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Information Technology

*Decree No. 147/2024/ND-CP dated November 9, 2024 issued by the Vietnamese government on the “**Management, Provision, and Use of Internet Services and Online Information**”*

This decree took effect on December 25, 2024. It includes the following notable provisions:

- **Addition of regulations on user account authentication for social media:** Users of social media services are required to authenticate their accounts using mobile phone numbers/personal identification numbers. Additionally, new players are required to authenticate their mobile phone numbers in Vietnam before participating in online games.
- **Prohibition of entertainment card games:** Specifically, electronic games must not simulate gambling games found in casino businesses or games that use playing card imagery.
- **Addition of regulations on account suspension:** Social media service providers in Vietnam are required to suspend accounts, community pages, groups, or content channels that frequently violate regulations or commit serious violations affecting national security.
- **Addition of livestream-related regulations:**
 - Only foreign organizations, enterprises, and individuals providing cross-border information services to users in Vietnam that have notified the Ministry of Information and Communications of their contact information are permitted to provide livestream features.
 - Only social media platforms licensed by the Ministry of Information and Communications are allowed to offer livestream features.
 - Users utilizing the livestream feature for commercial purposes must authenticate their accounts using personal identification numbers.
 - Livestreams covering information related to specialized services must comply with regulations specific to the respective sectors.
- **Requirement for domestic and cross-border social media platforms to provide content search and scanning tools:** These platforms must comply with the Ministry of Information and Communications' requests to detect and promptly block unlawful content and to protect users.

*“**Digital Data Law**” No. 60/2024/QH15 enacted by the National Assembly on November 30, 2024 and effective on July 1, 2025*

This legislation has significant implications for businesses involved in data-related activities. Key points include:

- **Centralization of databases:** Ministries, sectors, and localities have developed databases for state management purposes, including seven national databases and nearly

100 specialized databases. The new law integrates these databases into a unified system managed by the National Data Center under the Ministry of Public Security.

- **Data processing, management, and protection:** Existing laws have established responsibilities for database management authorities regarding the construction, collection, management, operation, connection, sharing, exploitation, and use of information. However, they lack specific provisions on data processing and management (e.g. collection, digitization, quality assurance, and data storage). The new law addresses this by requiring authorities and organizations managing data to establish policies and procedures for data governance. Additionally, it imposes obligations to protect and provide data at the State's request in cases of emergency or for national security, disaster prevention, or counter-terrorism efforts.
- **Cross-border data transfers:** Organizations and individuals are permitted to freely transfer data into Vietnam and process foreign data within Vietnam. However, outbound data transfers are subject to certain restrictions. Under Decree No. 13/2023/ND-CP on Personal Data Protection, entities transferring personal data abroad must conduct a personal data transfer impact assessment under the supervision of the Ministry of Public Security. Cross-border data transfers and processing must ensure national defense, security, and the protection of national and public interests, as well as the legitimate rights and interests of data subjects and data owners, in accordance with the law.
- **Risk management in data processing:** Core and critical data managers must periodically conduct risk assessments of data processing activities and notify the cybersecurity and information safety authority for coordination in safeguarding data security and safety.
- **Provisions on data businesses and usage:** The law supports the development of data-related business models, such as data exchanges and intermediary data services. Only public service units and state-owned enterprises may provide data exchange services. The government will issue detailed technical and legal guidelines for these business activities. Establishing a data market and developing data-related products and services are crucial to enhance competitiveness and support the national digital transformation process. Additionally, organizations providing intermediary data services, data analysis, and data aggregation will enjoy incentives similar to those for enterprises operating in high technology, innovation, start-ups, and digital technology industries.

Banking and Finance

*Circular No. 50/2024/TT-NHNN dated October 31, 2024 issued by the State Bank of Vietnam on “**Safety and Security Regulations for the Provision of Online Services in the Banking Sector**”*

This circular will take effect on January 1, 2025. It includes the following notable provisions:

- **Expansion of the scope of online services in the banking sector:** The scope now encompasses not only banking services and payment intermediary services on the internet

but also other services, such as credit information services, foreign exchange services, securities custody services, factoring-related services, letters of credit, and more.

