

THE NATIONAL ASSEMBLY

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SOCIALIST REPUBLIC OF VIETNAM
Independence- Freedom- Happiness

THE NATIONAL ASSEMBLY
SOCIALIST REPUBLIC OF VIETNAM
XIth Term, 8th session
(From October 18 to November 29, 2005)

INVESTMENT LAW

Pursuant to the 1992 Constitution of the Socialist Republic of Vietnam, which was amended and supplemented under Resolution No. 51/2001/QH10 dated December 25, 2001 of the Xth National Assembly, the 10th session;

This Law provides for investment activities.

Chapter I
GENERAL PROVISIONS

Article 1.

Regulation scope

This Law provides for investment activities for business purposes; rights and obligations of investors; assurance of legitimate rights and interests of investors; investment encouragement and preferences; state management of investment in Vietnam and offshore investment from Vietnam.

Article 2.

Application subjects

1. Domestic and foreign investors carrying out investment activities in the Vietnamese territory and making offshore investment from Vietnam.
2. Organizations and individuals involved in investment activities.

Article 3.

Interpretation of terms

In this Law, the terms below shall be construed as follows:

1. *Investment* means the use of capital in the form of tangible or intangible assets by investors to create assets for carrying out investment activities in accordance with the provisions of this Law and other relevant provisions of law.

2. *Direct investment* means a form of investment whereby investors use capital for investment and take part in the management of investment activities.
3. *Indirect investment* means a form of investment through the purchase of shares, share certificates, bonds, other valuable papers or a securities investment fund and through other intermediary financial institutions whereby investors do not directly participate in the management of investment activities.
4. *Investors* means any organizations or individuals carrying out investment activities in accordance with the provisions of Vietnamese law, including:
 - a) Enterprises of all economic sectors, which are established under the Enterprise Law;
 - b) Cooperatives, unions of cooperatives, which are established under the Cooperatives Law;
 - c) Foreign-invested enterprises, which are established before the effective date of this Law;
 - d) Business households, individuals;
 - e) Foreign organizations and individuals; overseas Vietnamese; foreigners permanently residing in Vietnam;
 - f) Other organizations as provided by Vietnamese law.
5. *Foreign investors* mean foreign organizations or individuals using capital for investment activities in Vietnam.
6. *Foreign-invested enterprises* include enterprises established by foreign investors to carry out investment activities in Vietnam; Vietnamese enterprises which foreign investors purchase shares from, merge with or buy;
7. *Investment activities* mean activities of investors in the investment process, covering the stages of investment preparation, execution and management of investment projects.
8. *Investment project* means a combination of proposals on the use of medium- or long-term capital to carry out investment activities in a specific geographical area and for a definite duration.
9. *Investment capital* means lawful money and other lawful assets used for carrying out investment activities in the form of direct or indirect investment.
10. *State capital* means the state budget's development investment capital, State-guaranteed credit capital, the State's development investment credit capital and other investment capital of the State.
11. *Investment owners* mean organizations or individuals that own capital or the persons representing the capital owners or capital borrowers that directly manage and use capital to carry out investment activities.
12. *Foreign investment* means that foreign investors bring into Vietnam capital in lawful money or other lawful assets to carry out investment activities.
13. *Domestic investment* means that domestic investors use capital in lawful money or other lawful assets to carry out investment activities in Vietnam.
14. *Offshore investment* means that investors bring capital in lawful money or other lawful assets from Vietnam to foreign countries to carry out investment activities.
15. *Conditional investment domains* mean domains where investment shall only be permitted under specific conditions stipulated by law.

16. *Business cooperation contract* (hereinafter called BCC for short) means a form of investment signed between investors for business cooperation with profit-sharing or product-sharing, without creating a legal entity.

17. *Build-operate-transfer contract* (hereinafter called BOT contract for short) means a form of investment signed between a competent state body and an investor for the construction and commercial operation of an infrastructure facility for a definite duration; upon the expiration of such duration, the investor shall transfer such facility to the Vietnamese State without any refunds..

18. *Build-transfer-operate contract* (hereinafter called BTO contract for short) means a form of investment signed between a competent state body and an investor for the construction of an infrastructure facility; upon the completion of construction, the investor shall transfer such facility to the Vietnamese State; the Government shall grant the investor the right to commercially operate such facility for a definite duration in order to recover investment capital and gain profits.

19. *Build-transfer contract* (hereinafter called BT contract for short) means a form of investment signed between a competent state body and an investor for the construction of an infrastructure facility; upon the completion of construction, the investor shall transfer such facility to the Vietnamese State; the Government shall create conditions for the investor to execute other projects in order to recover investment capital and gain profits or pay the investor under agreements in the BT contract.

20. *Industrial park* means an area specialized in the production of industrial goods and the provision of services for industrial production, which has definite geographical boundaries and is established under the Government's regulations.

21. *Export processing zone* means an industrial zone specialized in the production of goods for export, the provision of services for production of goods for export and export activities, which has definite geographical boundaries and is established under the Government's regulations.

22. *Hi-tech park* means an area specialized in research, development and application of high technologies, nourishment of hi-tech enterprises, training of hi-tech human resources, and manufacture and trading of hi-tech products, which has definite geographical boundaries and is established under the Government's regulations.

23. *Economic zone* means an area with its economic space separated from investment and business environment, which is particularly convenient for investors, has definite geographical boundaries and is established under the Government's regulations.

Article 4.

Investment policies

1. Investors may invest in domains, branches and trades not banned by law; have the right to autonomy and decide on their investment activities in accordance with the provisions of Vietnamese law.

2. The State shall treat equally before law investors of all economic sectors, as between domestic investment and foreign investment; shall encourage and create favorable conditions for investment activities.

3. The State shall recognize and protect the right to ownership of assets, investment capital and incomes as well as other legitimate rights and interests of investors; shall recognize the long-term existence and development of investment activities.
4. The State shall undertake to implement investment-related treaties to which the Socialist Republic of Vietnam is a contracting party.
5. The State shall encourage and adopt investment preferential policies for domains and geographical areas entitled thereto.

Article 5.

Application of investment law, treaties, foreign laws and international investment practices

1. Investment activities of investors within the Vietnamese territory must comply with the provisions of this Law and relevant provisions of law.
2. Particular investment activities provided for in other laws shall be subject to the provisions of such laws.
3. Where a treaty to which the Socialist Republic of Vietnam is a contracting party contains provisions different from the provisions of this Law, the provisions of such treaty shall apply.
4. With regard to foreign investment activities, which have not yet been provided for by Vietnamese law, the concerned parties may agree in contracts on the application of foreign laws and international investment practices if such application does not contravene the fundamental principles of Vietnamese law.

