



LEGAL UPDATE

April 2023

Our monthly Legal Update is to provide the summary of key regulatory news that potentially impact your investment and business activities in Vietnam.

This April Legal Update covers the following:

- *Amendments to regulations on corporate bond issuance.*
- *Solutions to resolve difficulties and promote safe, healthy and sustainable development of real estate market.*
- *Obligation to pay value-added tax when providing services abroad.*

1. Amendments to regulations on corporate bond issuance

On 05 March 2023, the Government issued Decree 08/2023/ND-CP ("*Decree 08/2023*") amending, supplementing and suspending the effect of a number of articles of the Decrees on private placement of corporate bonds and trading of privately placed corporate bonds in the domestic market and offering of corporate bonds to the international market.

(a) Bond issuers are entitled to pay bond principal and interest with other assets

In principle, bond issuers have to pay bond principal and interests fully and timely when they become due according to the issuance plan disclosed to investors. However, bond issuers may use other assets to perform their payment obligations provided that all conditions set out in Article 1 of Decree 08/2023 are satisfied:

- The payment complies with regulations of the civil code and relevant laws. In case of conditional business lines, the payment must also comply with regulations of law governing such conditional business lines.
- The bond issuers get the bondholders' approval on such payment.
- The bond issuers shall make unusual information disclosure and take full responsibility for the legal status of assets used to pay bond principal and interest.

(b) Bond issuers are allowed to change terms and conditions of issued bonds

Pursuant to Article 2 of Decree 08/2023, the bond issuers may change the conditions and terms of the issued bonds, including the bond term of those issued before 16 September 2022 but are still outstanding, upon the fulfillment of all below conditions:

- The change is approved by the competent authority of the bond issuer.
- The change is approved by the number of bondholders representing 65% or more of the total number of bonds of the same type in circulation.
- Information on the change has to be unusually disclosed by the bond issuer.
- In case of extension of the bond term, the maximum time is not more than 02 years compared to the term in the issuance plan announced to investors.

The bond issuer is responsible for negotiating with the bondholders not accept the change to ensure their interests. In the event that they do not approve the negotiation plan, the bond issuer has to fully fulfill obligations towards such bondholders

according to the bond issuance plan announced to investors (even if the change in terms and conditions of bonds has been approved by bondholders representing 65% or more of the total number of bonds).

(c) Suspending the effect of some provisions of Decree 65/2022/ND-CP until the end of 31 December 2023

Article 3 of Decree 08/2023 suspending the effect of below provisions until the end of 31 December 2023:

- Regulations on identifying the status of professional securities investors as individuals in Article 1.6 of Decree 65/2022/ND-CP.
- Regulations on bond distribution time of each issuance in Articles 1.7 and 1.8 of Decree 65/2022/ND-CP. However, bond offerings that have sent information disclosure content before the offering to the Stock Exchange before 05 March 2023 but not completed the bond distribution will continue to comply with regulations on distribution time in Articles 1.7 and 1.8 above.
- Regulations on credit rating results for bond issuers in Article 1.9 of Decree 65/2022/ND-CP.

Decree 08/2023 takes effect from 05 March 2023.

2. Solutions to resolve difficulties and promote safe, healthy and sustainable development of real estate market

On 11 March 2023, the Government promulgated Resolution No. 33/NQ-CP on solutions to resolve difficulties and promote safe, healthy and sustainable development of real estate market.

Accordingly, there are 06 main tasks and solutions:

(a) Institutional improvement

- Developing and approving draft amendments to the Law on Land, Law on Housing, Law on Real Estate Business, Law on Bidding, Law on Credit Institutions, ...
- Perfecting the Decree amending and supplementing Decrees guiding the implementation of the Land Law, ...

(b) Promoting social housing development

- Considering promulgating "The National Assembly's Resolution to roll out a number of pilot policies to promote the development of social housing".
 - Proposing the implementation of a credit program of about VND 120,000 billion to lend to investors and homebuyers with lower interest rates.
- (c) Credit capital**
- Creating conditions for businesses, homebuyers, and investors to quickly access credit.
 - Taking appropriate and effective measures to reduce lending interest rates.
- (d) Corporate bond capital**
- Directing and instructing the implementation of capital mobilization (including bond issuance) by real estate enterprises on the stock market in compliance with laws.
 - Controlling the capital mobilization of real estate enterprises on the stock market, preventing speculation, manipulation, and price exaggeration.
 - Enabling real estate enterprises (with sufficient capacity, good and healthy business performance, etc.) to mobilize capital for recovery and development.
 - Inspecting and supervising the law compliance of real estate enterprises, credit institutions related to real estate enterprises, enterprises with large quantities of issued bonds and high interests, enterprises with loss-making business results, and bond issuers with no collateral.
 - Studying and propose synchronous policies on and solutions to the safe, healthy, and sustainable development of the corporate bond market.
- (e) Implementation by local authority**
- (f) Information and communication to restore trust, support the market and the operation of real estate businesses.**

Resolution No. 33/NQ-CP takes effect from 11 March 2023.