- **Addition of regulations on electronic authentication methods:** These include the transaction authentication methods already specified in Decision No. 630/QD-NHNN and Decision No. 2345/QD-NHNN, which allow electronic authentication methods other than electronic signatures to reflect customer consent for online transactions.
- **Inclusion of biometric authentication standards:** It introduces new regulations on authentication using biometric identifiers.
- **Strengthened regulations on personal data protection:** These changes ensure alignment with applicable laws on customer data security.
- **Introduction of new regulations to enhance safety and security** and prevent recent information security incidents, such as:
 - Requirements to implement firewall solutions to safeguard databases.
 - Regulations on conducting security checks and hardening for online banking systems.
 - Mandates for mobile banking applications to be provided exclusively through the official application stores of mobile operating system providers.
 - Prohibitions on sending messages or emails to customers containing links to access electronic pages, except when requested by customers.

*Circular No. 51/2024/TT-NHNN dated November 29, 2024 issued by the State Bank of Vietnam on “**Independent Audits for Commercial Banks, Non-Bank Credit Institutions, Microfinance Institutions, and Foreign Bank Branches**”*

This circular will affect credit institutions, microfinance institutions, and independent auditing firms.

Key updates are as follows:

- **Changes in the scope of regulation:** Previously, the regulation broadly covered credit institutions and foreign bank branches. The new circular specifies and limits the scope to commercial banks, non-bank credit institutions, microfinance institutions, and foreign bank branches. Cooperative banks and people’s credit funds are now governed by a separate circular and are no longer under the scope of this circular.
- **Elimination of the authorization to select independent auditors:** The authority to select an independent auditing firm through “authorization of the board of directors (if stipulated in the charter of the credit institution)” has been removed. The removal of this authorization may present challenges for businesses, as convening a general meeting of shareholders (even via online meetings or electronic voting) can be complex and time-consuming.
- **Addition of authority for the board of directors in special supervision cases:** The board of directors is granted the authority to select an independent auditing firm for credit institutions under special control. If a credit institution is placed under special control due to severe financial difficulties or operational safety issues affecting liquidity and the stability of the banking system, the general meeting of shareholders is not permitted to select the independent auditing firm. Instead, this authority rests with the board of directors.

Taxation

“Law on Value Added Tax” No. 48/2024/QH15 promulgated by the National Assembly on November 26, 2024 and effective on July 1, 2025

This updated law applies to all enterprises involved in the production or trading of goods, and the provision of services subject to value added tax (“VAT”). Key changes include:

- **Increase in revenue threshold for VAT liability:** Effective January 1, 2026, the revenue threshold for VAT liability will rise from VND 100 million/year to VND 200 million/year. This adjustment aligns with the current taxable income thresholds for salaried individuals, set at VND 132 million/year for those without dependents, VND 184.8 million/year for individuals with one dependent, and VND 237.6 million/year for individuals with two dependents. Unlike salaried individuals, business operators incur investment and operating expenses to generate income, making the increase to VND 200 million/year appropriate.
- **Additional tax-exempt categories:**
 - Fees explicitly outlined in foreign loan agreements between the Vietnamese government and foreign lenders
 - Imported goods transported directly to non-tariff zones by financial leasing companies for leasing within such zones
 - Imported goods provided as aid or donations for disaster prevention, recovery, or epidemic control as regulated by the Vietnamese government
 - National relics, antiques, and treasures imported under cultural heritage laws by competent state authorities

The inclusion of specific fees from foreign loan agreements reflects practical realities, where the borrower (the Vietnamese government) incurs various charges, such as management fees, commitment fees, and liquidity fees, in addition to interest.

- **Expansion of the applicability of the 0% VAT rate:**
 - Digital content products supplied to foreign entities with documentation proving consumption abroad
 - International transportation services
 - Construction and installation works abroad or within non-tariff zones
 - Goods sold in restricted areas to individuals exiting the country or at duty-free shops
 - Export services, including:
 - The leasing of transportation equipment used outside Vietnam.
 - Aviation and maritime services provided directly or through agents for international transport.

The updated law provides a clearer definition of export services to address disputes over whether services are consumed in Vietnam or abroad. Many businesses have

invoiced at a 0% VAT rate but were later subject to 10% VAT after the authorities deemed the services to have been consumed domestically.

▪ **Introduction of a 5% VAT rate for the following:**

- Fertilizer, fishing vessels for marine exploitation, and specialized agricultural machinery
- Traditional and folk performing arts

Fertilizer was previously exempt from VAT, which meant businesses could not deduct input VAT. This increased production costs and reduced their competitiveness with imported fertilizer. The same reasoning applies to fishing vessels and agricultural machinery.