Chapter II INVESTMENT SECURITY

Article 6.

Security for capital and assets

1. Investment capital and lawful assets of investors shall not be nationalized or confiscated through administrative measures.
2. Where it is really necessary for defense, security and national interests, if the State acquires compulsorily or requisitions assets of an investor, such investor shall get paid or be compensated at the market prices at the time of announcement of compulsory acquisition or requisition.

The payment or compensation must ensure the legitimate interests of investors and must not discriminate between investors.

3. For foreign investors, the payment or compensation for assets specified in Clause 2 of this Article shall be made in a freely convertible currency and may be transferred abroad.
4. Procedures and conditions for compulsory acquisition and requisition shall comply with the provisions of law.

Article 7.

Protection of intellectual property rights

The State shall protect intellectual property rights in investment activities; assure

legitimate interests of investors in technology transfer in Vietnam under the provisions of intellectual property law and other relevant provisions of law.

Article 8.

Opening markets and trade-related investments

In order to comply with the provisions of treaties to which the Socialist Republic of Vietnam is contracting party, the State undertakes to implement the following provisions with respect to foreign investors:

1. To open the investment market in compliance with the committed schedule;
2. Not to compel investors to meet the following requirements:
 - a) To prioritize the purchase and use of domestic services or to purchase compulsorily goods or services from designated producers or service providers;
 - b) To export goods or services at a fixed percentage; to restrict the quantity, value, categories of goods and services exported or produced or supplied domestically;
 - c) To import goods at the same quantity and value as goods exported or to balance foreign currencies from export sources so as to meet the export demand;
 - d) To achieve a given localization rate in goods production;
 - e) To achieve a given level or value in domestic research and development activities;
 - f) To supply goods or services at a specific location at home or overseas;
 - g) To locate head offices at specific places.

Article 9.

Transfer of capital and assets abroad

1. After fulfilling their financial obligations toward the Vietnamese State, foreign investors may transfer abroad the following:
 - a) Profits gained from business activities;
 - b) Payments for the supply of techniques, services or intellectual property;
 - c) Principals and interests on foreign loans;
 - d) Investment capital and proceeds from liquidation of investments;
 - e) Other sums of money and assets under investors' lawful ownership.
2. Foreigners working in Vietnam for investment projects may transfer abroad their lawful incomes after fulfilling their financial obligations toward the Vietnamese State.
3. The transfer abroad of the above sums of money shall be effected in freely convertible currencies at the exchange rates of commercial banks selected by investors.
4. Procedures for transfer abroad of money amounts related to investment activities shall comply with the provisions of foreign exchange management law.

Article 10.

Application of uniform prices, charges and fees

In the course of their investment activities in Vietnam, investors may apply uniform prices, charges and fees to goods and services which are controlled by the State.

Article 11.

Investment security in case of changes in laws or policies

1. Where newly promulgated laws or policies provide interests or preferences higher than those previously enjoyed by investors, the investors shall be entitled to enjoy interests and preferences under new regulations as from the effective date of such new laws or policies.
2. Where newly promulgated laws or policies adversely affect the legitimate interests of investors, which they have enjoyed before such laws or policies take effect, the investors shall be secured to enjoy preferences as provided in their investment certificates or apply one or several of the following measures:
 - a) Continued enjoyment of benefits or preferences;
 - b) Deduction of losses from taxable incomes;
 - c) Adjustment of operation objectives of projects;
 - d) Consideration of compensation in some necessary circumstances.
3. On the basis of legal provisions and commitments in treaties to which the Socialist Republic of Vietnam is a contracting party, the Government shall specify the assurance of investors' interests, which may be adversely affected by changes in laws or policies.

Article 12.

Settlement of disputes

1. Disputes relating to investment activities in Vietnam shall be settled through negotiation, conciliation, arbitration or court in accordance with the provisions of law.
2. Disputes between domestic investors or between domestic investors and Vietnamese state management agencies relating to investment activities in the Vietnamese territory shall be settled through Vietnamese arbitration or court.
3. Disputes involving foreign investors or foreign-invested enterprises or disputes between foreign investors shall be settled by one of the following agencies or organizations:
 - a) A Vietnamese court;
 - b) A Vietnamese arbitration body;
 - c) A foreign arbitration body;
 - d) An international arbitration body;
 - e) An arbitration body set up by the disputing parties.
4. Disputes between foreign investors and Vietnamese state management agencies relating to investment activities in the Vietnamese territory shall be settled by a Vietnamese arbitration body or court, unless otherwise provided for in contracts between representatives of competent state agencies and foreign investors or in treaties to which the Socialist Republic of Vietnam is a contracting party.

Chapter III RIGHTS AND OBLIGATIONS OF INVESTORS

Article 13.

Right to autonomy in investment and business

1. To select domains and forms of investment, modes of capital mobilization, geographical areas, investment scale, investment partners and operation durations of projects.
2. To register business in one or several branches or trades; to set up enterprises under the provisions of law; to make their own decisions on registered investment and business activities.

Article 14.

Right to access and use investment resources

1. To be equal in access to and use of credit capital sources and assistance funds; in use of land and natural resources according to the provisions of law.
2. To hire or purchase equipment and machinery at home or overseas for execution of investment projects.
3. To hire domestic laborers; to hire foreign laborers for performance of managerial jobs and technical work or specialists, based on production and business demands, unless otherwise provided for by a treaty to which the Socialist Republic of Vietnam is a contracting party, in which case the provisions of such treaty shall apply.

Article 15.

Right to import and export, advertisement, marketing, processing and reprocessing related to investment activities

1. To directly import or entrust the import of equipment, machinery, supplies, raw materials and goods for investment activities; to directly export or entrust the export and sale of products.
2. To advertise and market their own products or services and directly sign advertising contracts with organizations entitled to conduct advertising activities.
3. To undertake processing or reprocessing of products; to order processing or reprocessing at home or abroad in accordance with the provisions of commercial law.

Article 16.

