009 and shall replace Decree No. 104/1998/ND-CP dated December 12, 1998, Decree No. 55/2000/ND-CP dated October 11, 2000.

Q & A SECTION**Question 1:**

We are an oversea fund management. Instead of delivering our documents from Vietnam to abroad for sealing, we would like to bring our overseas corporate seal into Vietnam to sign some contracts and documents with Vietnamese enterprises. Please kindly advice us on the related procedure? ¹

Answer:

Item B, Section II of Joint Circular No. 07/2002/TT-LT of the Ministry of Public Security and the Government Organizational Committee dated May 6, 2002 guiding the implementation of a number of provisions of Decree No. 58/2001/ND-CP of the Government dated August 24, 2001 on management and usage of the seal provides as follows:

When bringing the seal into Vietnam for usage, all foreign organization and body operating in Vietnam, except for diplomatic representative, must comply with the following regulations: (i) Having Request for permission to bring the seal from abroad into Vietnam for usage in accordance with the form stipulated by the Ministry of Public Security; (ii) Document on permission for foreign organization and body to operate in Vietnam issued by the competent authority (the original one must be shown, whereas a copy must be submitted); (iii) Individuals carrying out the procedure for bringing the seal into Vietnam for usage must provide his passport or identity card.

Within 07 (seven) working days from the date of receipt of the valid dossier, the competent public security must conduct necessary procedure for issuance of the License of bringing the seal into Vietnam to the applicant. Within 07 (seven) working days from the date of obtaining the permission for bringing the seal from foreign countries into Vietnam organization and body must bring the License and the seal to the provincial public security office where their head office located for registration and for issuance of the Seal Sample Registration Certificate. The term of usage of such seal shall be defined in accordance with the operation term stipulated in the license of operation issued by the competent authority of Vietnam. Your company is a foreign organization, therefore, it is required that your company must fully comply with such regulations in order to bring the seal into Vietnam for usage.

Question 2:

My father is a founding shareholder holding 20% of ordinary shares of A Joint Stock Company, which was established in 2008. In early 2009, my father passed away without a will. Please kindly advice how my father's shares of Company A will be dealt with? Is there any regulation in the Law on Enterprises that provides the heritance of such shares? ²

Answer:

Shares are capital contribution of shareholder in a joint stock company. When a shareholder dies, the share is considered as the inherited assets. In case a shareholder dies without a will, his shares shall be inherited by his heirs in ranks of inheritance pursuant in accordance with the laws on heritance.

There is no specific regulation in the 2005 Law on Enterprises providing heritance of shares in a joint stock company. Therefore, the heritance in your case shall be implemented pursuant to the 2005 Civil Code and the Company's Charter (if any).

Pursuant to Article 676 of the 2005 Civil Code, it is understood that the shares shall be inherited for following rank of heritance:

(1) Article of LuatViet's lawyers posted on the Investment Bridge Section – Securities Investment Newspaper 112 (740) dated September 18, 2009.

(2) Article of LuatViet's lawyers posted on the Investment Bridge Section – Securities Investment Newspaper 109 (7370) dated September 11, 2009.

Q & A SECTION

Pursuant to Article 676 of the 2005 Civil Code, it is understood that the shares shall be inherited for following rank of heritage:

- First rank of inheritance shall include wife, husband, biological father, biological mother, adoptive father, adoptive mother, biological children and adopted children of the decedent;
- Second rank of inheritance shall include paternal grandfather, paternal grandmother, maternal grandfather, maternal grandmother, natural brother(s) and sister(s) of the decedent; grand-children of whom the decedent is the paternal grandfather or grand-mother, maternal grandfather or grandmother;
- Third rank of inheritance shall include paternal and maternal great-grandparents; paternal and maternal uncles and aunts by blood of the decedent; nephews and nieces of whom the decedent is the paternal or maternal uncle or aunt by blood; great grand-children of whom the decedent is the paternal or maternal great grandparents.

Heirs belonging to the same rank of inheritance shall be entitled to equal portions in the estate.

Heirs belonging to the subsequent rank of inheritance shall be entitled to inheritance only if none of the heirs of the preceding rank of inheritance is left as they have died, are not entitled to the estate, are disinherited or disclaim the estate.

Therefore, heir(s) at law of the decedent shareholder must inform Company A about the heritage and will become founding shareholder(s) of the Company. In case any heir refuses to be a founding shareholder of the Company, he may transfer inherited shares to other founding shareholder or other person who is not founding shareholder if the General Meeting of Shareholder approves such transfer in accordance with Article 84.5 of the 2005 Law on Enterprises 2005..

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