

## **[Did You Know?] Submission of Annual Operation Report for Representative Offices of foreign entities in Vietnam is due on 30<sup>th</sup> January 2022**

According to Decree No. 07/2016/ND-CP dated 25<sup>th</sup> January 2016 of the Government (“**Decree 07**”) guiding the Commercial Law on representative offices of foreign entities (“**RO**”) in Vietnam, ROs are required to submit an annual operation report (“**Annual Report**”) to the provincial Department of Industry and Trade no later than 30<sup>th</sup> January of the following year. Therefore, the 2021 Annual Report of the ROs must be submitted by **30<sup>th</sup> January 2022**.

### **1. What are the ROs required to report in the Annual Report?**

The ROs must prepare and submit an Annual Report in accordance with the template provided in Circular No. 11/2016/TT-BCT guiding Decree 07. In particular, the Annual Report includes two main contents:

- **Labour usage status:** List of employees working at the ROs at the reporting time and any change in the employees within the reporting year (i.e. any employee joining the ROs or stopping working for the ROs); and
- **Key operation activities:** List of activities actually conducted by the ROs for promoting the business of foreign entities and other activities permissible for the ROs in accordance with the ROs’ Establishment Licence.

### **2. What are the implications if the ROs fail to comply with the Annual Report requirement?**

Failure to submit the Annual Report on time may result in an administrative penalty of up to VND 40 million (equivalent to US\$1,700),<sup>1</sup> and may cause troubles for the RO when applying for amendment or renewal of its Establishment Licence. More seriously, non-compliance with such requirement for two consecutive years may result in the withdrawal of the RO’s Establishment License.<sup>2</sup>

### **3. How can KPMG help?**

KPMG can support the ROs in the preparation and submission of the Annual Report to the competent authorities, and provide advice on any concerns relating to this requirement or any compliance matters of the ROs during operation. Please contact us should you need our assistance in this regard.

<sup>1</sup> Article 67.2 (b) of Decree No. 98/2020/ND-CP

<sup>2</sup> Article 44.2 of Decree No. 07/2016/ND-CP

# Contact us

## Hanoi

46<sup>th</sup> Floor, Keangnam Landmark 72,  
E6 Pham Hung, Me Tri, Nam Tu Liem

**T:** +84 (24) 3946 1600

## Ho Chi Minh City

10<sup>th</sup> Floor, Sun Wah Tower,  
115 Nguyen Hue, Ben Nghe, District 1

**T:** +84 (28) 3821 9266

## Da Nang

D3, 5<sup>th</sup> Floor, Indochina Riverside Towers,  
74 Bach Dang, Hai Chau I, Hai Chau

**T:** +84 (236) 351 9051

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