Right to buy foreign currencies

1. Investors shall be entitled to buy foreign currencies at credit institutions licensed to deal in foreign currencies in order to satisfy their current transactions, capital transactions and other transactions in accordance with the provisions of foreign exchange management law.
2. The Government shall assure or support foreign-currency balance for a number of important projects in the fields of energy, traffic infrastructure and waste treatment.

Article 17.

Right to assign or adjust investment capital or projects

1. Investors shall have the right to assign or adjust investment capital or projects. Where profits arise from an assignment, the assignor must pay income tax in accordance with the provisions of tax law.
2. The Government shall specify conditions for assignment and adjustment of investment capital or projects in cases where such conditions are required.

Article 18.

Mortgage of land use rights and assets attached to land

Investors with investment projects may mortgage their land use rights and assets attached to land at credit institutions licensed to operate in Vietnam so as to borrow capital for execution of projects in accordance with the provisions of law.

Article 19.

Other rights of investors

1. To enjoy investment preferences under the provisions of this Law and relevant provisions of law.
2. To access and use public services on the principle of non-discrimination.
3. To access legal documents and policies on investment; data of the national economy and each economic sector, and other socio-economic information related to investment activities; to comment on investment law and policies.
4. To make complaints, denunciations or initiate lawsuits against organizations or individuals that commit acts of violating investment law in accordance with the provisions of law.
5. To exercise other rights as provided for by law.

Article 20.

Obligations of investors

1. To comply with the provisions of law on investment procedures; to carry out investment activities strictly according to contents of investment registration and their investment certificates.
Investors shall be responsible for the accuracy and truthfulness of contents of investment registration, dossiers of investment projects and legality of documents of certification.
2. To fulfill financial obligations under the provisions of law.
3. To implement the provisions of law on accountancy, audit and statistics.
4. To perform obligations provided by insurance and labor laws; to respect the honor, dignity and ensure the legitimate interests of laborers.
5. To respect and create favorable conditions for laborers to establish and participate in political or socio-political organizations.
6. To observe the provisions of environmental protection law.
7. To perform other obligations in accordance with the provisions of law.

CHAPTER IV FORMS OF INVESTMENT

Article 21.

Forms of direct investment

1. To establish economic organizations with 100% capital of domestic or foreign investors.
2. To establish economic organizations being joint ventures between domestic and foreign investors.
3. To make investment in the form of BCC, BOT, BTO or BT contracts.
4. To invest in business development.
5. To buy shares or contribute capital for participation in management of investment activities.
6. To make investment in the merger or acquisition of enterprises.
7. Other forms of direct investment.

Article 22.

Investment in establishment of economic organizations

1. Based on the forms of investment specified in Article 21 of this Law, investors may make investment in establishment of the following economic organizations:
 - a) Enterprises organized and operating under the Enterprise Law;
 - b) Credit Institutions, insurance business enterprises, investment funds and other financial institutions as provided for by law;
 - c) Medical, educational, scientific, cultural, sports or physical training establishments and other service establishments, which carry out investment activities for profit-making purposes;
 - d) Other economic organizations as prescribed by law.
2. Apart from the economic organizations defined in Clause 1 of this Article, domestic investors may invest in the establishment of cooperatives or unions of cooperatives, which are organized and operate under the Cooperatives Law; or business households under the provisions of law.

Article 23.

Investment under contracts

1. Investors may enter into BCCs to cooperate in production with profit-sharing or production-sharing and other forms of business cooperation.

Subjects and contents of cooperation, business duration, interests, obligations and responsibilities of each party, the cooperative relationship between parties and the management organization shall be agreed upon by the parties and stated in contracts.

A BCC in the domain of prospecting, exploration or exploitation of oil and gas and some other natural resources in the form of a production-sharing contract shall be effected in accordance with the provisions of this Law and relevant provisions of law.

2. Investors shall sign BOT, BTO and BT contracts with competent state agencies

for execution of projects on construction, expansion, modernization and operation of infrastructure facilities in the domains of transport, electricity production and business, water supply and drainage, waste treatment and other domains as stipulated by the Prime Minister.

The Government shall specify the investment domains, conditions, order, procedures and mode of execution of investment projects; rights and obligations of parties to investment projects in the forms of BOT, BTO and BT contracts.

Article 24.

Investment in business development

Investors may invest in business development in the following forms:

1. Expanding scale, raising capacity or business capability;
2. Renewing technologies, raising product quality, reducing environmental pollution.

Article 25.

Capital contribution, share purchase, merger and acquisition

1. Investors may contribute capital to, or purchase shares from, companies and their branches in Vietnam.

The ratio of capital contributed or of shares purchased by foreign investors in some domains, branches and trades shall be specified by the Government.

2. Investors shall have the right to merge or acquire companies and branches.

The conditions for merger and acquisition of companies and branches shall comply with the provisions of this Law, the competition law and relevant provisions of law.

Article 26.

Indirect investment

1. Investors shall make indirect investment in Vietnam in the following forms:

- a) Purchase of shares, share certificates, bonds and other valuable papers;
- b) Through securities investment funds;
- c) Through other intermediary financial institutions.

2. Any investment by way of purchase or sale of shares, share certificates, bonds and other valuable papers by organizations or individuals and procedures for carrying out indirect investment activities shall comply with the provisions of securities law and relevant provisions law.

Chapter V
INVESTMENT DOMAINS, GEOGRAPHICAL AREAS, PREFERENCES AND SUPPORTS

Section 1
INVESTMENT DOMAINS AND GEOGRAPHICAL AREAS

Article 27.

Domains entitled to investment preferences

1. Production of new materials or new materials or new energy; manufacture of hi-tech products, bio-technology or information technology; mechanical engineering.
2. Farming and processing of agricultural, forest or aquatic products; salt making; production of hybrid breeds, new plant varieties and/or animal breeds.
3. Use of high technologies or modern techniques; protection of ecological environment; research, development and nourishment of high technologies.
4. Employment of a large number of laborers.
5. Building and development of infrastructures, important and large-scale projects.
6. Development of education, training, healthcare, physical training and sports and national culture.
7. Development of traditional crafts and industries.
8. Other production and service domains, which need to be promoted.

Article 28.

Geographical areas entitled to investment preferences

1. Areas facing difficult or extremely difficult socio-economic conditions.
2. Industrial parks, export processing zones, hi-tech parks, economic zones.

Article 29.

