

One more subject may not establish an enterprise in Vietnam



This is a new content adopted by the National Assembly in the Law on Enterprises No. 59/2020/QH14 dated June 17, 2020.

Specifically, to supplement a subject who may not establish and manage an enterprise in Vietnam: an organization being commercial legal person prohibited from doing business in certain areas or prohibited from operating in certain areas prescribed in the Penal Code. Besides, persons with difficulty in perceiving and controlling their acts don't have such right, either.

Remarkably, the National Assembly no longer regulates business households in the Law on Enterprises. The stipulation of the registration and operation of business households is assigned to the Government.

At the same time, this Law also revokes previous regulation that a shareholder or a group of shareholders must hold their shares for a consecutive period of at least 6 month. Instead, a shareholder or a group of shareholders just holding at least 05% (instead of 10% as before) of the total ordinary shares, or holding a smaller percentage provided in the company charter shall have the following rights:

Firstly, to examine, look up and extract the book of minutes and resolutions, decisions of the Board of Directors, mid-year and annual financial statements, reports of the Supervisory Board, contracts and transactions required approval of the Board of Directors and other documents, except for documents related to the company's commercial secret and business secret.

Secondly, to request convening of a General Meeting of Shareholders...

The Law on Enterprises takes effect on January 01, 2021