Business Registration in Vietnam: Burden or Opportunity?

David Walke

ABSTRACT

Experience from other countries demonstrates that, while business registration and related start-up procedures can be a burden for both officials and business people, this need not be the case. Many countries have seized the opportunity to establish laws, procedures and computer systems, which simplify the process. Often this has led to the establishment of a one-stop shop, bringing together functions previously exercised by different departments. This is a model, which is now being adopted in several Vietnamese provinces, with both short- and medium-term benefits.

Key words: business registration, one-stop shop.

Introduction

In May 2004 an expert panel of economists met in Copenhagen to consider the priorities for action in respect of some of the biggest challenges facing the modern world. From a list of 32 areas covering economy, environment, governance, health and population, they identified those, which appeared to offer particular potential and invited specialists in these areas to prepare papers. The panel then ranked the various proposals on the basis of economic costs and benefits. Just one 'governance' proposal was included in the final list, at number 9, after such items as control of HIV/AIDS and improving water supplies. This was 'lowering the cost of starting a new business'.

Over recent years, the World Bank has conducted regular reviews of the time and cost of doing business in countries around the world. Their reports aim to provide objective measures of business regulations and their enforcement. The cost of starting a business is just one of ten topics covered, but it is one that regularly attracts a high degree of media interest.

David Walke, a former Deputy Registrar of Companies in England and Wales, is an international adviser on business registration and currently an adviser to Vietnam Private Sector Support Programme funded by the European Union. The Programme is implemented by the Agency for SME Development (ASMED) under the Ministry of Planning and Investment. Part of the strategy employed is the creation of an enabling environment conducive to the development of small and medium enterprises, in particular at the provincial level. This has included providing support to the development of one-stop shops for business registration established by the People's Committees in Da Nang and Hai Phong, bringing together functions exercised by provincial Departments of Planning and Investment, Taxation and Public Security. This work will shortly be extended to include Hue, Hoa Binh, Long An and Can Tho.
Why is this so? Obtaining credit or enforcing contracts may be important to an established business, but they mean little if bureaucratic requirements deter the potential entrepreneur from even starting in business. A person who does not know how to get around the rules may well abandon a good business proposition while the more determined may be tempted by the perceived benefits of the grey economy. To the economists in Copenhagen, what mattered was not simply that there was a serious problem, but that it was a problem, which could be solved and that the investment involved would be well rewarded.

This paper considers business registration in Vietnam against the background of developments in other countries. It reviews the type of organizational structure, which is considered appropriate and in particular the development of one-stop shops. It looks at the process of registration, with its implications in terms of documentation, use of seals and methods of publication, all of which have a bearing on cost and potential for corruption. It sets out the standard approach advocated in a recent inter-ministerial circular and notes the need to exploit the registered information as an information resource for the business community as well as for government. It recognizes developments currently in train at national level and the need for provincial administrations to develop and promote the services to achieve short-term benefits and to contribute towards the integrated system, which will eventually operate throughout the country.

1. Background

The key provisions relating to business registration in Vietnam are contained in the Enterprise Law 2005 with more detailed provisions in the Decree on Business Registration. The right of an individual or organization to establish an enterprise is enshrined in legislation, as is the right of the enterprise to conduct any business activity not prohibited by law.

While the requirements relating to registration are defined in the law, the organization of business registration in each of the 64 provinces is the responsibility of the provincial People's Committee. Enterprises register at provincial Business Registration Offices, while household businesses and cooperatives register at district level. Ho Chi Minh City operates a standalone computer system, ten other provinces contribute to a common database at the Ministry of Planning and Investment, and the remaining 51 provinces rely on paper records and local databases or spreadsheets.

To date, some 250,000 new private enterprises have been registered in Vietnam, contributing to increased private investment in socio-economic development. The private sector has an important role in the development of a market economy with socialist orientation.