Conditional investment domains

1. Conditional investment domains include:
 - a) Domains, which affect national defense, security, social order and safety;
 - b) Financial and banking domains;
 - c) Domains, which affect public health;
 - d) Culture, information, press and publishing;
 - e) Entertainment services;
 - f) Real estate business;
 - g) Survey, prospecting, exploration and exploitation of natural resources; ecological environment;
 - h) Development of education and training.
 - i) Some other domains as provided for by law.
2. For foreign investors, apart from the domains defined in Clause 1 of this Article, conditional investment domains shall also include those scheduled for implementation of international commitments in treaties to which the Socialist Republic of Vietnam is a contracting party.
3. For foreign-invested enterprises having already invested in the domains other

than the conditional ones, which, however, in the course of operation, have been added to the list of conditional investment domains, investors shall still be entitled to continue operation in such domains.

4. Foreign investors may apply the same investment conditions as domestic ones in cases where the latter own 51% or more of charter capital of an enterprise.

5. Based on socio-economic development requirements in each period and the consistency with commitments in treaties to which the Socialist Republic of Vietnam is a contracting party, the Government shall stipulate a list of conditional investment domains, conditions for the establishment of economic organizations, investment forms and the opening of markets in a number of domains for foreign investment.

Article 30.

Domains banned from investment

1. Projects, which are detrimental to national defense, security and public interests.
2. Projects, which are prejudicial to historical or cultural relics, Vietnamese culture, morals or fine customs.
3. Projects, which may cause harms to people's health, destroy natural resources or environment.
4. Projects on the treatment of hazardous wastes brought from outside into Vietnam; production of toxic chemicals or use of toxic agents banned under treaties.

Article 31.

Promulgation of lists of domains and geographical areas entitled to investment preferences or subject to conditional investment

1. Based on socio-economic development planning and orientations in each period and commitments in treaties to which the Socialist Republic of Vietnam is a contracting party, the Government shall promulgate, amend or supplement the list of domains entitled to investment preferences, the list of conditional investment domains, the list of investment-banned domains and the list of geographical areas entitled to investment preferences.
2. Ministries, ministerial-level agencies and People's Committees of provinces or centrally-run cities (hereinafter called provincial-level People's Committees) must not promulgate regulations on investment-banned domains, conditional investment domains and investment preferences in excess of the levels provided for by law.

Section 2

INVESTMENT PREFERENCES

Article 32.

Subjects and conditions of investment preferences

1. Investors having investment projects in the domains or geographical areas entitled to investment preferences provided for in Articles 27 and 28 of this Law shall enjoy

such preferences under the provisions of this Law and relevant provisions of law.

2. The grant of investment preferences stipulated in Clause 1 of this Article shall also apply to new investment projects and investment projects on scale expansion, raising of capacity or business capability, renewal of technologies, raising of product quality or reduction of environmental pollution.

Article 33.

Tax preferences

1. Investors having projects defined in Article 32 of this Law shall be entitled to preferential tax rates, duration of enjoyment of preferential tax rates, tax reduction or exemption duration in accordance with the provisions of tax law.

2. Investors shall enjoy tax preferences for their income portions generated from capital contribution to, or share purchase from, an economic organization under the provisions of tax law, provided that such economic organization has fully paid enterprise income tax.

3. Investors shall be exempt from import tax on equipment, supplies, means of transport and other goods for execution of investment projects in Vietnam in accordance with the provisions of Import Tax and Export Tax Law.

4. Incomes from technology transfer under projects eligible for investment preferences shall be exempt from income tax in accordance with the provisions of tax law.

Article 34.

Carrying forward losses

Investors who suffer losses after completing tax settlement with tax offices may carry forward losses to the subsequent year; such amount of losses shall be deducted from income subject to enterprise income tax under the provisions of the Enterprise Income Tax Law. The duration for carrying forward losses shall not exceed five years.

Article 35.

Depreciation of fixed assets

Projects of investment in the domains or geographical areas eligible for investment preferences and fruitful business projects may apply quick depreciation of fixed assets; the depreciation level shall not be more than twice the level prescribed by the fixed asset depreciation regime.

Article 36.

Land use preferences

1. The land use term of an investment project shall not exceed 50 years; for projects with large investment capital but low speed of capital recovery, projects of investment in areas facing difficult or extremely difficult socio-economic conditions, which need longer land-use term, the land-assignment or lease term shall not exceed 70 years.

Upon the expiration of the land use term, if investors strictly observe the land law

and wish to continue using the land, they shall be considered by competent state agencies for extension of such term in accordance with the approved land-use planning.

2. Investors making investment in the domains or geographical areas eligible for investment preferences shall enjoy reduction or exemption of land rents, land use levies or land use taxes in accordance with the provisions of land law and tax law.

Article 37.

Preferences for investors investing in industrial parks, export processing zones, hi-tech parks or economic zones

Based on socio-economic development conditions in each period and the principles specified in this Law, the Government shall provide preferences for investors investing in industrial parks, export processing zones, hi-tech parks or economic zones.

Article 38.

Procedures for application of investment preferences

1. For domestic investment projects not subject to investment registration and those subject to investment registration under the provisions of Article 45 of this Law, investors shall base themselves on investment preferences and conditions therefore provided by law to determine by themselves investment preferences they are entitled to and shall carry out procedures at competent state agencies to enjoy such preferences.

Where investors request the certification of investment preferences, they shall fill in investment registration procedures so that competent state management agencies in charge of investment shall write such preferences in their investment certificates.

2. For domestic investment projects subject to investment verification according to the provisions of Article 47 of this Law that meet the conditions to enjoy preferences, the state management agencies in charge of investment shall write investment preferences in their investment certificates.

3. For foreign investment projects meeting the conditions to enjoy preferences, the state management agencies in charge of investment shall write investment preferences in their investment certificates.

Article 39.

Preference-expansion circumstances

Where it is necessary to encourage the development of a particularly important branch or a special geographical area or economic zone, the Government shall submit to the National Assembly for consideration and decision investment preferences other than those provided for in this Law.

Section 3

INVESTMENT SUPPORTS

Article 40.

Support for technology transfer

The State shall create favorable conditions for, and ensure legitimate rights and interests of, parties to technology transfer, including capital contribution with technologies, for execution of investment projects in Vietnam in accordance with legal provisions on technology transfer.

2. The State shall encourage the transfer into Vietnam of advanced technologies, source technologies and technologies to create new products, raise production capacity, competitiveness or product quality, save and efficiently use raw materials, fuel, energy and natural resources.

Article 41.

