



## LEGAL UPDATE

### DECREE 108 SIMPLIFIES BUSINESS REGISTRATION

On 23 August 2018, the Government issued Decree 108/2018/ND-CP (**Decree 108**) on business registration. Decree 108 amends Decree 78/2015/ND-CP (**Decree 78**) and entered into effect on 10 October 2018.

Decree 108 is expected to simplify the business registration procedures considerably, while reducing costs at the same time. Combined with other changes the Government has recently put in place, it is expected to attract more investments in(to) Vietnam.

Below you will find the main points of Decree 108.

#### 1. Registration

##### 1.1 Power of Attorney

The power of attorney for individuals who will carry out the relevant procedures for enterprise registration no longer needs to be notarised nor certified.

##### 1.2 Charter Capital

Decree 108 also impacts registration requirements for changes in charter capital. The application dossier no longer needs to include the latest financial statements in case of a charter capital *decrease*. Additionally, when the change of charter capital or members is made in accordance with the Law on Enterprises, the signatures of *all* the members or shareholders on the relevant lists are *not* required as they once were. Registration of new members of a multi-member limited liability company is only required if there is an *increase* in charter capital.

##### 1.3 Single-member Limited Liability Company

The charter or equivalent documents of the owner or parent of the enterprise are no longer required to be submitted for establishment of a single-member limited liability company.

##### 1.4 Announcement

The request to announce the enterprise registration now needs to be made when the enterprise registration dossier is submitted and not after, as used to be the case.

##### 1.5 Conversion

Decree 108 makes it easier to register conversions of a household business as the procedures are clearer. Unless the legal representative is changed, the conversion of an enterprise form can be combined with the request for registration of all other changes of enterprise information.

#### 2. Notification of Changes

It is no longer required to inform the relevant Business Registration Office (**BRO**) about changes in the information about the founding shareholder in a joint-stock company, *except* when the contribution of the share capital is *not* made in full within the permitted timeline, nor about share transfers, mergers, consolidations, or separations.

#### 3. Company Seal

The request for enterprise registration, notification on changes of enterprise registration information, nor resolutions, decisions, and meeting minutes included in the application dossier need to be stamped. If the application about the seal design is submitted online, companies no longer need to submit a hard copy of the application.

#### 4. Business Location

Until Decree 108 entered into force, a business could not set up outside the province or city where its headquarter or branch was registered. This prohibition is removed, and a simple notification to the relevant BRO will do.

#### For more information, please contact:

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