



A FOREIGN INVESTED LANGUAGE CENTER: ESTABLISHMENT CONDITIONS AND PRACTICE NOTES

The below Legal Summary prepared by BLG contains a brief discussion with tailored practical information for investment and business activities in Vietnam.

The article concentrates on the establishment conditions and practice notes in regard to a foreign invested language center in Vietnam.

Nowadays, together with the international integration of Vietnam in all fields, the demand for learning foreign languages of the Vietnamese has more and more increased. As a result, the establishment of foreign language centers has become a favorable investment, especially foreign-invested ones (“*Center*”).

According to the WTO commitment No. 318/WTO/CK, foreign language training service may be classified under CPC 929 (other education services). Vietnam has committed to open freely and unlimitedly from 01st January 2009. Therefore, any foreign investor from a country of WTO members can establish a Center with maximum foreign capital up to 100%. However, as education is a conditional sector under Appendix 4 of Law of Investment No. 61/2020/QH14 (“*LOI*”), when establishing a Center, foreign investors have to additionally meet conditions prescribed by LOI and relevant documents such as Decree 86/2018/ND-CP on foreign cooperation and investment in education (“*Decree 86/2018*”).

Pursuant to Decree 86/2018/, there are two licenses to be chronologically applied for a Center to start educational activities in Vietnam. They are: (i) an investment registration certificate for the Center establishment issued by Department of Planning and Investment; and then (ii) a decision on approval for provision of educational services of Center issued by the Director of Department of Education and Training.

The conditions of the Center establishment are summarized as below:

Criteria	Conditions	Remark
Location of Center	- It must be conformed to the local education institution network	The competent authority will consider and evaluate several issues such as the suitability of the Center's location for the planned network as well as traffic issues around the area. For this reason, Department of Planning and Investment shall seek the opinions of the competent authorities on the above issues which may take more time than stipulated during the processing.
Investment capital	<ul style="list-style-type: none"> - It must have an investment rate of at least VND 20 million/student (<i>excluding land use costs</i>); and - The minimum total investment capital is calculated based on the 	If the Center is not newly built but is leased or contributed with existing facilities by the Vietnamese partner, the capital shall reach at least 70% of the investment capital.

	time with the highest expected scale.	
Facilities and equipment	<ul style="list-style-type: none"> - The Center shall have offices of the board of directors, leaders, teachers' rooms, libraries and other functional rooms; and - The minimum average area for teaching shall be 2.5m² per student. In case of using rent facilities, the Center must ensure a stable lease term of 05 years. 	
The educational program	It must reflect the educational objectives; possess no content harmful to national defense, security or community interests; must not propagate religion, distort history; must not adversely affect the culture, morality, customs and traditions of Vietnam and must ensure the connection conditions between educational levels and training levels.	It may be a Vietnamese education program according to Vietnam's laws or Foreign short-term training programs provided that there is an agreement on allowing the Center to use this program between parties.
Teachers	<ul style="list-style-type: none"> - They shall have college degrees or equivalent in the profession suitable for the subjects that they teach; and - The maximum student/teacher ratio is 25 students/teacher. 	

In conclusion, BLG recommends that investors should prepare carefully from the initial steps to ensure procedures are handled smoothly. Here are notes for your consideration:

First of all, the choice of the Center's location is one of the lifeblood of the success of the Center's establishment. The Center's location is not allowed to be located in the building which is planned for the purpose of living. Besides, the investors are required to carefully prepare the location's legal aspects. Specifically:

- In case the premise is under its use right, it must have a certificate of land use rights, ownership of houses and other land-attached assets ("**LURC**") issued by the competent authority as evidence;
- In case the premise is rented, the investors must enter into a lease agreement with the lawful landlord with a valid LURC. In addition, the lease agreement should be notarized at the Notary Public/Notary Office to increase the legal guarantee for the transaction.

One thing is fairly important that the Center shall have a parking lot for teachers, parents and students. It may be arranged at suitable areas in or outside the Center but must ensure safety and security.

In addition, the investors should determine the training scale, the target audience (*e.g preschool children, primary school students, middle school students, high school students, students or working people*) and build the educational program (*e.g teaching communication or certified exam teaching or both*) from the early stage of investment. The determination of the above criteria will affect the total investment capital, the Center's area, the orientation of teacher selection, and the development of curricula and training programs.

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Head office:

P7-43.OT08, Park 7, Vinhomes Central Park, 720A Dien Bien Phu, Ward 22, Binh Thanh District, Ho Chi Minh City.



info@bizlegalgroup.com



www.bizlegalgroup.com

