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Hanoi, December 26, 2013

CIRCULAR

Guiding the implementation of provisions restricting the use of foreign exchange in the Vietnamese territory¹

Pursuant to June 16, 2010 Law No. 46/2010/QH12 on the State Bank of Vietnam;

Pursuant to June 16, 2010 Law No. 47/2010/QH12 on Credit Institutions;

Pursuant to December 13, 2005 Ordinance No. 28/2005/PL-UBTVQH on Foreign Exchange and March 18, 2013 Ordinance No. 06/2013/PLUBTVQH13 Amending and Supplementing a Number of Articles of the Ordinance on Foreign Exchange;

Pursuant to the Government's Decree No. 156/2013/ND-CP of November 11, 2013, defining the functions, tasks, powers and organizational structure of the State Bank of Vietnam;

At the proposal of the Director of the Foreign Exchange Management Department;

The Governor of the State Bank of Vietnam promulgates the Circular guiding the implementation of provisions restricting the use of foreign exchange in the Vietnamese territory.

Article 1. Scope of regulation

This Circular guides the implementation of provisions restricting the use of foreign exchange in the Vietnamese territory.

Article 2. Subjects of application

1. Organizations and individuals being residents and non-residents conducting foreign exchange activities in the Vietnamese territory.

2. Organizations and individuals being residents involved in the management, examination and inspection of, and handling of violations in, foreign exchange activities.

¹ Công Báo Số 115-116 (19/01/2014)
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Article 3. Principles of restriction of use of foreign exchange in the Vietnamese territory

In the Vietnamese territory, except the cases where foreign exchange may be used specified in Article 4 of this Circular, all transactions, payments, listings, advertisements, price quotations, setting and writing of prices in contracts, agreements, and other similar activities (including also conversion or adjustment of prices of goods or services, or values of contracts or agreements) of residents and non-residents may not be conducted in foreign exchange.

Article 4. Cases where foreign exchange may be used in the Vietnamese territory

1. Customs offices, police, border guard and other state agencies at border gates in Vietnam and bonded warehouses may list in foreign currency and collect in foreign currency by bank transfer or in cash from non-residents taxes, entry and exit visa charges, service charges and other charges and fees in accordance with law.

2. Banks, non-bank credit institutions and foreign bank branches licensed to trade in foreign exchange and provide foreign exchange services (below referred to as licensed credit institutions) may conduct transactions, make payments, listings, advertisements or price quotations, set and write prices in contracts or agreements in foreign currency within the scope of trading in and provision of foreign exchange services permitted by the State Bank of Vietnam in accordance with law.

3. Other organizations permitted to provide foreign exchange services may conduct transactions and list service charges in foreign currency within the scope of provision of foreign exchange services permitted by the State Bank of Vietnam in accordance with law.

4. Resident organizations with legal person status may internally transfer capital in foreign currency between their accounts and accounts of their respective dependent units without legal person status, and vice versa.

5. Residents may contribute capital in foreign currency by bank transfer for implementation of foreign investment projects in Vietnam.

6. Residents may implement import or export entrustment contracts as follows:

a/ Residents entrusted with import may write in import entrustment contracts prices in foreign currency and receive payments in foreign currency by bank transfer for the value of import contracts from import-entrusting parties;

b/ Residents entrusted with export may write in export entrustment contracts prices in foreign currency and pay in foreign currency by bank transfer for the value of export contracts to export-entrusting parties.

7. For residents being domestic or foreign contractors:

a/ For overseas expenses related to the execution of bidding packages through international bidding under the Bidding Law: Contractors may offer bids in foreign currency and receive payments in foreign currency by bank transfer from investors or principal contractors for payment and transfer abroad.

b/ For the execution of bidding packages under the oil and gas law: Contractors may offer bids in foreign currency and receive payments in foreign currency by bank transfer from investors or principal contractors for payment and transfer abroad.