Registration, particularly as regards businesses established as separate legal entities, can be seen as a deal between the businessman and the state. While in some jurisdictions individuals can, usually with the assistance of a notary, create a legal entity, the widely-accepted view elsewhere is that creation of such an entity is the preserve of the state. Where this is so, the act of registration actually brings the legal entity into existence.

The benefits of registration are thus the ability to operate a lawful business, if appropriate with corporate status, perpetual succession and limited liability for shareholders. The price of registration can be said to include not only an administrative fee to cover the costs involved but also the provision of information about the business and its activities. It can also involve a great deal of time and effort, but this need not be the case if the law and procedures are designed to meet the real needs of the situation.

Prior permission to conduct business is a feature of many but not all jurisdictions. For instance, in the United Kingdom, individual entrepreneurs and general partnerships, which do not have corporate status or limited liability, are not included in the register: anyone may start a business without formality, though they will need to deal with the tax office and observe any laws relating to their type of business.

In Vietnam, the Enterprise Law 1999 subsumed the previously separate requirement for an 'establishment license' into a single business
registration provision\(^8\), though various sectoral licenses and other permissions may still be required\(^9\). The business registration certificate specifies the lines of business which the enterprise will conduct.

In countries throughout the world, making business registration simpler has been shown to result in an increase in the number of legitimate enterprises with consequential benefits for tax revenues, employment and the economy as a whole, while minimizing the scope for corruption.

2. Organizational structures and one-stop shops

Organizational structures are varied and influenced by history. Countries with a French or German legal tradition tend to rely on court procedures. Italy and the Netherlands use chambers of commerce to maintain the registers. In countries of the former Soviet Union, registration was in most cases a local government responsibility, though there have been changes, with several countries developing more centralized systems. The Russian Federation took the unusual step of transferring responsibility to the Federal Tax Administration. Countries with a tradition of English law generally use administrative offices and are more likely than others to have centralized systems.

Most countries when seeking to reform business registration have not set up entirely new structures for the purpose. There is a trend towards allowing a high degree of autonomy to registry managers, allowing them to develop services to meet demand, and many registries are self-financing, funding their operations from fee income. This has often resulted in the registry being redesignated as an 'executive agency' and 'trading fund', but in most cases retaining links to a parent department. The model developed in the United Kingdom has been followed and adapted in several countries, including Hong Kong, Singapore and Malaysia.

In most cases where the courts have had responsibility for business registration, the link has proved difficult to break. France introduced major reforms in 2003 but court registration is still part of the process. While in Italy registration is handled by chambers of commerce, this is technically still the responsibility of a judge. A few countries have however made the change. Serbia established a new registration agency, which assumed responsibilities for functions previously exercised by the courts and a similar approach, is being adopted in Bulgaria. Rwanda also plans a new Registration Services Agency, which will take over responsibility for registration from the courts.

One of the key reasons for the state to require businesses to register is to ensure an effective system for the collection of tax revenue to fund government expenditure. Separate registration for general administrative purposes and for tax actually inhibits efficiency in this area. Countries, which have separate registration procedures, generally have problems in maintaining a comprehensive tax register. The trend internationally has been towards integrating these functions.

This makes sense in terms of efficiency of revenue collection. It is also relevant where governments are seeking to simplify the interaction between citizens and official bodies. In keeping with the basic principle of 'joined-up government', which implies that it should not be necessary for any citizen to provide the same information to more than one government body, there is a common trend towards greater integration between government agencies at all levels. This is possible through the application of information and communications technology. While there is a constant search for greater efficiency and cost-effectiveness in the public sector, the key feature of recent developments is their focus on the needs of the user, that is, the customer or citizen.

As an example of the progress made in sharing information, in 2005, 22 out of 36 European registries surveyed already had arrangements in place to automatically update the relevant tax authority database\(^10\). This excludes those where there were other arrangements to transfer information.

Currently, Nigeria\(^11\), Kenya\(^2\), Lesotho\(^13\) and Rwanda\(^14\) are all in the process of merging
While registration in Australia and Canada will take considerably longer than indicated if it is conducted on paper, the expectation is that most corporate and tax registration into a seamless process. In each case the aim is, so far as is possible, to establish a one-stop shop.