▪ **Change in the VAT rate from 5% to 10% for the following:**

- Unprocessed forestry products
- Sugar and its byproducts, including molasses, bagasse, and filter mud
- Specialized equipment for teaching, research, and laboratory work
- Cultural exhibitions, sports, and performing arts activities; film production, import, distribution, and screening

▪ **New VAT refund provisions:** Businesses exclusively producing goods or providing services subject to a 5% VAT rate are eligible for VAT refunds if their input VAT exceeds VND 300 million over a 12-month or four-quarter period.

Labor

“Trade Union Law” No. 50/2024/QH15 promulgated by the National Assembly on November 27, 2024, and effective on July 1, 2025

The updated law aims to enhance the inclusivity, advocacy, and flexibility of trade union operations while accommodating the economic realities faced by businesses and cooperatives.

Key highlights:

- **Eligibility for foreign employees to join trade unions:** Foreign employees working in Vietnam under a labor contract with a duration of at least 12 months are now permitted to join and participate in trade union activities at the grassroots trade union level.
- **Strengthened oversight and social criticism role for trade unions:** Trade unions are empowered to monitor, identify, evaluate, and make recommendations during the development and implementation of policies and laws related to trade unions, labor, insurance, and other laws concerning the rights and interests of employees. Trade unions have the right and responsibility to provide opinions and social criticism on draft legal documents, plans, and other regulatory materials issued by state agencies that affect employees’ rights and interests.

- **Exemptions, reductions, and temporary suspensions of trade union contributions:**
 - **Exemptions:** Enterprises, cooperatives, or cooperative unions undergoing dissolution or bankruptcy under legal provisions may be allowed an exemption from unpaid trade union contributions.
 - **Reductions:** Enterprises, cooperatives, or cooperative unions facing economic difficulties or force majeure circumstances may be allowed a reduction in the contribution rate.
 - **Temporary suspension:** Enterprises, cooperatives, or cooperative unions experiencing economic hardship that necessitates a suspension of operations may be allowed a temporary suspension of trade union contributions for a period not exceeding 12 months.

After the suspension period ends, the entity must resume paying the trade union contributions and compensate for the unpaid amounts as follows:

 - **Deadline for compensation of contributions:** No later than the last day of the month following the end of the suspension period.
 - **Compensation amount:** Must equal the contributions due during the suspension period.

Energy

Draft decree by the Ministry of Industry and Trade on “Provisions of the Electricity Law on the Development of Renewable Energy and New Energy”

This draft document will impact organizations and enterprises investing in and producing renewable energy, new energy, offshore wind power, and self-generated and self-consumed power.

At present, there are no specific regulations regarding the development of renewable energy and new energy. The new legislation aims to establish a legal framework and provide incentives for these power projects. Key provisions in the current version of the draft include:

- **Incentives for new energy power projects:**
 - **Reduction in marine area usage fees during the construction phase.** A 50% reduction in marine area usage fees is applicable for a period of nine years from the commencement of operations.
 - **Exemption from land use fees and land rental fees during the construction phase.**
 - **Guaranteed minimum long-term contracted electricity output of 80%** during the loan repayment period, but not exceeding 12 years for projects selling electricity to the national power grid.
- **Reporting obligations:** Excluding rooftop solar power systems that are self-generated and self-consumed, owners of renewable energy power plants and new energy power plants must measure parameters such as wind direction and average wind speed (for wind power plants) or total sunlight hours and solar radiation energy density (for solar power

plants). These parameters, along with monthly electricity production statistics, must be reported for all 12 months of the year and submitted to the Department of Industry and Trade by January 15 each year.

- **Regulations on selling excess electricity for self-generated and self-consumed power:** When selling excess electricity to the national power grid, only excess electricity up to 10% of the installed system capacity can be sold, except for rooftop solar power systems that are self-generated and self-consumed, which is allowed to sell 20%.
- **Incentives for offshore wind power projects:**
 - **Reduction in marine area usage fees during the construction phase.** A 50% reduction in marine area usage fees is applicable for a period of 12 years from the commencement of operations.
 - **Exemption from land use fees and land rental fees during the construction phase.**
 - **Guaranteed minimum long-term contracted electricity output of 80%** during the loan repayment period, but not exceeding 12 years for projects selling electricity to the national power grid.
- **Requirements for foreign investors in offshore wind power projects:**

Foreign investors must meet certain conditions, including:

 - They have already implemented at least one offshore wind power project of a similar scale.
 - For offshore wind power projects producing electricity utilizing the national power grid, they hold a maximum of **65% of the shares or capital contributions**, thus requiring participation by domestic investors of at least 35%.
 - For offshore wind power projects producing electricity for export **without** utilizing the national power grid, domestic investors must hold **more than 50% of the shares or capital contributions**.

