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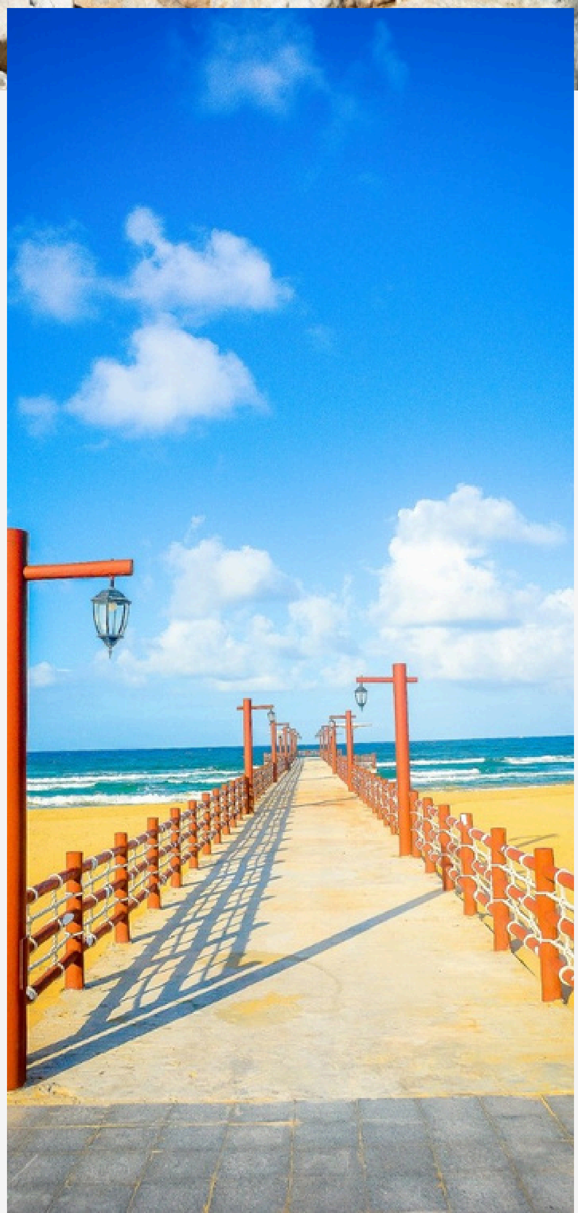
In this issue

Guidance on conducting e-tax transactions when enterprises have not been granted e-identification accounts before July 1, 2025
05

Increasing fines for administrative violations related to fire prevention and fighting
06

Change in authority: Note to employers in carrying out labor and employment-related procedures
08

Amendment to the Decree guiding the Law on Investment: Simplifying procedures, unlocking resources for economic development
10



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NOTABLE ACTIVITIES IN JUNE 2025

06

- **NHQuang&Associates** organized a webinar on "***Effective HR management - Business risk management through internal labor regulations***". The key speaker, **Mr. Phung Quang Cuong, Partner of NHQuang&Associates**, presented practical analyses on the key role of internal labor regulations in the production and business activities of organizations and enterprises, as well as the close association between internal labor regulations and human resource management. Through the demonstration of several labor dispute cases in practice, Mr. Cuong provided a number of recommendations on methods for developing, issuing, and applying internal labor regulations in accordance with legal regulations and management practices within enterprises.

13

- **Mr. Nguyen Hung Quang, Managing Partner of NHQuang&Associates**, attended the Workshop "***Model of Financial Intelligence Agency and Mechanism of Controlling Suspicious Transactions in Japan - Recommendations for Vietnam***" organized by the Central Committee for Internal Affairs in coordination with the Japan International Cooperation Agency (**JICA**).
- Mr. Quang shared some international experience regarding the regime of beneficial ownership in enterprises to enhance the effectiveness of anti-money laundering efforts, combat off-the-record investments, sham investments, and promote business transparency. This includes the criteria for identifying beneficial ownership, the collection, transparency, and management of beneficial ownership information in corporate governance.

13
16

- On June 13 and 16, 2025, **Mr. Nguyen Hung Quang, Managing Partner of NHQuang&Associates**, attended **the Meeting of the Drafting Team of the Manual on Out-of-Court Workouts** and **the Meeting of Drafting Team of the Code of Conduct for Debt Collection,** which were held by the Vietnam Banking Association (**VNBA**), represented by Mr. Nguyen Quoc Hung - Vice President and General Secretary of the Association. These are significant documents developed by VNBA with technical support from the International Finance Corporation (**IFC**) under the World Bank Group.
- Acting as an independent consultant of IFC, **Mr. Nguyen Hung Quang** discussed the major contents of the Draft Manual and Draft Code of Conduct as well as the next steps related to the drafting and promulgation of the documents in the coming time.