In keeping with the policy of economic renovation (doi moi) adopted by the Communist Party and Government in 1986, one-stop shops have been a key feature of Public Administration Reform in Vietnam since 1994 and form part of the Public Administration Reform Master Plan 2001-2010. The reform policies were reflected in the Law on Government Organization 2001 and a Decision issued in 2003 promotes the one-stop shop as a mechanism for state management agencies within their authority to process administrative activities.

This is consistent with developments in other parts of the world. There is however no single universally accepted definition of a 'one-stop shop'. The term is variously used to refer to:

- A 'single door', involving co-location of officials from different ministries or departments, thus saving the customer the time and effort involved in visiting several different offices and in clarifying the steps associated with a business start-up;
- A 'single window', where the customer deals with a single official and that office liaises with all other offices involved; and
- A 'single portal', allowing the customer to submit an application electronically via a web site.

Several countries have introduced 'single door' facilities to assist major investors to establish new businesses. This has often involved bringing a single representative from each of several departments into one office in order to provide a personalized service. Organizations typically involved would include the company registry, the tax administration, social security fund, customs, immigration and a range of licensing bodies. However, an official in such an office often has to refer back to the main office of the Ministry or other body concerned in order to secure the necessary action or approval. It can also be the case that action with the first official has to be completed before moving on to the second. A complex issue, such as the issue of a specific sector license, may necessitate the applicant dealing with specialist personnel in Ministry offices as well as officials in the one-stop shop. There have been criticisms that many such initiatives to support investors have amounted to 'one more stop'.

Even so, the basic one-stop concept remains valid and, while it may be appropriate for particular assistance to be given to major investors, there is a growing realization of the need to apply the one-stop shop principles for the benefit of anyone setting up a business. The emphasis has however shifted from bringing different officials together physically to sharing information electronically between organizations.

Many of the best one-stop shops would probably not even use this term (see Table 1). To find the 'best' one should really look at performance rather than titles. Australia, Canada and New Zealand require only two formal steps to establish a new company, in each case business registration and tax registration, though both can be completed on-line. These three leaders have yet to make the final step with the merger of business and tax registration. Denmark and Finland have done this but have additional requirements in terms of paying capital into a bank. Sweden has similar requirements.

### Table 1: Leading One-Stop Shops

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<thead>
<tr>
<th>Country</th>
<th>Processes</th>
<th>Days</th>
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<td>Australia</td>
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<td>Canada</td>
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<td>New Zealand</td>
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<td>Afghanistan</td>
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<td>Denmark</td>
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<td>Finland</td>
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<td>Sweden</td>
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While registration in Australia and Canada will take considerably longer than indicated if it is conducted on paper, the expectation is that most...
applications will be submitted electronically. This is consistent with some of the highest levels of internet penetration in the world, 70.2% and 67.8 per cent respectively, and e-government policies requiring services to be delivered electronically as the most effective means of servicing the needs of the population.

In Denmark, with 69.2% internet penetration, electronic filing is mandatory, though conducted through registered users. On-line registration is also mandatory in Singapore, where start-up is said to involve six processes, though any Singapore citizen or permanent resident can incorporate a company using his Singpass, a common password used to transact with Government online services.

An unexpected addition to the Table 1 is Afghanistan, where the Afghanistan Investment Support Agency (AISA) was established in 2003 specifically as a "One-Stop Shop for Investors". AISA has been charged with the responsibilities of registration, licensing and promotion of all new investments in Afghanistan.

There is another territory, which may lay a claim to be a true one-stop shop, even though it is not covered by Doing Business. The Kosovo Business Registration Agency registers companies on a same-day basis and passes information directly to the Tax Administration, Statistics Office and Customs. The entrepreneur does not need to deal with these bodies directly. As soon as he or she has a certificate, the company can start business.