3. Obligation to pay value-added tax when providing services abroad

The Tax Department of Hanoi City issued Official Letter No. 4423/CTHN-TTHT dated 09 February 2023 on the value-added tax obligation when implementing projects abroad. Accordingly, the Tax Department responded to Official Letter No. 23.01/2023/CV-CK of CK Engineering Vietnam Co., Ltd (*the "Company"*) as below:

- Under Article 9 of Circular 219/2013/TT-BTC in case the Company implements construction and installation activities abroad for a foreign organization (without a permanent establishment in Vietnam), the VAT rate of 0% shall be applied as long as the Company meets the conditions regulated in Article 9.2 of Circular No. 219/2013/TT-BTC.
- In case the service provision takes place both in Vietnam and outside Vietnam under the service contract signed between two taxpayers in Vietnam or having a permanent establishment in Vietnam, the tax rate of 0% shall be applied only to the value of services performed outside of Vietnam according to Article 9.1 of Circular 219/2013/TT-BTC. If such value is not specified, the taxable price is determined according to the ratio (%) of costs to the total cost incurred in Vietnam. The company in Vietnam must have documents proving the services provided outside Vietnam.
- Exported goods and services are goods and services sold or supplied to organizations and individuals abroad and consumed outside of Vietnam; sold and supplied to organizations and individuals in non-tariff zones; goods and services provided to foreign customers under the law. Output contracts signed between the Company and foreign customers are in the case of export if the conditions in Article 9.2 of Circular 219/2013/TT-BTC are satisfied.

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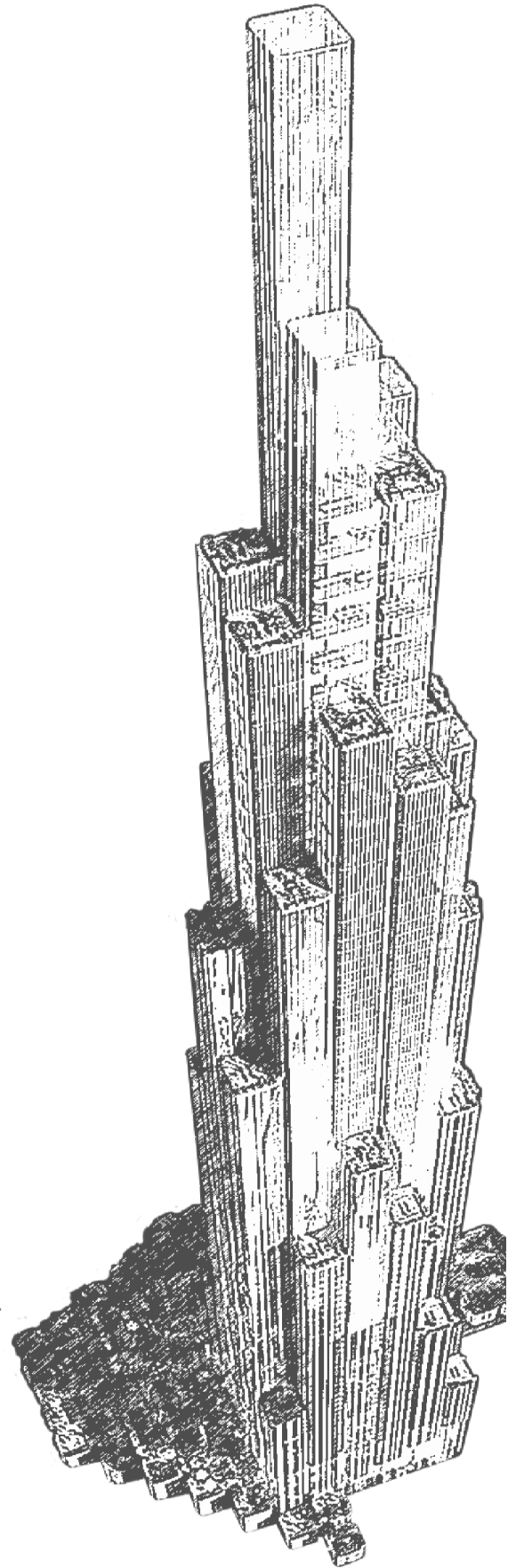


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