

PwC Legal Vietnam NewsBrief

New regulations on foreign loans

The State Bank of Vietnam has issued Circular 03/2016 /TT-NHNN on foreign loans. The new Circular will take effect from 15 April, and replace Circulars 09/2004/TT-NHNN and 25/2014/TT-NHNN, thereby consolidating the regulations on this issue.

Notable changes under Circular 03 include:

- Importing goods on deferred payment terms no longer requires registration with the SBV. However, the opening and use of bank accounts and remittances out of Vietnam for such arrangements must still comply with the requirements of Circular 03, and concerned enterprises must periodically report to the SBV.
- Loan registrations and quarterly reports can now be filed in hard copy or electronically. They can be posted to or submitted directly at the SBV or registered online through the SBV's website www.sbv.gov.vn or www.qlnh-sbv.cic.org.vn
- With respect to the registration dossier for medium and long term foreign loans, in addition to the documents previously required in Circular 25, Circular 03 requires a number of new documents. For example, borrowers of short-term loans the term of which is extended beyond 1 year must now additionally submit an explanatory report on the satisfaction of conditions on use of the initial loan (together with documentary evidence) and a repayment plan for the extended loan.
- A borrower which is not a foreign direct investment enterprise must open a bank account for the purposes of the foreign loan. Circular 03 provides regulations on the opening and use of such bank account. For FDI enterprises, their direct investment capital bank accounts should be used for this purpose.
- Circular 03 retains the regulations in Circular 25 whereby, if the schedule of loan disbursement, repayment or interest payment changes by less than 10 days from the schedule already registered with the SBV, the borrower must only notify its bank, and does not need to register the changes with the SBV. However, if the schedule changes by more than 10 days, then re-registration with the SBV is required.
- Circular 03 also sets out a number instances where only a written notification (rather than a formal registration) with the SBV is required, if certain details of an already registered loan change. Instances where mere notification suffices include change of address of the borrower within the province/city where the borrower is headquartered, change of trade names, etc.

Please contact us if you require more details on Circular 03.

