

LEGAL NEWSLETTER



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Notable activity in July, 2022

In the current context of Viet Nam, the key to balancing Viet Nam's economic growth with sustainable development is promoting responsible business practices. ESG (Environmental, Social, and Governance) practices and CSR (Corporate Social Responsibility) practices originate in businesses' proactive responses to society, and their employees. Enterprises apply CSR or ESG not just to comply with laws but to uphold important standards that are not yet required by law. This is one of the issues that Mr. Nguyen Hung Quang analyzed in the article **“ESG and the National Action Plans for Responsible Business Practices in Viet Nam (NAP)”** published in the 4th ESGPath newsletter of Richard Moore Associates' BrandDance Blog on July 6, 2022.

In the article, Mr. Nguyen Hung Quang introduced Viet Nam's National Action Plan (NAP) that will expand ESG practices nationwide and shared some practical advice on applying ESG practices to IT, Finance, Legal and Purchasing Departments of enterprises.

To view the full article, visit the link:
http://www.branddance.vn/wordpress/wp-content/uploads/2022/07/RMA_ESGPath_Vol4_EN.pdf

GUIDELINES FOR IMPLEMENTATION AND APPLICATION OF ELECTRONIC RECORDS

MAI PHUONG

In order to promptly guide and handle the shortcomings in application and use of electronic invoices and documents (e-records), on July 12, 2022, the General Department of Taxation (**GDT**) issued Official Dispatch 2455/TCT-DNNCN on the application and operation of electronic invoices and documents (**Dispatch 2455**). Accordingly, this Dispatch provides guidelines on some notable new contents related to the application of e-records in accordance with Decree 123/2020/ND-CP on invoices and documents (**Decree 123**) as follows:

Firstly, enterprises are allowed to continue using self-issued certificates of personal income tax (**PIT**) withholding while they have not yet deployed electronic ones. According to Decree 123, from July 1, 2022, enterprises are required to convert to e-certificates of PIT withholding and build their own software system to apply e-records. This content has also been guided in Notice dated June 30, 2022 on the application of e-certificates of PIT withholding in accordance with Decree 123 of Ha Noi Tax Department and Official Dispatch 7563/CTTPHCM-TTHT dated June 29, 2022 of Ho Chi Minh City Tax Department. According to the above 2 guidelines, from July 1, 2022, enterprises are not allowed to use their outstanding self-printed records and records printed on order.

However, according to the instructions in Dispatch 2455, while e-certificates of PIT withholding have not yet been applied, enterprises can use self-printed documents. Also according to Dispatch 2455, from July 1, 2022, tax authorities will not continue to sell PIT withholding certificates printed on order; enterprises can still continue using the outstanding hard copy certificates purchased earlier from tax authorities.

Secondly, enterprises can choose to continue using hard copy receipts printed on order, self-printed or

purchased from tax authorities until new guidelines are issued by GDT. According to Decree 123, from July 1, 2022, organizations can use electronic receipts. However, GDT is developing a standard format of electronic receipt data and the implementation procedure. Therefore, while there is no further guidance from GDT, enterprises can still continue using hard copy receipts printed on order, self-printed or purchased from tax authorities.

COMMENTS AND RECOMMENDATIONS

The issuance of new guidelines by GDT for the use of electronic records has promptly solved the shortcomings for enterprises during the transitional period of technical infrastructure for applying 2 types of electronic records, especially PIT withholding e-certificates. Enterprises are advised to update and apply the above guidelines without delay as well as update the next instructions by tax authorities for prompt application and minimize problems in using invoices and documents and comply with regulations of laws and guidelines from tax authorities.



NEW REGULATIONS ON INTEREST RATES FOR PREMATURE WITHDRAWAL OF DEPOSITS AT CREDIT INSTITUTIONS, FOREIGN BANK BRANCHES

HAI DANG - HUYEN THU

On June 16, 2022, the Ministry of Finance issued Circular 04/2022/TT-NHNN stipulating the application of interest rates for premature withdrawal of deposits at credit institutions, foreign bank branches (hereinafter referred to as "**credit institutions**") (**Circular 04/2022**) to replace Circular 04/2011/TT-NHNN (**Circular 04/2011**). Compared to the former one, Circular 04/2022 provides a clearer legal framework for premature withdrawal of deposits, with some typical changes as follows:

Firstly, supplementing the definitions and conditions to be noted when withdrawing deposits prematurely. Accordingly, premature withdrawal of deposit occurs when a client withdraws a part or all of the deposit before the due date or maturity date of such deposit. Regarding the conditions to be noted when performing premature withdrawal of deposit, Circular 04/2022 emphasizes that the agreement between credit institutions and clients on premature withdrawal of deposits must comply with the State Bank of Viet Nam's regulations for each specific deposit form and the interest rates on premature withdrawal of deposits as specified in this Circular. In addition, if there is no agreement on premature withdrawal of deposits, credit institutions must also apply the interest rate for premature withdrawal of deposits in accordance with the provisions of Circular 04/2022.