While there is a constant search for greater efficiency and cost-effectiveness of the public sector, a key feature of recent developments, whether specifically in the context of one-stop shops or otherwise manifested in the form of 'joined-up government' or executive agencies, is their focus on the needs of the user, that is, the customer or citizen. It has been found that even referring to people as 'customers' denotes a significant cultural change.

While an official may currently see it as his or her function to ensure the legal veracity of documents submitted to a public body, to keep records or to collect revenue, the customer's perception is likely to be quite different. To the extent that officials see themselves as running a shop, they will probably 'sell' a registration certificate or a seal. Yet this is not what their customer is buying. The entrepreneur is buying the right to conduct legitimate business, in some cases with the added benefits of separate corporate status and limited liability. The certificate and the seal are simply the trappings of officedom, which in the past have been essential but are likely to have less relevance in years to come.

2.1. Cost of registration

The cost of registration bears a close

<table>
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<th>Registration fee</th>
<th>Total start-up costs</th>
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<td>USD</td>
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<td>Denmark</td>
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<td>United Kingdom</td>
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relationship to the number of activities to be performed by applicants and officials. The cost is least in Denmark, where there is no charge for registration, with all applications being submitted electronically by registered users of the Danish Commerce and Companies Agency’s 'Webreg' system. Other countries where the cost is low in relation to the per capita gross national income (GNI) are shown in Table 2.

By comparison, the cost of establishing a business in Vietnam amounts to 44.5% of GNI per capita.

It is evident that in some countries the registration fee constitutes the entire cost of business start-up. In others, it is only a small part. If notaries or other intermediaries are to be involved in the process, this will obviously add to the cost.

European law has established clear principles for the basis of charging for registration services. These are binding on the 27 Member States of the European Union but also offer a useful reference standard for other countries. Essentially, fees should be set at a level to recover the cost of providing the service. Apart from capital duty, which is the subject of separate provisions, the Capital Taxes Directive prohibits the charging of any taxes on the incorporation of companies or registration of an increase in capital. Fees are potentially taxes in this context.

The First Company Law Directive also provides that the price of obtaining a copy of the whole or any part of the documents or particulars required to be filed at a companies registry, whether by paper means or by electronic means, must not exceed the administrative cost involved.

2.2. Provincial registers, national registers, international registers

With the introduction of computerized systems, there has been a move towards centralizing business registration. EU Member States are in fact obliged to operate ‘a central register, commercial register or companies register’. This does not necessarily mean that all functions must be centralized, but there does need to be a single register. Countries in which registration has traditionally been dealt with at a local level have had to develop means of consolidating information. For instance, the courts in Germany now provide information to unified Länderrregister and a federal unternehmensregister.

Unlike the United States, where, apart from listed companies, registration takes place at State level and there is reliance on the private sector to collect and disseminate information about companies, in Europe national registers have an essential role in providing access to company information. Anybody doing business with a European company is entitled to see its constitutional documents and to have access to details of its capital and the individuals authorized to represent it. They are also entitled to see its financial statements. The national registries have a key role in making this information available.

The developments are however not constrained to national level. Ukraine recently became the seventeenth country to become a member of the European Business Register, a network of national registers, each providing information in a standard format, enabling on-line access in any of the languages used by EBR members.

There is also active consultation between countries. The Corporate Registers Forum, founded in 2003 with members from Asia and the Pacific, met in Malaysia and Singapore in April 2007 to discuss ‘Evolution of the Corporate Registers: Challenges and Opportunities’. For the first time, Vietnam was represented at the conference, The International Association of Commercial Administrators, with membership principally from North America, met in May 2007 in Seattle to discuss ‘Navigating the Tides of Change’ and the European Commerce Registers Forum will hold its tenth annual conference in Riga, Latvia in June 2007. The theme for the Riga conference is ‘Registries Work Electronically’.