26

- The Workshop on "***Law on Enterprises (Amendment) and the Decree on Business Registration with the amendmend regarding the regulation of beneficial ownership***" was successfully held by Vietnam Business Lawyers Club (**VBLC**), chaired by **Ms. Tran Thi Thanh Huyen, Partner of NHQuang&Associates**, members of VBLC Executive Board and officials from the Agency for Private Enterprise and Cooperative Development (**APED**), with sponsorship by a number of law firms.
- At the workshop, **Mr. Nguyen Hung Quang, Managing Lawyer at NHQuang & Associate**s, delivered a presentation focusing on crucial considerations for lawyers in advising businesses on beneficial ownership in compliance with the Law on Anti-Money Laundering and the Law on Enterprises (Amendment) 2025.

GUIDANCE ON CONDUCTING E-TAX TRANSACTIONS WHEN ENTERPRISES HAVE NOT BEEN GRANTED E-IDENTIFICATION ACCOUNTS BEFORE JULY 1, 2025

TRAN THI THUY MAI

Regarding the registration of enterprises' E-identification accounts, according to Decree 69/2024/ND-CP on E-identification and authentication, from July 1, 2025, organizations must have an E-identification account to enable the implementation of business registration procedures as well as other administrative procedures with state management agencies in the electronic environment (*Please refer to our Legal Newsletter No. 03/2025 for the Official Letter No. 207/TB-DKKD dated February 13, 2025 of the Business Registration and Corporate Finance Office – Ha Noi Department of Finance*). However, in fact, several enterprises have encountered difficulties in registering E-identification accounts and may not be able to complete the process before July 1, 2025. Therefore, the Department of Taxation issued the Official Letter No. 2065/CT-NVT on June 26, 2025 to address the challenges faced by individuals, organizations and enterprises that have not yet been granted E-identification accounts in the process of using personal identification numbers instead of tax identification numbers and using organizational E-identification accounts in e-tax transactions. Accordingly:

- Regarding the use of personal identification numbers instead of tax identification numbers: From July 1, 2025, personal identification numbers will replace tax identification numbers of Vietnamese individuals; at the same time, the personal identification number of the representative of a household, business household or sole proprietor shall also be used in place of the tax identification number of such household, business household or individual.
- Regarding the use of E-identification accounts of other taxpayers (including enterprises) in e-tax transactions: In the case that by July 1, 2025, **taxpayers are still in the process of applying for an E-identification account but the account has not yet been issued by the Ministry of Public Security, or a foreign individual or an organization whose legal representative is a foreigner has not been granted an E- identification account** due to the implementation progress of the Ministry of Public Security, these taxpayers shall continue to fulfill their obligations to the state budget **through their E-tax accounts until their E-identification accounts** are issued by the Ministry of Public Security.

Should you need to know more information about the update and issuance of E-identification accounts for enterprises as well as other issues, NHQuang&Associates is willing to provide further answers and support.

INCREASING FINES FOR ADMINISTRATIVE VIOLATIONS RELATED TO FIRE PREVENTION AND FIGHTING

LE HAI LINH

To raise awareness in fire prevention and fighting, increase deterrent effects to prevent and minimize fire prevention and fighting violations, on May 15, 2025, the Government issued Decree 106/2025/ND-CP regulating administrative sanctions against violations in the field of fire prevention and fighting, rescue and salvage (**Decree 106**), replacing Decree 144/2021/ND-CP regulating administrative sanctions against violations in security, order and social safety; prevention and control of social evils; fire prevention and fighting; rescue and salvage; prevention and control of domestic violence (**Decree 144**). The scope of Decree 106 is quite broad, covering from disseminating information, legal regulations and providing professional training in fire prevention and fighting, rescue and salvage; equipping, installing, using, maintaining the equipment for fire prevention and fighting, rescue and salvage; to updating the database on fire prevention and fighting, rescue and salvage; installing, maintaining the connection of fire alarm transmission equipment. Below are some noticeable provisions of Decree 106/2025/ND-CP:

Firstly, the application subjects of Decree 106 include both organizations and individuals. In particular, *Decree 106 provides clearer and more detailed provisions on organizations compared to Decree 144*, which include economic organizations established under the Law on Enterprises (sole proprietorships, joint stock companies, limited liability companies, etc.), organizations established under the Law on Investment (domestic investors, foreign investors (except individuals) and foreign-invested economic organizations), and organizations established under the Law on Commerce, etc.