Training support

1. The State shall encourage the setting up of funds to support human resource training with capital contributions and financial supports of domestic and foreign organizations and individuals.

Enterprises' training expenses shall be accounted as their reasonable expenses, serving as a basis to determine their incomes subject to enterprise income tax.

2. The State shall provide budgetary support for the training of laborers in enterprises through training-support programs.

Article 42.

Support for and encouragement of development of investment services

The State shall encourage and support organizations and individuals to provide the following investment support services:

1. Investment or management consultancy.
2. Intellectual property or technology transfer consultancy.
3. Job training, technical training and managerial-skill training.
4. Provision of market information, scientific-technical, technological information and other socio-economic information requested by investors;
5. Marketing, investment and trade promotion;
6. Establishment of, participation in, social organizations or socio-professional organizations;
7. Establishment of designing or testing centers to support the development of small- and medium-sized enterprises.

Article 43.

Investment in systems of infrastructures of industrial parks, export processing zones, hi-tech parks and economic zones

1. Based on the master plan for development of industrial parks, export processing zones, hi-tech parks and economic zones already approved by the Government, ministries, ministerial-level agencies and provincial-level People's Committees shall

elaborate investment plans and organize the building of technical and social infrastructure systems outside the fences of industrial parks, export processing zones, hi-tech parks or economic zones under their management.

2. For several localities in geographical areas facing difficult or extremely difficult socio-economic conditions, the State shall partially provide capital support for them to join investors in investing in and developing infrastructure systems inside the fences of industrial parks or export processing zones under the Government's regulations.

3. The State shall set aside investment capital sources from the state budget and preferential credits to support investment in the development of technical and social infrastructure systems within hi-tech parks and economic zones, and shall apply several modes of capital mobilization for investment in the development of infrastructure of hi-tech parks and economic zones.

Article 44.

Entry and exit visas

Investors carrying out investment activities, experts and technical workers being foreigners working regularly for investment projects in Vietnam and members of their families shall be granted multiple entry and exit visas. For each time of issue, a visa shall be valid for at most five years.

Chapter VI

DIRECT INVESTMENT ACTIVITIES

Section 1

INVESTMENT PROCEDURES

Article 45.

Investment registration procedures applicable to domestic investment projects

1. For domestic investment projects capitalized at under VND 15 billion each and falling outside the list of conditional investment domains, investors shall not have to fill in the investment registration procedures.

2. For domestic investment projects capitalized at between VND 15 billion and under VND 300 billion each and falling outside the list of conditional investment domains, investors shall fill in the investment registration procedures according to the set forms at the provincial-level state agencies in charge of investment.

Where investors request investment certificates, the provincial-level state agencies in charge of investment shall grant them such certificates.

3. Contents of investment registration include:

- a) Legal status of an investor;
- b) Objectives, scale and location of execution of an investment project;
- c) Investment capital, project execution schedule;
- d) Land use demand and commitment on environmental protection;
- e) Petitions on investment preferences (if any).

4. Investors shall register investment before the execution of investment projects.

Article 46.

Investment registration procedures applicable to foreign investment projects

1. For foreign investment projects capitalized at under VND 300 billion each and falling outside the list of conditional investment domains, investors shall fill in the investment registration procedures at provincial-level state agencies in charge of investment in order to be granted investment certificates.
2. An investment registration dossier shall comprise:
 - a) Documents on contents specified in Clause 3, Article 45 of this Law;
 - b) The report on financial capability of the investor;
 - c) The joint-venture contract or BCC, the enterprise's charter (if any).
3. Provincial-level state agencies in charge of investment shall grant investment certificates within 15 days after receiving complete and valid investment registration dossiers.

Article 47.

Examination of investment projects

1. Domestic investment projects and foreign investment projects capitalized at VND 300 billion or more each and those on the list of conditional investment projects must go through examination procedures in order to be granted investment certificates.
2. The investment examination time limit shall not exceed 30 days after complete and valid dossiers are received; in case of necessity, this time limit may be prolonged but shall not exceed 45 days.
3. For national important projects, the National Assembly shall decide on investment undertakings and provide criteria for projects, the Government shall stipulate the order and procedures for investment examination and grant of investment certificates.
4. The Government shall specify the decentralization of examination and grant of investment certificates.

Article 48.

Procedures for examination of investment projects capitalized at VND 300 billion or more each and falling outside the list of conditional investment domains

1. A project dossier shall comprise:
 - a) A written request for the grant of an investment certificate;
 - b) A written certification of the investor's legal status;
 - c) A report on financial capability of the investor;
 - d) The techno-economic explanations with details on investment objectives and location, land use demand, investment scale, investment capital, project execution schedule, technological solutions and environmental solutions;
 - e) For foreign investors, such a dossier shall also include a joint-venture contract or a BCC and the enterprise's charter (if any).
2. Examination contents shall cover:
 - a) The compatibility with technical infrastructure planning, land use planning, construction planning, and planning on the use of minerals and other natural

resources;

- b) The land use demand;
- c) The project execution schedule;
- d) The environmental solutions.

Article 49.

Examination procedures applicable to projects on the list of conditional investment domains

1. Examination procedures applicable to investment projects capitalized at under VND 300 billion each and on the list of conditional investment domains are stipulated as follows:

- a) Project dossiers shall include explanations about conditions which must be met by investment projects; contents of investment registration stipulated in Clause 3, Article 45 of this Law, for domestic investment projects, or Clause 2, Article 46 of this Law, for foreign investment projects;
- b) Contents of examination shall cover the conditions, which must be met by investment projects.

2. Examination procedures applicable to investment projects capitalized at VND 300 billion or more each and on the list of conditional investment domains are stipulated as follows:

- a) Project dossiers shall include explanations about conditions, which must be met by investment projects; contents of examination dossiers are provided in Clause 1, Article 48 of this Law.
- b) Contents of examination shall cover the conditions, which must be met by investment projects and those stipulated in Clause 2, Article 48 of this Law.

Article 50.

Investment procedures associated with the establishment of economic organizations

1. Foreign investors that invest in Vietnam for the first time must have investment projects and fill in investment registration or examination procedures at state agencies in charge of investment in order to be granted investment registration certificates. Investment certificates shall concurrently be business registration certificates.

2. Foreign-invested economic organizations already established in Vietnam, if having new investment projects, may fill in procedures for execution of such projects without having to establish new economic organizations.

