

# Remarkable Changes in FOREX Rules



**By Nguyen Vu Lien Quynh**

On July 17th, 2014 the Government issued Decree No. 70/2014/ND-CP (Decree 70) guiding the implementation of a number of articles of Ordinance No. 28/2005/PL-UBTVQH11 dated December 13th, 2005 on Foreign Exchange Control as amended by Ordinance No. 06/2013/PL-UBTVQH13 dated March 18th, 2013 (Ordinance 28) Decree 70 takes effect from September 5th, 2014 and replaces Decree No. 160/2006/ND-CP dated 28 December 2006 governing the same matter (Decree 160). Below are some of the key differences between Decree 70 and Decree 160.

## **Payments and remittance of money relating to import and export of goods and services**

Under Decree 160, all payments and remittance of money relating to import and export of goods and services shall be conducted in the form of remittance via an authorised credit institution, except for some cases of cash payment which have been considered and approved by the State Bank of Vietnam (SBV). Decree 70 no longer offers such cases of cash payment.

## **Opening and use of a direct investment capital account**

Under Decree 70, the resident enterprises with foreign direct investment capital (FDI Enterprises) and foreign investors participating in business co-operation contracts are required to open and use a direct investment capital account in foreign currency (Direct Foreign Currency Account) at an authorised credit institution in Vietnam.

Further, after having opened a Direct Foreign Currency Account in accordance with Decree 70, the FDI Enterprises and foreign investors participating in business co-operation contracts may open a direct investment capital account in Vietnamese Dong (VND) for the sole purpose of implementing lawful transactions in VND relating to their direct investment activities in Vietnam.

## **Opening and use of offshore foreign currency accounts**

As regulated under Decree 70, the opening and use of offshore foreign currency accounts by residents being State agencies, units of the people's armed forces, political organisations, socio-political organisations, professional-socio-political organisations, socio-organisations, professional-socio organisations, social funds and charitable funds of Vietnam must be licensed by the SBV only for the purpose of receiving foreign financial support or aid, or in other circumstances approved by the competent authority of Vietnam.

## **Use of foreign cash currency by Vietnamese citizens**

Decree 70 emphasises that the Vietnamese citizens are permitted under Decree 70 to (i) deposit foreign cash currency in savings accounts at licensed credit institutions, and (ii) withdraw the principle and receive interest in the foreign cash currency.

## **Use of foreign exchange in Vietnam**

Decree 70 does not specify transactions and payments within the territory of Vietnam which may be effected in foreign exchange by residents and non-residents as compared with Decree 160. Under the current forex rules, such cases which may be effected in foreign exchange shall be subject to regulation of the SBV.

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