Secondly, *Decree 106 increases the fines for some violations*. Most of the fines under Decree 106 are **2 to 3 times higher** than those under Decree 144. For example, the act of (i) *issuing the internal regulations on fire prevention and fighting, rescue and salvage that do not contain sufficient contents as prescribed in legal regulations or are not appropriate with the operation characteristics of the facility or means of transport*, and the act of (ii) *posting the internal regulations, signs, prohibition signs, and guidance signs on fire prevention and fighting, rescue and salvage at the wrong locations* shall be fined from VND 1,000,000 to VND 3,000,000. Previously, under Decree 144, the above violations were only subject to a fine ranging from VND 300,000 to VND 500,000. The fine for *failing to issue or post regulations, signs, prohibition signs, and signs on fire prevention, rescue, and salvage* has also increased from VND 1,000,000 - VND 3,000,000 to VND 6,000,000 - VND 8,000,000. In particular, there are some violations for which the fines have increased by **16 to 20 times** compared to the previous ones. For example, for the act of *using fire sources, heat sources, fire/heat-generating equipment, and tools without ensuring the required fire prevention and fighting distance*, the fine of only VND 300,000 - VND 500,000 in Decree 144 has increased to VND 5,000,000 - VND 10,000,000 (16 times higher). The fine for *using fire* *sources, heat sources, fire/heat-generating equipment, and tools in prohibited areas* in Decree 106 is 20 times higher than the previous one (from VND 100,000 - VND 300,000 to VND 20,000,000 - VND 25,000,000). It should be noted that the fines are doubled for organizations committing the same violations.

Thirdly, *Decree 106 supplements several new violations*. For example, for compulsory fire and explosion insurance, several violations have been supplemented, such as (i) a fine ranging from VND 10,000,000 to VND 15,000,000 shall be imposed for *the payment of between 50% and less than 100% of the total amount allocated for fire prevention and fighting, rescue and salvage activities from compulsory fire and explosion insurance as prescribed in legal regulations*, and (ii) a fine ranging from VND 20,000,000 to VND 30,000,000 shall be imposed for *the payment of less than 50% of the total amount allocated for fire prevention and fighting, rescue and salvage activities from compulsory fire and explosion insurance as prescribed in legal regulations*. Regarding evacuation issues in fire prevention and fighting, Decree 106 supplements violations such as *failing to maintain emergency escape routes, exits for rooms and areas* with a fine of VND 20,000,000 - VND 30,000,000, or *failing to maintain emergency escape routes, exits for houses and buildings* with a fine of VND 40,000,000 to VND 50,000,000. It should be noted that if the violator is an organization, the fine for the same act will be doubled.

According to the Ministry of Public Security's assessment of the implementation of Decree 144, the fines for some violations were still low and ineffective in preventing violations. As a result, organizations and individuals were willing to pay the fines since they were lower than the compliance costs. Therefore, to address this issue, Decree 106 has increased the fines against violations compared to the previous ones to enhance the deterrent effects and improve the effectiveness of preventing violations. The supplement of regulations on new violations aims to conform to the current fire prevention and fighting practice, as some of these violations are the direct causes of fires and explosions, causing damage to people and property. Enterprises should update and study the provisions of Decree 106 to ensure that their fire prevention and fighting activities are compliant with legal regulations, thereby minimizing potential legal risks.

CHANGE IN AUTHORITY: NOTE TO EMPLOYERS IN CARRYING OUT LABOR AND EMPLOYMENT-RELATED PROCEDURES

TRAN THI THUY MAI

According to Resolution 203/2025/QH15 amending and supplementing a number of articles of the Constitution of the Socialist Republic of Viet Nam, the operation of district-level administrative units in Viet Nam will terminate from July 1, 2025. In line with this policy, on June 11, 2025, the Government issued Decree 129/2025/ND-CP regulating the delimitation of the competence of local governments at two levels in state management of the Ministry of Home Affairs (**Decree 129**). Decree 129 takes effect from July 1, 2025 and stipulates changes in the authority to settle a number of administrative procedures in the field of labor and employment, typically:

Firstly, regarding the procedure for registering internal labor regulations:
According to clause 1 and clause 5, Article 119 of the Labor Code 2019, the authority to handle procedures for registration of internal labor regulations belongs to the specialized labor agency of the provincial People's Committee where an employer registers the business, and this can be authorized to the specialized labor agency of the district-level People's Committee. However, according to Article 67 of Decree 129, the specialized agency performing internal affair tasks **under the communal People's Committee** will handle the registration of internal labor regulations upon authorization by the specialized agency in charge of these tasks under the provincial People's Committee.