3. Domestic investors having investment projects associated with the establishment of economic organizations shall make business registration in accordance with the provisions of Enterprise Law and relevant laws and shall fill in investment procedures under the provisions of this Law.

Article 51.

Adjustment of investment projects

1. When there is a need to adjust investment projects regarding their objectives, scales, locations, forms, capital and duration, the investors shall fill in the following

procedures:

a) For projects subject to investment registration, the investors shall make their own decisions and register adjustment contents with provincial-level state agencies in charge of investment within 10 days after deciding on adjustment;

b) For projects subject to investment examination, the investors shall submit their written requests for adjustment of investment projects to competent state agencies in charge of investment for consideration and adjustment.

A written request for adjustment of an investment project shall cover contents on the project execution situation, reasons for adjustment and changes compared with the examined contents.

2. State management agencies in charge of investment shall notify investors of the adjustment of investment certificates within 15 days after receiving complete and valid dossiers.

3. The adjustment of investment projects shall be effected in the form of adjustment of and/or addition to contents of investment certificates.

Article 52.

Operational duration of foreign investment projects

The operational duration of a foreign investment project shall be compatible with the requirements on operation of the project and shall not exceed 50 years. In case of necessity, the Government shall decide on the prolongation of such duration, which, however, shall not exceed 70 years.

The operational duration of a project shall be written in the investment certificate.

Article 53.

Responsibilities for formulating projects, deciding on investment and examining investment

1. Investors shall themselves decide on investment projects; take responsibility for the accuracy and truthfulness of contents of investment registration, dossiers of investment projects, and shall implement investment commitments already registered.

2. Organizations and individuals competent to formulate projects, decide on investment, examine or certify investment shall take responsibility before law for their proposals and decisions.

Article 54.

Selection of investors for projects where many investors show interest

For an important project, which is identified in a branch planning and where two or more investors show interests, the selection of investor(s) for its execution must go through bidding in accordance with the provisions of bidding law.

Section 2 EXECUTION OF INVESTMENT PROJECTS

Article 55.

Lease and assignment of land for execution of projects

1. For investment projects requiring the use of land, investors shall contact competent land management agencies of the localities where projects are to be executed in order to carry out land assignment or land lease procedures.

The order and procedures for land assignment and land lease shall comply with the provisions of land law.

2. Where investors have been handed over the land but fail to proceed with the projects within the prescribed time limit or use land for improper purposes, they shall have the land recovered under the provisions of the Land Law and have their investment certificates withdrawn.

Article 56.

Ground preparation for construction

1. Where the State recovers land under the provisions of land law, competent state agencies shall have to recover land, pay damages and conduct ground clearance before assigning or leasing land to investors.

The recovery of land, payment of compensations and ground clearance shall comply with the provisions of land law.

2. Where investors re-rent land from land users that have been assigned or leased land by the State, such investors shall have to organize the compensation and ground clearance by themselves.

Where investors have reached agreement with land users on compensation and ground clearance but the latter have not yet fulfilled their obligations as agreed upon, the competent People's Committees of the localities where investment projects are to be executed shall have to organize ground clearance before handing over the sites to investors in accordance with the provisions of law.

3. For investment projects compatible with the land use plans already approved by competent state agencies, investors may be transferred with or rent land use rights, receive capital contributed with land use rights by economic organizations, households or individuals in accordance with the provisions of land law without having to fill in land-recovery procedures.

Article 57.

Execution of investment projects involving the exploitation and use of natural resources and minerals

Investment projects involving the exploitation and use of natural resources and minerals shall have to comply with the provisions of law on natural resources and minerals.

Article 58.

Execution of investment projects involving construction

1. For investment projects involving construction, the formulation, evaluation and approval of technical designs, cost estimates and total cost estimates shall comply with the provisions of construction law.
2. Investors shall take responsibility for the work quality and environmental protection.

Article 59.

Expertise of machinery and equipment

Investors shall take responsibility for the expertise of value and quality of machinery and equipment imported to create fixed assets for execution of investment projects.

Article 60.

Sale of products in the Vietnamese market

1. Investors may directly or through agents sell their products in Vietnam without being subject to any restriction on geographical areas; may act as sale agents for other organizations or individuals that have similar products made in Vietnam.
2. Investors shall themselves decide on the selling prices of products they make or services they provide; for products and services subject to price control by the State, their selling prices shall comply with the price bracket promulgated by competent state agencies.

Article 61.

Foreign-currency accounts, Vietnam-dong accounts

1. Investors may open foreign-currency accounts and Vietnam dong accounts at banks licensed to operate in Vietnam. Where it is approved by the State Bank of Vietnam, investors may open accounts at foreign banks.
2. The opening, use and closure of accounts at domestic and foreign banks shall comply with regulations of the State Bank of Vietnam.

Article 62.

Insurance

Investors shall get property insurance and other kinds of insurance on the basis of insurance policies signed with insurance business enterprises operating in Vietnam in accordance with the provisions of insurance law.

Article 63.

Hire of management organizations

1. Investors may hire management organizations to manage their investments and business operations of investment projects in the domains where highly specialized managerial skills and qualifications are required.
2. Investors shall take responsibility before Vietnamese law for all operations of management organizations regarding matters related to management activities stated in contracts.
3. Management organizations shall take responsibility before investors for

management of investment and business operations of investment projects; have to observe Vietnamese law in the course of exercising their rights and performing their obligations under contracts; and take responsibility before Vietnamese law for their activities which fall beyond contracts.

Article 64.

Temporary cessation of projects, withdrawal of investment certificates

1. When temporarily ceasing their investment projects, investors must notify such to state agencies in charge of investment in order to get certification, which shall serve as a basis for consideration of land rent exemption or reduction during the time of temporarily ceasing the projects.
2. If within 12 months after having been granted investment certificates, investors fail to commence executing their projects or fail to comply with the committed schedule without plausible reasons, they shall have their investment certificates withdrawn.

Article 65.

Termination of operation of investment projects

The operation of an investment project shall terminate in one of the following cases:

1. Upon the expiration of the operation duration stated in the investment certificate.
2. According to the conditions for termination of operation stipulated in the contract, the enterprise's charter or the investor's agreement or commitment on the project-execution schedule.
3. The investor shall decide on termination of operation of the project.
4. Under decision of the state agency in charge of investment or under court judgments or decisions or arbitral awards, in case of violation of law.

Article 66.