Secondly, stipulating cases of premature deposit withdrawal and the interest rates applied correspondingly. Specifically, Circular 04/2022 clearly separates 2 cases of premature withdrawal, including: (i) premature withdrawal of the total deposit and (ii) premature withdrawal of a part of the deposit. For each case, the premature withdrawal interest rate is determined as follows:

- In case of premature withdrawal of the total deposit: The maximum interest rate applied is the lowest interest rate of demand deposits of credit institutions based on types of clients and/or the deposited currency at the time of premature withdrawal;
- In case of premature withdrawal of a part of the deposit:
 - For deposit amount withdrawn before maturity, the lowest interest rate of demand deposits of credit institutions shall be applied based on types of clients and/or the deposited currency at the time of premature withdrawal.
 - For the remaining deposit amount, the interest rate is equal to the interest rate applied to the deposit of which a part is withdrawn prematurely by the client.

COMMENTS AND RECOMMENDATIONS

Compared with Circular 04/2011, Circular 04/2022 provides more favorable provisions for clients depositing at credit institutions, especially those related to interest rates in case of premature withdrawal of the deposit. It should be noted that for agreements on interest rates for premature withdrawal of deposits before effectiveness of Circular 04/2022, credit institutions and clients will continue to comply with the committed agreements or possibly re-negotiate in accordance with Circular 04/2022. Circular 04/2022 will take effect on August 1, 2022, therefore, businesses need to promptly update new regulations to adjust the plans for using and managing deposits and balance their finance.



TYPICAL PROVISIONS OF LAW AMENDING AND SUPPLEMENTING SOME ARTICLES OF INTELLECTUAL PROPERTY LAW

TUE DANG

On June 16, 2022, the National Assembly promulgated the Law amending and supplementing some articles of the Law on Intellectual Property (**Amended IP Law 2022**). The amendment and supplementation of the applicable IP Law aim to overcome several problems related to intellectual property rights arising in practice, and meet the commitments in the international treaties and agreements which Viet Nam has signed such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the European Union Vietnam Free Trade Agreement (EVFTA). In this Newsletter, NHQuang will introduce and comment on some important provisions of the Amended IP Law 2022, which should receive special attention by organizations and individuals possessing intellectual property-related rights and interests.

New regulations on work naming rights

The Amended IP Law 2022 supplements the provision that an author has the right to "*transfer the right to use the naming rights*" to the organizations, individuals that receive the transfer of economic rights. It can be understood that the author has the right to allow a third party to rename the work, which will facilitate the need to change the work's name in some specific relationships/fields related to the copyright matter (for instance, the relationship between authors and publishers in work publishing). The term of "*transfer the right to use*" reflects that the naming rights are still owned by the author, and allowing a third party to name the work does not mean that the author completely assigns this right. Therefore, this new regulation is not contrary to the principle that "*Authors shall not assign their moral rights*" specified in Clause 2, Article 45 of the applicable IP Law.



Some exceptions without infringement of copyrights

The Amended IP Law 2022 stipulates some cases where a work can be copied without either permission request or royalty payment, but the author's name and the origin of the work must be informed, for example:

- (i) Making a copy of the work for personal scientific research, study without commercial purposes (not applicable in case of copying by copying devices);
- (ii) Reasonably copying a part of the work by copying devices for personal scientific research, study without commercial purposes;
- (iii) Some cases of copying in library operations for non-commercial purposes including:
 - Copying the works archived in a library for preservation, provided that this copy must be marked as an archived copy and access must be restricted in accordance with the law on libraries and archives;
 - Reasonably copying a part of works by copying devices for the scientific research, study of other persons;
 - Copying or transmitting an archived work for inter-library use over a computer network, provided that the number of readers at one time does not exceed the number of copies of the work held by the aforementioned libraries, except as permitted by the right holder and not applicable in the case that the work has been available in the market in digital form.