Secondly, regarding the procedure for reporting the use of employees:
According to clause 1, Article 73 of Decree 35/2022/ND-CP on management of industrial parks and economic zones, semi-annually (before June 5) and annually (before December 5), employers must report their labor changes to the Department of Labour, War Invalids and Social Affairs, district-level social insurance agency of the locality where their head office, branch, representative office is located and the management board of the relevant industrial park or economic zone (if the employees work in industrial parks or economic zones). However, the agency receiving employers' periodic labor use report has been changed under Article 71 of Decree 129. Specifically, semi-annually (before June 5) and annually (before December 5), employers must report the situation of labor changes to **the Department of Home Affairs, the social insurance agency** of the region where the head office, branch, representative office of their enterprise is located and the management board of the relevant industrial park or economic zone (if the employees work in industrial parks or economic zones).

Thirdly, regarding the declaration of occupational accidents and technical incidents that cause unqualified occupational safety and hygiene:
According to point b, clause 1, Article 34 of the Law on Occupational Safety and Health 2015, for occupational accidents and technical incidents resulting in unqualified

occupational safety and hygiene at the workplace that cause death or serious injury to two or more employees, the employer must immediately declare the incident to the provincial state management agency in charge of labor where the accident occurs; in the case that any death is caused, this must be immediately reported to the district-level police agency at the same time. However, according to clause 1, Article 42 of Decree 129, the communal police agency will receive declarations of the above-mentioned occupational accidents and technical incidents.

Regarding the change of management authority in the field of labor and employment, in fact, some localities have terminated authorizing district-level People's Committees to handle administrative procedures in this field in accordance with the policy of terminating the operation of district-level administrative units. Typically, in Ha Noi, district-level People's Committees used to be authorized by the Department of Labour, War Invalids and Social Affairs (now the Department of Home Affairs) to handle a number of procedures in employment and occupational safety such as **extension or re-issuance of work permits, certification of foreign workers not subject to work permits, etc**. However, according to the Official Letter No. 3191/SNV-VLATLD dated June 11, 2025 of Ha Noi Department of Home Affairs, the Department of Home Affairs **stopped authorizing district-level People's Committees to** handle administrative procedures related to employment and occupational safety under the Department's authority and started to receive and handle these administrative procedures from June 15, 2025.

The termination of district-level administrative units' operation has been making several impacts on businesses' implementation of administrative procedures, not only in labor and employment but also in almost all other fields. Should you need to know more about the change of authority to handle procedures for enterprises nationwide, kindly contact NHQuang&Associates for further answers and support.

AMENDMENT TO THE DECREE GUIDING THE LAW ON INVESTMENT: SIMPLIFYING PROCEDURES, UNLOCKING RESOURCES FOR ECONOMIC DEVELOPMENT

NGUYEN QUOC DZUNG

The 9th session of the 15th National Assembly is a historic one in the context of the Party and State's strong determination to implement groundbreaking political, economic, and social reforms. Within the framework of this session, the National Assembly is expected to pass the law amending and supplementing a number of articles of the Law on Bidding, the Law on Investment in the Form of Public-Private Partnership, the Law on Customs, the Law on Value-Added Tax, the Law on Export and Import Duties, the Law on Investment, the Law on Public Investment, and the Law on Management and Use of Public Property (the **Law amending eight laws**), which will take effect from July 1, 2025. To ensure simultaneous enforcement with the Law amending eight laws, the Ministry of Finance has been assigned to preside over the drafting of a decree amending and supplementing a number of articles of Decree 31/2021/ND-CP, which details and guides the implementation of the Law on Investment (the **Draft**), under fast-track order and procedures. The Draft aims to resolve difficulties and obstacles, unlock resources, create the most favorable conditions for enterprises, and enhance the effectiveness and efficiency of state management in investment and business activities. Some notable points of the Draft include:

Firstly, *simplification and digitalization of the administrative procedures for investment*. In the implementation of the Government's Resolution No. 66/NQ-CP dated March 26, 2025 on the Program for reduction and simplification of administrative procedures related to production and business activities in 2025 and 2026, the Draft has reduced and simplified unnecessary administrative procedures to save time and costs for investors. Specifically, the Draft stipulates a reduction in the number of dossier sets for the approval or adjustment of investment policy from four (4) sets to one (1) and shortens the time for procedural implementation by 30% to expedite the resolution process. Furthermore, the Draft aims to ensure that 100% of enterprise-related procedures are performed online, in which investors are enabled to submit electronic dossiers authenticated by electronic signatures. These provisions not only reduce the burden of administrative paperwork but also enhance transparency and promote digitalization, fully aligning with the current national digital transformation agenda.