State guarantee for a number of important works and projects

Based on the principles provided for in this Law, the Government shall decide on important investment projects and on the guarantee for borrowed capital, supply of raw materials, sale of products, payment and guarantee for performance of other contractual obligations; and shall designate competent state agencies to provide guarantee.

Chapter VII STATE CAPITAL INVESTMENT AND BUSINESS

Article 67.

Management of state capital investment and business

1. State capital investment and business must comply with socio-economic strategies, planning and plans in each period.
2. State capital investment and business must comply with the set objectives and be efficient, ensuring that the management mode is suitable to each capital source, each kind of investment project and that the investment process is conducted

publicly and transparently.

3. The use of state capital for investment or joint venture or association with other economic sectors under the provisions of law must be appraised and approved by state agencies competent to decide on investment.

4. To clearly define the responsibilities and powers of agencies, organizations and individuals in every stage of the investment process; to effect the assignment and decentralization of state management over state capital investment and business.

5. Investment must be carried out according to law, comply with the set schedule, ensuring quality and avoiding scatter, waste, losses and self-containment.

Article 68.

State capital investment and business in economic organizations

1. State budget capital shall be invested in economic organizations via the State Capital Investment and Business Corporation.

2. The State Capital Investment and Business Corporation shall operate according to the provisions of law on state enterprises and relevant provisions of law; exercise the right to represent the state capital owners at one-member limited liability companies, limited companies with two or more members and joint-stock companies converted from independent state companies or newly established.

3. The Government shall provide for the organization and operation of the State Capital Investment and Business Corporation.

Article 69.

State investment in public-utility activities

1. The State shall invest in production and supply of public-utility products and services in the form of assigning plans, placing orders or bidding.

2. Organizations and individuals of all economic sectors shall participate on an equal footing in the production and supply of public-utility products and services, except for special cases stipulated by the Government.

The Government shall promulgate policies to support public-utility activities and lists of public-utility products and services.

Article 70.

Investment with the State's development investment credit capital

1. Objects funded with the State's development investment credit capital shall be investment projects in a number of important branches or domains, major economic programs with socio-economic efficiency, which are capable of refunding borrowed capital.

Projects funded with the State's development investment credit capital must be appraised by lending organizations, which must also approve the financial or debt-payment plans before deciding on investment.

2. The Government shall specify policies on investment support from the State's development investment credit capital sources, promulgate list of subjects entitled to borrow capital and credit conditions in each period.

Article 71.

Organizations and individuals assigned to manage state capital-funded investment projects

Organizations and individuals assigned to represent state capital owners shall take responsibility for the preservation, development and use of capital in an efficient manner.

Organizations and individuals directly representing owners of state capital or state equities at enterprises shall perform their obligations and operate in accordance with the provisions of law on management and use of state capital and the Enterprise Law.

Article 72.

Modification of contents, postponement, suspension and cancellation of investment projects

1. In case of modification of contents of an investment project, the investor must explain the reasons therefor and the modified contents to be submitted to the state agency competent to decide on investment for consideration and decision; if the project is being executed, the investor must make a report on assessment of the project.

2. Only after getting the competent state agency's approval of the modification of contents of an investment project shall the investor formulate, organize the examination and submission of the project for approval under regulations.

3. An investment project shall be postponed, suspended or cancelled in the following cases:

a) Twelve months after obtaining the investment decision, the investor fails to execute the project without written approval of the competent agency;

b) The project's objectives have changed without written permission of the competent agency.

4. Agencies competent to decide on the postponement, suspension or cancellation of investment projects must clearly identify the reasons therefor and take responsibility before law for their decisions.

Article 73.

Selection of contractors for execution of projects

Investment projects funded with the state capital must go through bidding for selection of suppliers of consultancy services or goods or construction and installation contractors in accordance with the provisions of bidding law.

Chapter VIII OFFSHORE INVESTMENT

Article 74.

Offshore investment

1. Investors may make offshore investment under the provisions of Vietnamese law and the laws of investment-receiving countries.

2. The State shall create favorable conditions for offshore investment activities and protect offshore Vietnamese investors' legitimate interests in accordance with treaties to which the Socialist Republic of Vietnam is a contracting party.
3. The State shall create favorable conditions for investors to access credit capital sources on an equal footing, without discrimination between economic sectors; shall provide loan-capital guarantee for offshore investment projects in the domains of special investment encouragement.

Article 75.

Domains where offshore investment is encouraged or prohibited

1. The Vietnamese State shall encourage all economic organizations in Vietnam to make offshore investment in domains involving large labor export; efficiently promoting Vietnamese traditional crafts and industries; expanding markets and exploiting natural resources in the invested countries; raising the export capability and foreign currency revenues.
2. The Vietnamese State shall not license offshore investment with regard to projects detrimental to the national secrets, security, defense, history, culture, fine traditions or customs.

Article 76.

Conditions for offshore investment

1. To make offshore investment in the form of direct investment, investors must meet the following conditions:
 - a) Having offshore investment projects;
 - b) Fulfilling all financial obligations towards the Vietnamese State;
 - c) Being granted investment certificates by the state management agencies in charge of investment.
2. Offshore investment in the form of indirect investment must comply with the provisions of banking law, securities law and relevant provisions of law.
3. The use of state capital for offshore investment must comply with the provisions of law on management and use of state capital.

Article 77.

Rights of offshore investors

1. To transfer abroad investment capital in lawful money and other lawful assets for investment under the provisions of foreign-exchange management law after their investment projects have been approved by competent agencies of the invested countries or territories.
2. To enjoy investment preferences provided for by law.
3. To recruit Vietnamese laborers to work in production and/or business establishments set up by investors in foreign countries.

Article 78.

Obligations of offshore investors

1. To observe laws of the investment-receiving countries.

2. To transfer profits and incomes from offshore investment back home in accordance with the provisions of law.
3. To implement the periodical reporting regime on offshore financial and investment activities.
4. To fulfill financial obligations towards the Vietnamese State.
5. To transfer, upon the completion of offshore investment, all lawful capital and assets back home in accordance with the provisions of law.
6. Where investors have not yet transferred back home their capital, assets, profits and other incomes from offshore investment as stipulated in Clause 2 and Clause 5 of this Article, they must get consents of concerned competent state agencies.

Article 79.

Offshore investment procedures

1. Offshore investment projects include:

- a) Projects subject to investment registration, which are those capitalized at under VND 15 billion;
- b) Projects subject to investment examination, which are capitalized at VND 15 billion or more.