2.3. Documentation

The Asian Development Bank (2005) has pointed out that, while legislation and specific
guidelines issued by the centre in the forms of circulars are clearly intended to minimize the scope for discretion by provincial officials, in practice, the complexity of these instructions frequently has the opposite effect. Something is wrong when, as recently found in one province, 70% of applications for business registration are rejected on the basis of technical shortcomings in the documentation. Either the requirements are unclear or the officials are being over-zealous in their interpretation.

The Enterprise Law sets out the requirements for each type of enterprise, which invariably involve an application form, details of all individuals involved together with identity documents, any necessary prior permissions and confirmation of capital. A partnership or company will need a charter. There are also forms for tax registration and for application for permission to have a seal.

Much of the information required for the application for business registration is also needed for the purposes of tax registration. There is therefore a considerable amount of detail which appears on both forms. The tax application uses most of the information on the business registration form plus some additional items. It is clear that some of the fields on the tax form, such as details of the as yet unopened bank account or existing employees, will invariably be left blank at the registration stage. As mentioned above, the trend internationally is to integrate business and tax registration: a single form, geared to the situation of a new enterprise, would be a useful first step.

The new system recently implemented in Hung Yen allows for completion of relevant information via a web site. In doing so, it observes the constraints imposed by the statutory forms. It does however not require the same information to be provided more than once as the data field will automatically be pre-populated where the information has already been provided. This is progress but it does not really excuse asking for the same information twice in the first place. It is to be hoped that a single form will in due course overcome this obstacle.

The charter presents rather different problems. The sixteen categories of information to be included in a company charter are defined by statute, but the precise wording is a matter for the promoters of the company or their advisers. The Departments of Planning and Investment in both Hanoi and Ho Chi Minh City have provided specimens on their web sites. The IFC Mekong Private Sector Development Facility (MPDF) has plans for templates of the forms and a reference copy of the charter requirements to be made available on CD.

Other countries are attempting to simplify documentation. In 2006, Portugal introduced standard articles of association (equivalent to the charter in Vietnamese law). The effect has been that it is no longer necessary for the articles to be prepared by a notary and that examination can be completed far more quickly than before.

2.4. Names and seals

Countries have adopted various standards regarding the naming of companies and other businesses. These range from ensuring that a name is not identical to an existing name through to requiring the inclusion of specific information about proposed activities within the name. Consolidating provincial registers into a national register obviously increases the scope for confusion, and ultimately new applications should be checked against the national register.

It is common practice internationally for a company to have a corporate seal, but this is not always essential. In the United Kingdom, a corporate seal has been optional since 1990. Under the latest legislation, a document is validly executed by a company if it is signed on its behalf by two authorized signatories or by a director in the presence of a witness who attests his signature. A document executed in this way has the same effect as if executed under the company's common seal.

Most countries either do not regulate the
production of seals or allow the making of a seal on production of a relevant business registration certificate. Of the 175 countries surveyed by *Doing Business*, 94 do not mention seals as a necessary formality for the purposes of starting a business. Notably, companies in the Russian Federation frequently need to use seals in commercial transactions and in dealings with government. These need to conform to a state standard, but there is no need for them to be registered. The City of Moscow used to operate a system of registration for seals, but this was abolished in 2005 as it was no longer considered necessary. The City of Moscow then operated a system of registration for seals, but this was abolished in 2005 as it was no longer considered necessary. Vietnam appears to be unique in requiring both prior permission from the police for the making of a seal and registration after it has been made.

While in Vietnam seals will almost inevitably remain part of the culture for the foreseeable future, there appears little justification for fears that reducing the level of state supervision would result in widespread fraud through the use of forged seals.

2.5. Publication of notice of registration

It is normal practice for notice of registrations to be published in an official Gazette or newspaper, but, as systems and legislation are updated, it has become increasingly common for the information to be published on an official web site instead. While European law requires that specified documents and particulars shall be published in a national gazette, there is specific provision for the gazette appointed for the purpose to be in electronic form.