Environment

*Decree No. 153/2024/ND-CP dated November 21, 2024 issued by the Vietnamese government on “**Environmental Protection Fees for Air Emissions**”*

This decree, which enters into effect on January 5, 2025, introduces new environmental protection fees to be levied on entities whose production and business activities emit dust and air pollutants into the environment, including:

- Facilities that produce cast iron, steel, and metallurgy (excluding rolling, drawing, and casting from raw ingots)
- Facilities that produce basic inorganic chemicals (excluding industrial gases), inorganic fertilizers and nitrogen compounds (excluding blending, bottling, and packaging), and chemical pesticides (excluding blending, bottling, and packaging)
- Petroleum refineries and petrochemical facilities

- Facilities that recycle and treat household solid waste, regular industrial solid waste, and hazardous waste, as well as facilities that use imported scrap as raw materials for production
- Coke and coal gas production facilities
- Thermal power plants
- Cement manufacturing facilities
- Other production, business, and service facilities generating industrial dust and air emissions

The fee is expected to generate an additional VND 1.2 billion annually for the State budget.

Fee calculation methodology

- **Fee formula:**

- Total payable fee (F) = f+C, where:

- o f: Fixed fee, currently set at VND 3 million/year, payable annually, quarterly, or monthly

- o C: Variable fee, calculated for each emission stream (see below) and totaled:

- ✓ C_i: Variable fee for each emission stream (dust, SO_x, NO_x, CO), calculated based on flow rate, discharge time, pollutant concentration, and fee rate, as below:

- Dust: VND 800/ton

- NO_x (including NO₂ and NO): VND 800/ton

- SO_x: VND 700/ton

- CO: VND 500/ton

- **Applicability of fees for each entity category:**

- For entities where no emissions monitoring is required: Only the fixed fee (f) applies.

- For entities where emissions monitoring is required: The total fee (F) applies.

- **Reduction in variable fee:**

- If the average pollutant concentration is 30% lower than the standard: A 25% reduction applies.

- If it is lower by more than 30%: A 50% reduction applies.

Securities

Law No. 56/2024/QH15 issued on November 29, 2024 by the National Assembly “Amending and Supplementing Certain Provisions of the Securities Law, Accounting Law, Independent Audit Law, State Budget Law, Management and Use of Public Assets Law, Tax Administration Law, Personal Income Tax Law, National Reserve Law, and the Law on Handling Administrative Violations”, effective from January 1, 2025

Key updates to the Securities Law:

- **Addition of professional foreign investors:** Foreign investors, both individuals and organizations established under foreign law, engaging in investment and business activities in Vietnam, are now recognized as professional securities investors.
- **Stricter rules for trading private corporate bonds:** Individual professional securities investors are permitted to participate in the purchase, trading, and transfer of privately issued corporate bonds only if the bonds are: (i) credit-rated and secured; and (ii) credit-rated and guaranteed by a credit institution.
- **Introduction of the term “market manipulation”:** The term, which was previously defined in decrees, is now officially incorporated into the law. Acts of market manipulation are explicitly prohibited in securities activities and the stock market. The inclusion of this term follows high-profile cases like the FLC scandal involving Trinh Van Quyet, who received an 18-year sentence for fraud and an additional three years for market manipulation.
- **Additional cases for canceling public offerings:** After a public offering of shares concludes, if it is discovered that the offering violated regulations on suspending public offerings, the offering can be canceled. Similarly, public offerings of bonds or secured warrants may also be canceled under the same circumstances.
- **Suspension and cancellation of private offerings:** The State Securities Commission has the authority to:
 - **Suspend** private offerings in cases of significant misinformation or non-compliance in distribution.
 - **Cancel** offerings if violations are not remedied during the suspension period or if post-offering violations are discovered. However, cancellation does not apply if shares or securities issued via private offerings have already been listed or registered for trading.
- **Removal of capital reduction procedures for buybacks of employee shares:** When a public company repurchases shares issued to employees under its stock issuance regulations, the company is no longer required to go through capital reduction procedures for the repurchased shares.
- **Enhanced accountability for auditors and audit firms:** Auditors and audit firms are explicitly held responsible for the truthfulness and accuracy of the financial reports they audit. Following the Tan Hoang Minh incident, directors of two involved audit firms were sentenced to 24 months in prison for issuing unqualified opinions on non-compliant financial statements.

- **Increased transparency in public offering dossiers:** Additional mandatory documents are now required in public offering dossiers from issuing companies to ensure greater accountability and transparency.