2. Investment registration and examination procedures are stipulated as follows:

- a) For projects subject to investment registration, investors shall make registration according to the set forms at state agencies in charge of investment in order to be granted investment certificates;
- b) For projects subject to investment examination, investors shall submit dossiers made according to the set forms at state agencies in charge of investment in order to be granted investment certificates.

The Government shall specify domains where offshore investment is encouraged, prohibited or restricted; investment conditions and preferential policies for offshore investment projects; order and procedures for, and management of, offshore investment.

Chapter IX STATE MANAGEMENT OF INVESTMENT

Article 80.

Contents of state management of investment

1. To elaborate and direct the implementation of strategies, plannings, plans and policies on development investment.
2. To promulgate and organize the implementation of legal documents on investment.
3. To guide and support investors in executing investment projects and handle their inquiries and requests.
4. To grant and withdraw investment certificates.
5. To guide and assess investment efficiency; check, inspect and supervise investment activities; settle complaints, denunciations; give commendation or rewards, and handle violations in investment activities.

6. To organize the training of human resources involved in investment activities.
7. To organize investment promotion activities.

Article 81.

Responsibilities for state management of investment

1. The Government shall perform the unified state management of investment nationwide.
2. The Ministry of Planning and Investment shall take responsibility before the Government for performance of the state management of investment activities.
3. Ministries and ministerial-level agencies shall, within the ambit of their tasks and powers, have to perform the state management of investment in the domains assigned to them.
4. People's Committees at all levels shall have to perform the state management of investment in their respective localities under the Government's decentralization.

Article 82.

Management of investment under plannings

1. The Government shall provide for organization of the formulation, submission and approval of plannings in accordance with the provisions of law on planning.
2. Investment projects must comply with plannings on technical infrastructure, land use, construction, use of minerals and other natural resources.
Regional, branch and product plannings must be compatible with domains and geographical areas eligible for investment preferences, conditional investment domains and investment-banned domains according to the provisions of Articles 27, 28, 29 and 30 of this Law and shall serve as orientations for investors to select and decide on investment.
3. Competent state agencies in charge of planning shall have to announce on the mass media plannings related to investment activities.
4. With regard to investment projects not yet included in plannings stipulated in this Article, the state agencies in charge of investment shall act as major agencies in working with competent state agencies in charge of plannings to reply investors within 30 days after receiving their requests.

Article 83.

Investment promotion

1. Investment promotion activities of state agencies at all levels shall comply with the Government's regulations.
2. Funding for investment promotion activities of state agencies shall be allocated by the state budget.

Article 84.

Monitoring and assessment of investment activities

1. State agencies in charge of investment at all levels shall organize the monitoring, assessment and reporting of investment activities in accordance with the provisions of law.

2. Contents of investment monitoring and assessment include:

- a) The promulgation according to competence of legal documents guiding law and the implementation of investment law.
- b) The situation of execution of investment projects under the provisions of investment certificates;
- c) The results of execution of investment nationwide, by ministries, branches and localities, and investment projects under decentralization;
- d) The reporting of investment assessment results, proposals on measures to handle problems and violations of investment law to state management agencies of the same level and superior state management agencies in charge of investment.

Article 85.

Investment inspectorate

1. Investment inspectorate shall have the following tasks:

- a) To inspect the observance of investment law and policies.
- b) To detect, prevent and handle according to competence or propose competent state agencies to handle violations of investment law;
- c) To verify complaints and propose competent state agencies to settle complaints and denunciations about investment.

2. The organization and operation of investment inspectorate shall comply with the provisions of inspection law.

Article 86.

Complaints, denunciations and initiation of lawsuits

1. Individuals shall have the right to make complaints, denunciations and initiate lawsuits; organizations shall have the right to make complaints or denunciations in accordance with the provisions of law. The complaint, denunciation, initiation of lawsuits on investment and the settlement thereof shall comply with the provisions of law.

2. Within the time limit for complaint, denunciation or lawsuit initiation, organizations or individuals shall still have to execute administrative decisions of competent state management agencies in charge of investment. When competent state management agencies in charge of investment issue complaint- or denunciation-settling decisions or when court decisions or judgments take effect, they shall have to implement such decisions or judgments.

3. Competent state management agencies in charge of investment at all levels shall have to settle complaints and denunciations of organizations and individuals, which fall under their settling competence; when receiving complaints or denunciations which fall outside their settling competence, they shall have to promptly transfer them to competent agencies or organizations for settlement and notify such in writing to the complainants or denouncers.

Article 87.

Handling of violations

1. Persons committing acts of violating the provisions of this Law and other

provisions of law related to investment activities shall, depending on the nature and seriousness of their violations, be disciplined, administratively sanctioned or examined for penal liabilities; if causing damage, they must pay compensation therefor in accordance with the provisions of law.

2. Persons who abuse their positions and/or powers to obstruct investment activities; commit acts of troubling or harassing investors; fail to handle in time requests of investors under regulations; fail to perform other duties provided for by law shall, depending on the nature and seriousness of their violations, be disciplined, administratively sanctioned or examined for penal liability.

CHAPTER X IMPLEMENTATION PROVISIONS

Article 88.

Application of law to projects, which have been executed before the effective date of this Law

1. For foreign-invested projects, which have been licensed before the effective date of this Law, the procedures for re-grant of investment certificates shall not have to be carried out. Where investors need to reregister investment under the provisions of the Investment Law, they shall fill in the re-registration procedures for new investment certificates.

2. Domestic investment projects, which have been executed before the effective date of this Law shall not have to go through investment registration or investment examination procedures; where investors wish to be granted investment certificates, they shall register with competent state agencies in charge of investment.

Article 89.

Implementation effect

This Law takes effect as from July 1, 2006.

This Law replaces the 1996 Law on Foreign Investment in Vietnam, the 2000 Law Amending and Supplementing a number of Articles of the Law on Foreign Investment in Vietnam and the 1998 Domestic Investment Promotion Law.

The Government shall detail and guide the implementation of this Law.

This Law was passed on November 29, 2005 by the XIth National Assembly of the Socialist Republic of Vietnam at its 8th session.

	CHAIRMAN OF THE NATIONAL ASSEMBLY
	<i>(Signed and sealed)</i>
	Nguyen Van An
	<i>(This translation is for reference only)</i>