

ALERT ON BUSINESS REGISTRATION PROCEDURES

Update the notable contents of
Decree No. 122/2020/NĐ-CP

29 October 2020



Background

- On 15 October 2020, the Government issued **Decree No. 122/2020/NĐ-CP** regulating the coordination and association of procedures to register the establishment of enterprises, branches and representative offices, report on employee usage, issuance of the social insurance number and registration of invoice usage upon business establishment (“Decree 122”).
- Decree 122 **will take effect from 15 October 2020** and **replace** appendices attached with Circular No. 02/2019/TT-BKHDT amending and supplementing Circular No. 20/2015/TT-BKHDT on enterprise registration.

Notable changes

Decree 122 has some notable changes as follows:

1. **Business registration agencies** are the focal point to receive dossiers and return results upon coordinating the performance of the above procedures. Accordingly, instead of submitting dossiers and receiving results at various specialized management agencies (business registration agencies, social insurance agencies, labor state management agencies, Tax authorities), enterprises/branches/representative offices only need to perform these procedures at the business registration agencies.
2. After the establishment, in case of changing relevant information, the enterprises/branches/representative offices shall register or notify the changes to the specialized management agencies.
3. The identification (“ID”) number of enterprise/branch/representative office is also used as the social insurance ID.
4. The Decree amends and supplements dossiers regarding establishment registration of enterprises/branches/representative offices, declaration of employee usage, issuance of social insurance number and registration of invoice usage. In which, the registration information of the above procedures is mentioned in the Application Form for enterprise registration specified in Appendices I-1, I-2, I-3, I-4 and I-5 attached to this Decree, which replace Appendices I-1 to I-5 and Appendix II-11 issued together with Circular 02/2019/TT-BKHDT.

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1. Regulated entities

This Decree is applicable to: Enterprise founders, enterprises registered for operation of branches and representative offices in accordance with the Law on Enterprises.

2. Procedures of coordination, association between state management authorities

Coordination, association between business registration agency and social insurance agency (Article 5)

- Business registration agency shares information about Enterprise Registration Certificate, Registration Certificates of operating branches, representative offices and information on the expected total number of employees, business activities, method of social insurance payment etc. to the social insurance agency.
- The social insurance agency will share information about the number of employees paying social insurance to the business registration agency.
- The identification number of enterprises, branches, representative offices are also used as their social insurance ID.

Coordination, association between business registration agency and labor state management agency (Article 6)

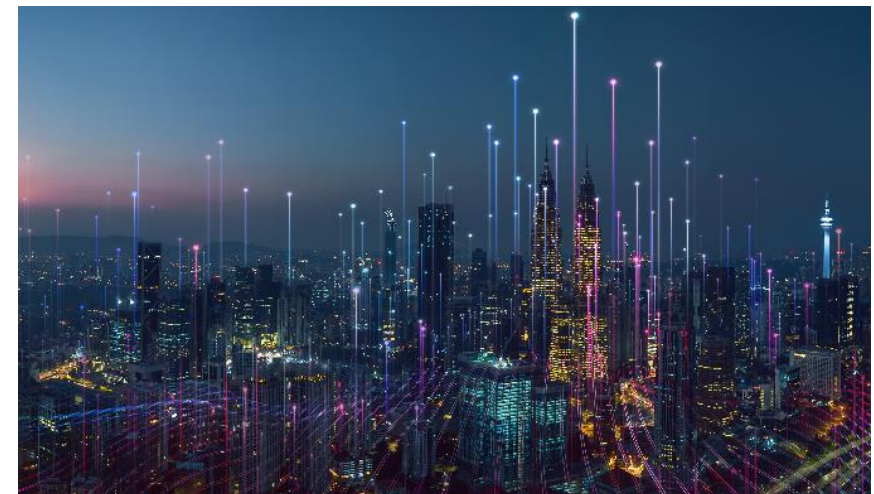
- The business registration agency shares information about the name, identification number, address, the legal representative of the enterprise, the head of the branch, the representative office, the principle activities and the expected total number of employees to labor state management agencies (Division/ Department of Labor - Invalids and Social Affairs.

Coordination, association between business registration agency and tax authority on the registration of invoice usage (Article 7)

- The business registration agency shall share information on establishment registration of enterprises, branches, representative offices and registration information for invoice usage of enterprises and branches with the Tax authorities.
- Tax authorities shall share information about the identification numbers of enterprises, branches, representative offices and direct tax authorities, which are automatically generated by the Tax Registration Information System for business registration agencies.