8. For residents being insurance enterprises:

a/ They may quote, set and write prices of insurance services in contracts in foreign currency or receive payments in foreign currency by bank transfer from insurance buyers for goods and services for which re-insurance must be purchased overseas;

b/ For losses arising in relation to overseas re-insurance, insurance-buying resident organizations may receive compensations in foreign currency by bank transfer from foreign reinsurance enterprises through insurance enterprises so as to pay expenses for remedying overseas losses.

9. Resident organizations trading in duty-free goods may list prices of goods in foreign currency and receive payments in foreign currency by bank transfer or in cash from the sale of goods. Foreign currency used in transactions at duty-free shops must comply with regulations on sale of duty-free goods.

10. Resident organizations providing services in isolation areas at international border gates or operators of bonded warehouses may list, quote, set and write prices in contracts in foreign currency and receive payments in foreign currency by bank transfer or in cash from the sale of goods or provision of services.

11. For resident organizations acting as agents for foreign shipping firms under agency contracts signed by two parties:

a/ On behalf of foreign shipping firms, they may quote, set and write prices in contracts in foreign currency for international freights. Meanwhile, payment must be in Vietnam dong;

b/ They may provide authorized payment in foreign currency by bank transfer for goods and services at international seaports or in isolation areas at international airports;

c/ They may provide authorized payment in foreign currency in cash under the authorization of foreign shipping firms so as to pay wages, bonuses and allowances to non-residents.

12. For residents being export-processing enterprises:

a/ They may write in prices in contracts in foreign currency and make payments in foreign currency by bank transfer when buying goods from the domestic market for production, processing, reprocessing, and assembly of export goods or for export, except goods banned from export. Domestic enterprises may quote and set prices in foreign currency or receive payments in foreign currency by bank transfer when selling goods for export-processing enterprises;

b/ They may quote, set and write prices in contracts in foreign currency, pay and receive payments in foreign currency by bank transfer from other export-processing enterprises.

13. Resident air transport, hotel and tourism businesses may list, and make advertisements of, goods and service prices in Vietnam dong and equivalent foreign currency on specialized websites and publications (excluding menus and service price lists) that only use foreign language.

14. Resident and non-resident organizations may reach agreements on and pay wages, bonuses and allowances in labor contracts in foreign currency by bank transfer or in cash to their non-resident and resident foreign employees.

15. Non-resident diplomatic missions or consulates may list entry and exit visa charges and other charges and fees in foreign currency and collect them in foreign currency by bank transfer or in cash.

16. For non-residents:

a/ They may make foreign currency transfers to other non-residents;

b/ They may write in prices in contracts in foreign currency and pay residents in foreign currency by bank transfer for the export of goods and services. The residents may quote and set prices in foreign currency and receive payments in foreign currency by bank transfer when selling goods and providing services for non-residents.

17. Other cases where foreign currency may be used in the Vietnamese territory as considered and approved on a case-by-case basis by the Governor of the State Bank of Vietnam.

Article 5. Responsibilities of organizations and individuals conducting foreign exchange activities in the Vietnamese territory

1. Licensed credit institutions and other organizations licensed to provide foreign exchange services shall:

a/ Fully observe and guide their clients in implementing this Circular;

b/ Check and keep papers and documents relevant to actual transactions in accordance with this Circular.

2. Other related organizations and individuals shall strictly implement this Circular.

Article 6. Handling of violations

Organizations and individuals violating the provisions of this Circular shall, depending on the nature and seriousness of their violations, be handled in accordance with law.

Article 7.

1. This Circular takes effect on February 10, 2014.

2. The Chief of the Office, the Director of the Foreign Exchange Management Department, heads of related units of the State Bank of Vietnam, directors of provincial-level branches of the State Bank of Vietnam, chairpersons of Boards of Directors or Members' Councils and directors general (directors) of licensed credit institutions shall implement this Circular.-

For the Governor of the State Bank of Vietnam

Deputy Governor

LE MINH HUNG