The Enterprise Law states that enterprises are required "to publish in the website of the business registrar or in three consecutive issues of a newspaper or electronic newspaper specific details relating to the registration. In most provinces, enterprises are still obliged to arrange and pay for publication in a newspaper, though in some the Department of Planning and Investment will place the information on a web site. This approach can be expected to be more widely adopted as the relevant computer systems become available, with a saving not only of the financial cost of publication, but of one step in the business start-up process.

2.6. Corruption

It is impossible to ignore the fact that corruption exists in Vietnam or that worldwide stricter regulation of entry is associated with sharply higher levels of corruption and a greater relative size of the unofficial economy. In particular, there is a high level of correlation between the number of procedures involved in starting a business and perceived corruption. A third of Vietnamese civil servants in a recent survey had recently witnessed others "receiving money or presents to work in favour of the bearers" or "people in positions of authority intentionally causing difficulties to others in order to cause them to give money." The country again scored only 2.6 in the 2006 Transparency International Corruption Perceptions Index. This compares with 9.6 for Finland, Iceland and New Zealand, placing Vietnam at 111th position out of the 163 countries surveyed.

Despite its poor rating, the extent of corruption in Vietnam is considered to be generally comparable to that in other countries at a similar level of development, but the problem is being taken seriously. In 2004, the government endorsed the Anti-Corruption Plan for Asia and the Pacific initiated by the Asian Development Bank and OECD. The Law on Corruption Prevention and Control came into force in July 2006 and the Prime Minister has promulgated an action plan. The expansion of the one-stop shop network has been identified as one of the best tools in restricting opportunities for corruption.
2.7. National guidance for provinces

A joint circular issued by the Ministry of Planning and Investment, the Ministry of Finance and the Ministry of Public Security provides guidance on the establishment of a coordinated mechanism for business registration, tax registration and permission for the making of a seal for enterprises established and operated under the Enterprise Law. This envisages a procedure as summarized in Figure 1.

The circular does not change the underlying law and, while most provinces are expected to implement this type of single-window one-stop shop, there have been concerns that aspects of the procedures set out in the circular are inconsistent with existing legislation or instructions. Such issues as the need for the application form for tax registration to bear a seal (meaning that registration cannot logically proceed in parallel with action to obtain permission for a seal and to have it made and registered) or that the Security Department is obliged to deliver the certificate of seal registration to the enterprise (rather than the one-stop shop) need to be addressed. It would be inconsistent with the aims of the Enterprise Law to allow such petty obstacles to stand in the way of providing an efficient service to the business community.

While this model is an advance on existing arrangements in many provinces in that it would no longer be necessary for the customer to visit the tax office and the number of visits to the Security Department would be reduced, it does not meet the ideal of allowing the customer to conclude the whole process at one office, dealing with one person.

There is the potential for this if, when visiting the one-stop shop, the customer is able to choose a seal by reference to samples and price lists and to make a single payment for all services.

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**Figure 1: Joint circular - procedure for business registration in Vietnam**

1. Customer visits One-Stop Shop to deliver applications for business and tax registration, pays business registration fee and obtain receipt

2. Copy of business registration certificate sent to Security Dept. Within 10 working days

3. Copy of business registration certificate sent to Tax Office, also within 10 working days

4. Permission for seal-making sent to One-Stop Shop within 5 working days

5. Tax registration certificate sent to DPI within 5 working days

6. Customer collects business registration certificate, tax registration and permission for making seal
Security Department personnel could then obtain and register the seal (as they currently do in some cases by special arrangement) and return this with the registration certificate to the one-stop shop. As soon as arrangements are in place, it would also be appropriate for the one-stop shop to publicize the registration on an official web site. Figure 2 outlines the impact of these modifications.

The circular sets new standards in terms of performance times. Failure to meet prescribed standards means that the enterprise founders are entitled to lodge a formal complaint. Computerization offers the opportunity for objective monitoring and publication of performance data, but in some countries there may be other implications of failure to meet standards. Several have adopted a policy of 'silence is consent', first introduced in Italy. In Georgia, following amendments to the Law on Entrepreneurship in 2003, if the court fails to either register or formally reject an application within 5 days, the business is considered registered and the court must issue a business registration certificate immediately upon request. It is not entirely clear what the full legal ramifications may be of a legal entity being in existence without being on the official register. Jamaica has a simpler solution: the Registrar of Companies offers a money-back guarantee.