Secondly, *expansion of investment incentives and encouragement for key sectors*. In implementation of the Politburo's Resolution No. 57-NQ/TW dated December 22, 2024 on breakthroughs in the development of science, technology, innovation, and national digital transformation, and seizing opportunities from the robust development of science and technology, particularly in the electronics-semiconductor-microchip sector, the Draft has supplemented sectors and industries in the fields of science, technology, innovation, national digital transformation, and human resource development to the List of sectors and industries eligible for investment incentives and special investment incentives (Appendix II Decree 31/2021/ND-CP). Specific activities added include investment in building infrastructure for large data centers, cloud computing infrastructure, 5G and higher mobile infrastructure, and other digital infrastructure in strategic technology fields; investment in strategic technology sectors and production of strategic technology products. This is expected to establish an outstanding and groundbreaking mechanism to unlock resources, encourage the development of key sectors, attract domestic and foreign investment, and create a strong impetus for the country's rapid and sustainable development, especially in the context of the global shift in technology supply chains.

In addition, to effectively implement the policy of arranging administrative units according to the two-tier model (provincial and communal levels), the Draft has adjusted the regulation on determining investment incentives at the district level. Accordingly, the principle of determining investment incentive areas based on communal-level administrative units shall be applied, which ensures that policies are implemented continuously and smoothly and the interests of investors are protected.

Thirdly, *adjustment of the regulations on the duration and implementation schedule of projects*. Currently, Decree 31/2021/ND-CP calculates the operation duration of a project from the date of the land allocation decision, but the calculation of the implementation schedule has yet to be addressed, which affects investors' capacity to implement projects in cases of delayed land handover. The Draft has resolved this issue by stipulating that the time for calculating the project schedule will commence from the date the investor is actually handed over the land on-site, rather than merely from the date of the decision on land allocation, land lease, or permission for change of land use purposes. This amendment is consistent with the provisions of clause 3, Article 44 Law on Investment 2020 and remedies the situation of "suspended" project progress due to delays in site handover by the State, ensuring the protection of investors' rights and better aligning with the practice of project implementation.

Fourthly, *stipulation of a specific mechanism for inter-provincial investment projects*. In line with the policy of arranging administrative units and organizing local government at two levels (provincial and communal level), to address issues arising from the rearrangement of the state apparatus and to ensure smooth operations from July 1, 2025, the Draft has established a separate procedure for investment projects that span two or more provinces. Under this procedure, the investors will submit the dossier to the province where the majority of the project land area is situated or where the main construction work is located. Thereafter, the provincial-level People's Committee of the locality where the investors submit the dossier will preside over the collection of opinions from related localities and decide on the investment policy for the entire project. This is a necessary supplementation, as Decree 31/2021/ND-CP does not contain any specific regulations for inter-provincial projects, thereby creating more favorable conditions for investors to implement such projects.

The Draft amending and supplementing Decree 31/2021/ND-CP is an important legal step forward, clearly demonstrating the Government's commitment to creating an increasingly transparent, favorable, and competitive investment and business environment. The new regulations aim not only to simplify administrative procedures but also to orient and encourage investment in high-tech and innovative sectors, creating an impetus for sustainable national development. In light of the high frequency with which new legal documents are currently being issued in a short time frame, enterprises need to proactively research and carefully study the provisions of the Draft so as to fully capitalize on the opportunities presented by the new investment incentives and simplified procedures. At the same time, enterprises should review their ongoing or planned investment projects to determine the applicability of new incentive policies, particularly in the fields of digital technology, semiconductors, and digital transformation. In addition, they must strictly comply with legal regulations on investment, environment, and land to minimize legal risks during inspection and examination by competent state agencies. Should you wish to gain a deeper understanding of the regulations and procedures on investment, kindly contact NHQuang&Associates for legal support and advice.

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