The above-mentioned provisions have reflected Viet Nam's policy on ensuring the satisfaction and balance in IP rights protection, and simultaneously showed the conformity with the general trend of other countries in extending the right to use works

reasonably by any person conducting study and research in the field of education. However, some terms in provisions of this Law are not clear and it is necessary to have guiding documents to avoid difficulties arisen in practice. For example, the Amended IP Law 2022 does not have any specific provision on the types of "copying devices". In fact, a work may be reproduced by many types of devices such as: copier, recorder, personal computer, smart phone (with camera/recording functions); hence, it is necessary to have further instructions specifying the content of "copying devices" for correct application of the law.

Supplementation of intermediary service providers' liabilities for copyright and related rights

According to Clause 77, Article 1 of the Amended IP Law 2022, an intermediary service provider (**ISP**) is an enterprise providing technical means for organizations and individuals that use the service to post digital contents on telecommunications network and the Internet; providing online connections for the public to access to and use digital contents on telecommunications network and the Internet. In the current IT era, IP rights over works are increasingly likely to be infringed upon because works are effortlessly digitized and reproduced on the Internet. Therefore, it is necessary to regulate ISP's liabilities to protect legitimate rights and interests for holders of copyright and related rights.

The Amended IP Law 2022 stipulates that ISPs are exempt from liability for infringements of copyright and related rights in telecommunications network and the Internet in relation to the provision or use of their services in the following cases:

- Only carrying out the transmission of digital contents or provision of accessibility to digital contents;
- When caching data in the course of transmission, ISPs have to perform such function automatically and temporarily to transfer information and make information transmission more efficient, provided that they:
 - (i) only modify the information due to technical reasons;
 - (ii) comply with the conditions for access and use of digital contents;
 - (iii) (iii) comply with rules on updating digital information specified in a manner that is widely

recognized and used in the industry;

(iv) do not interfere with the lawful use of technologies widely recognized and used in the industry to obtain data on the use of the digital contents;

(v) remove the digital contents or deny any access to the digital contents when knowing that the digital contents have been removed at the initial source of transmission, or the initial source has disabled the access to the digital contents;

- Storing digital contents of service users at their request on the condition that the provider: (i) does not know that the digital contents infringe any copyright and related rights; and (ii), expeditiously remove or disable access to the digital contents upon being aware that such contents infringe any copyright and related rights.

The above regulations are promulgated to be consistent with the contents of EVFTA which Viet Nam has engaged. It should be noted that ISPs are not automatically exempted from responsibility. Instead, they are responsible for implementing technical measures, coordinating with competent state agencies, and right holders who take measures for protecting copyright and related rights in telecommunications network and Internet environment and ensure that all statutory conditions are met such as in the case of performing the caching data function in the process of information transmission and digital information content storage mentioned above.

Supplementation of a separate provision on the opposition procedures against industrial property registration applications

According to Clause 39, Article 1 of the Amended IP Law 2022, a third party has the right to oppose the grant of a protection title before the issue date of the decision to grant such protection title within the following time limits: (i) 9 months from the publication date of the invention application; (ii) 4 months from the publication date of the industrial design registration application; (iii) 5 months from the publication date of the trademark registration application; (iv) 3 months from the publication date of the geographical indication registration application. It is noted that the Amended IP Law 2022 still maintains the mechanism that allows a third party to comment on the grant of protection

titles in Article 112, IP Law 2005, as amended and supplemented in 2009.

Given the above provisions, an organization or individual may consider either of the 2 procedures to oppose the grant of a protection title for an industrial property registration application as follows:

- If the time limit for opposing does not expire before the issue date of a decision to grant a protection title: the relevant organization or individual has to submit the opposition petition in writing enclosed with documents or valid information for proving and pay the opposing fees. The procedures and sequences for handling the opposition petition will be prescribed by the Minister of Science and Technology.
- In the case that the time limit for opposition has expired before the issue date of a decision to grant a protection title, an organization or individual is still able to submit a written opposing opinion (enclosed with documents or valid information for proving) in accordance with the Amended IP Law 2022. This opposing opinion shall only be considered as a reference source in the course of processing the relevant industrial property registration application.

Apart from the above contents, the Amended IP Law 2022 also have several other notable amendments related to trademarks (supplementation of provisions on protection of sound marks to fulfill obligations under the CPTPP), other intellectual properties such as inventions, plant varieties, geographical indications, provisions on protection of intellectual property rights. The Amended IP Law 2022 will take effect from January 1, 2023, however, the regulations on trademark protection for sound signs took effect from January 14, 2022 and the provisions on protection of test data for agrochemical products will take effect from January 14, 2024. Enterprises should update and study the Amended IP Law 2022's provisions to comply with the new regulations.

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