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Figure 2: Enhanced procedure for business registration in Vietnam

1. Customer visits One-Stop Shop to deliver applications for business and tax registration, choose seal-maker, seal and pay all fees and charges and obtain receipt.
2. Customer collects business registration certificate, tax registration and registered seal.
3. Copy of business registration certificate sent to Tax Office.
4. Customer visits One-Stop Shop.
5. Tax registration certificate sent to DPI.
6. OSS web site.
7. Security Department registers seal and return seal and certificate to DPI.
8. Copy of business registration certificate sent to Security Dept.
10. One-Stop Shop publishes details of registration on web site.

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2.8. Using the information

The information collected as part of the business registration process is of value to other government offices and to the business community. Indications are that in many provinces little use is made of the information because it is incomplete or inaccurate or because there is simply not the perceived demand. By law, any organization or individual is entitled to access the information\textsuperscript{48} and there is scope for developing this service, particularly with the development of web-based facilities. Government offices should not be asking enterprises for information, which is already on the business register. In Denmark and Estonia it is strictly forbidden to do so\textsuperscript{59,60}.

The potential value of the information held by business registration offices should not be underestimated. In the past year, there were 44.7 million accesses of the free information available about individual companies in England, Wales and Scotland via the web site of Companies House, the official registration agency. Customers bought 3.7 million electronic copies of specific documents\textsuperscript{61}.

Enterprises should be encouraged to make more use of the information in the interests of better-informed business decisions.

2.9. Developments at national level in Vietnam

A project to introduce a consolidated national registration system was started in 2004 under the auspices of UNIDO. Subject to donor funding, it is anticipated that there will be a new Decree on Registration by early 2008. It is intended that, as part of the changes, there will be a single registration form covering the requirements of all departments. Information collected by Business Registration Offices in provincial Departments of Planning and Investment will be passed to the central database, from where it will be automatically distributed to the General Department of Tax, the General Statistics Office and the Ministry of Public Security.

3. Conclusions

Experience from other countries demonstrates that business registration can operate efficiently and effectively in the interests of both the business community and the government.

In seeking to improve facilities, most countries have concluded that it is better to build on existing institutions, though often reforming and enhancing them. One-stop shops have proved an effective mechanism for the delivery of this type of service. As enterprises extend their business with suppliers and customers further from their home base, national systems have become increasingly important, but this does not exclude the need for service delivery at local level. In Vietnam, an effective national register can in any case only be compiled from complete and accurate information collected by provincial offices.

The business register is an important resource for government and it makes sense for all government offices requiring basic information on an enterprise to refer to the register rather than approaching the enterprise directly. This is a particular consideration when developing computer systems. The register is also an essential source of information for the business community, who should be encouraged to make use of it.

A business registry can often be funded by income and fees should not be excessive if they are set on the basis of simply recovering costs. Best practice indicates that registries should not be seeking to make a profit for the government.

Reforming business registration in Vietnam provides an opportunity to improve performance.
across several departments through better provision of information while lifting the burden currently imposed on promoters of new enterprises through having to deal separately with each office. A simpler, streamlined system will provide a faster, cheaper and more relevant service and promote a business environment consistent with present-day needs.

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13. World Bank: Lesotho - Private Sector Competitiveness Project, Reform and Development of the Company Registry.
24. www.aisa.org.af
25. www.arbk.org
34. www.iaca.org.
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43. Government of Moscow Decree of 8 February 2005 on Liquidation of Moscow Registration Chamber.
44. Article 4, First Directive as amended.
47. World Bank (2006), 12.
54 Inter-Ministerial Circular No. 02/2007/TTLT/BKH-BTC-BCA.
55 Article 20(2), Decree on Business Registration.
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