Coordination, association between labor state management agency and social insurance agency (Article 8)

- Vietnam Social Insurance shares information on changes, increases and decreases in employees of enterprises, branches and representative offices for the Ministry of Labor - Invalids and Social Affairs through the National Public Service Portal.



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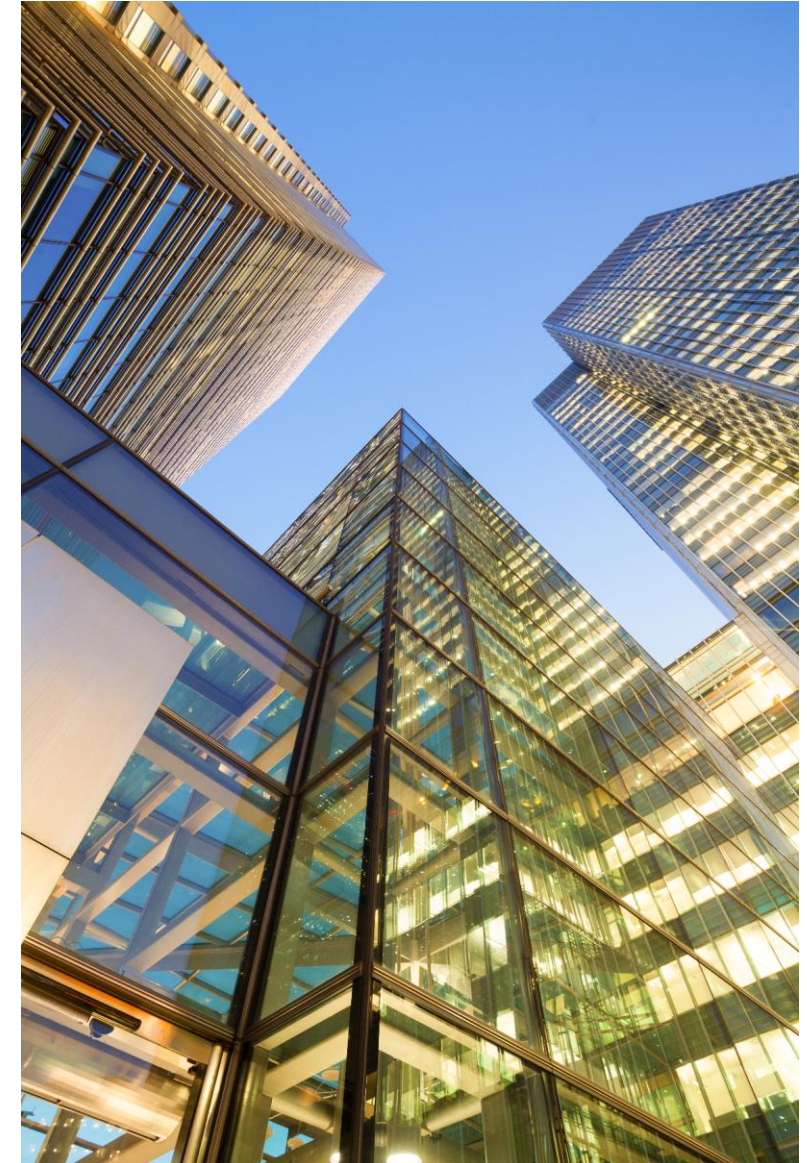
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3. Other notable points regarding Decree application

- Decree 122 will take effect from 15 October 2020;
- If the enterprise has undertaken the procedures for the establishment registration of enterprises, branches, representative offices in accordance with the regulations on enterprise registration and this Decree, then it is **not required** to declare the use of employees pursuant to Clause 1, Article 8, Decree No. 03/2014/ND-CP;
- If an enterprise or branch has registered to use invoices as prescribed in this Decree, it is **not required** to register to use invoices in accordance with Point e, Clause 2, Article 6 and the second paragraph, Clause 2, Article 8 of Decree No. 51/2010/ND-CP;
- The Application Form for enterprise registration, Notification Form for the registration of branch, representative office, business location attached with this Decree shall replace Appendices I-1 to I-5 and Appendix II-11 issued together with Circular No. 02/2019/TT-BKHDT guiding on enterprise registration.



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