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# THE NEW UPDATES OF LAW ON ENTERPRISES 2020

On 17 June 2020, the National Assembly had issued Law on Enterprises No. 59/2020/QH14 (“EL 20”) replacing Law on Enterprises No. 68/2014/QH13 (“EL 14”). EL 20 is effective from 1 January 2021.

Content	LAW ON ENTERPRISES 2020	LAW ON ENTERPRISES 2014
<p>The “state enterprise”</p>	<p>As defined in clause 11 of Article 4 in the 2020 Law on Enterprises, state enterprises includes enterprises of which <b>50 percent of its charter capital</b> or total voting shares is held by the State as provided in Article 88 in this Law</p>	<p>A state enterprise is an enterprise <b>with 100 percent of its charter</b> capital held by the State</p>
<p>Adding more entities prohibited from establishing and managing enterprises</p>	<p><b>Supplemented</b> with more entities prohibited from establishing and managing enterprises, including:</p> <ul style="list-style-type: none"> <li>- Persons who have cognitive and behavioral difficulties;</li> <li>- Police workers serving in agencies and units of the People's Police of Vietnam (except for those who are appointed as authorized representatives to manage the State's contributed capital at enterprises);</li> <li>- Entities which are legal commercial persons prohibited from business and operation in certain particular sectors prescribed in the Penal Code.</li> </ul>	<p>According to Clause 2 Article 18, there are 06 groups of subjects that are not allowed to establish and manage enterprises</p>

Content	LAW ON ENTERPRISES 2020	LAW ON ENTERPRISES 2014
<p><b>Notification of corporate stamp specimens before use</b></p>	<p><b>Abolishing</b> regulations regarding notification of corporate stamp specimens before use</p>	<p>Before use of corporate stamps, enterprises are obligated to inform business registries of their corporate stamp specimens so that they are <b>publicly posted</b> on the National Corporate Registration Portal</p>
<p><b>Names of business locations</b></p>	<p>The name of business location shall consist the enterprise’s name and the phrase “<b>Địa điểm kinh doanh</b>” respectively.</p>	<p>The name business location shall consist of letters in the Vietnamese alphabet, the letters F, J, Z, W, numbers and symbols.</p>

Content	LAW ON ENTERPRISES 2020	LAW ON ENTERPRISES 2014
<p><b>Rights of common shareholders</b></p>	<p>As prescribed in the 2020 Law on Enterprises, a shareholder or a group of shareholders <b>must own 5%</b> or more of total common ordinary shares, or own a lesser percentage thereof as stipulated in the company's charter to hold the rights granted to common shareholders prescribed in Clause 2 of Article 115 in this Law.</p>	<p>As prescribed in the 2014 Law on Enterprises, a shareholder or a group of shareholders <b>must own 10%</b> or more of total common ordinary shares <b>for at least 6 consecutive months</b>, or own a smaller percentage thereof as stipulated in the company's charter to hold the rights prescribed in Clause 2 of Article 114 in this Law.</p>
<p><b>Report on changes of information of company's managers</b></p>	<p>The 2020 Law on Enterprises makes this regulation <b>invalid</b>.</p>	<p>Enterprises must report to the business registration offices where they are headquartered within 05 days from the date of change in information about full name, name, contact address, nationality, Citizenship ID card/ Identity Card number, Passport or other legal personal identifications of the following people:</p> <ul style="list-style-type: none"> <li>- Members of a Governing Board in a joint stock company;</li> <li>- Members of a Control Board or a Controller;</li> <li>- Directors or General Directors.</li> </ul>

Content	LAW ON ENTERPRISES 2020	LAW ON ENTERPRISES 2014
<p><b>Temporary business suspension</b></p>	<p>Time limit for prior notice of temporary business suspension will be reduced. This is covered in the regulation included in this Law under which, <b>not later than 3</b> working days before their temporary business suspension or resumption, enterprises are obliged to inform business registries in writing of the date of their business suspension or resumption before the notified duration.</p>	<p><b>Not later than 15 days</b> before their business suspension or resumption, enterprises may suspend their business, but must inform business registries in writing of the start date and the duration of their business suspension or the deadline for their business resumption. This regulation applies in case the notifying enterprise resumes its business before the notified duration of business suspension.</p>
<p><b>Forcing state enterprises to set up the Control Board</b></p>	<p>Based on the business size, a representative agency may issue <b>its decision to establish a Control Board</b> composed of 01 to 05 controllers, one of whom is appointed as the Board's Head.</p>	<p>Based on the business size, a representative agency <b>appoints 01 Controller or sets up a Control Board</b> consisting of 03 to 05 Controllers are two options.</p>



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