

## One-Stop Business Registration- International Experience and Lessons for Vietnam

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**F**or enterprises (DN), to get easy market entry and find information on prospective partners easily is one of the important factors to enhance competitiveness in the context of integration. On July 29, 2008, the Ministry of Planning and Investment - the Ministry of Finance - Ministry of Public Security has issued the Interdepartmental Circular 05/2008/TTLT/BKH-BTC-BCA to guide coordination mechanisms between the agencies responsible for business registration, tax registration and seal registration with enterprises established and operating under the Companies Law. The Circular introduces a new process that reduces the time for business and tax registration to only 5 days. Within a maximum of 5 days from the time of receipt of documents, Business Registration Office under the local Service of Planning and Investment should grant certificates of business and tax registration to enterprises, or certificate of tax and operation registration to branches and representative offices. When receiving the seal and certificate of seal registration at the public security agencies, representatives from the enterprise should submit copies of certificates of business and tax registration, or certificates of tax and operation registration and produce their identity cards to the public security agencies. This is a new step towards a one-stop procedure for companies.

In spite of such basic changes, considering models of business registration in some Asian countries as the pioneer of this field still allows Vietnam to achieve more effective steps towards the administrative reform to serve the business circles.

### 1. Some foreign company registration agencies

#### a. Hong Kong Companies Registry

CR was established in 1993 by the Financial Services and Treasury Bureau. This is one of five administrative agencies in Hong Kong that enjoy financial independence. Both Hong Kong and Non-Hong-Kong companies, except for family businesses and personal companies that want to establish and operate should make their registration here.

The chief of this agency is a registrar of companies who is responsible for overall management of the CR. Five officers assist him, including a registry solicitor who is responsible for overall administration of legal services division, another solicitor who runs operation relating to business registration, offers policy guidance and coordination among divi-

sions and direct certain divisions, such as Customer Services Division, Company Formation & Enforcement Division, Public Search Division, Registration Division, and General Support Services Division.

By 2007, this agency employed 343 officials, comprising 307 full-time officials and 36 contract employees. This figure is smaller than the 2004 one (396) because of new requirements from the human resource development plan.

As one of five administrative bodies of Hong Kong, the CR undertakes the following functions:

- Realizing registration and dissolution for both Hong-Kong and non- Hong-Kong limited companies, public companies. The agency makes no registration for personal companies, partnership and family businesses.
- Providing the public with facilities to electronically search for the information held by the Registry through its branches.
- Ensuring compliance by enterprises and their officers with their obligations under relevant ordinances.
- Advising the government on policy and legislative issues regarding company law and related legislation.

#### b. Main CR operations

In 2004-05, total number of newly registered was 66,466, that is, some 5,539 ones came into operation in a month on average. Birth of the one-person company on Feb. 13, 2004 and simplification of establishment procedure has encouraged the establishment of companies. The CR has received 1,624,230 documents, or 6,038 ones per day. These documents include articles of incorporation, notices of appointment or change of directors and company secretaries, notices on changes in the company addresses, and annual financial statements.

Companies are responsible for sending contents of their documents along with annual financial statement, and list of founders, etc. and will be fined if they fail to submit annual reports.

As for CR information service, it has changed from the task of supplying forms of all kinds, and copies of business registration certificates to an electronic search service. This is a free service when customers want to get information about any company. They can easily use this service on the CR website. Most information can be downloaded or viewed online. This 24/7 service is very useful because it helps save time and money. The most

Table 1: Hong Kong Companies in 2002-07

Company/year	2002	2003	2004	2005	2006	2007
Public companies	6,922	7,171	7,562	7,912	8,376	9052
Private companies	496,189	490,235	511,418	541,320	583,568	645,986
Total No. of companies on register	503,111	497,406	518,980	549,232	591,944	655,038

Source: [http://www.cr.gov.hk/en/statistics/statistics\\_01.htm](http://www.cr.gov.hk/en/statistics/statistics_01.htm)

searched -for information includes company name, their headquarters and branches, directors, price of shares, capital structure and basic documents and pictures of the company. This service also supply the online Q&A service and complaint handling.

The Integrated Companies Registry Information System (ICRIS) officially came into operation on Feb. 28, 2005. All documents received by the Registry are converted into digitized images for data entry. Customers can conduct online searches on latest data of companies and directors and over 100 million digitized images of registered documents in the Registry's database on a 24-hour basis seven days a week (at <http://www.cr.gov.hk/en/about/development.htm>).

The CR collects fees to cover its overheads. Its receipts include company formation fee, registration fee, and copies fee. The CR pays 30% of its profit to the treasury. Fees must be approved by the legislative body and reasonable and acceptable in the eyes of the business circles.

At present, basic information about companies registration is supplied free to governmental bodies, such as names, address, and operations of companies. Some fees are required for more detailed information.

#### *b. Companies Commission of Malaysia (CCM)*

- The CCM, a statutory body under Ministry of Domestic Trade and Consumer Affairs which regulates companies and businesses came into operation on April 16, 2002 as a result of a merger between the Registrar of Companies (ROC) and the Registrar of Businesses (ROB) in Malaysia. The main activity of CCM is to incorporate companies and register businesses as well as to provide company and business information to the public thereby ensuring compliance with business registration and corporate legislation through comprehensive monitoring activities to sustain positive developments in the corporate and business sectors of CCM clients in Malaysia.

As from March 1, 2005, CCM was re-organized. It is now run by a board comprising six members from both the public and private sectors. One of them acts as a chairperson who manages directly all CCM operations. There are three assistants for the chairperson and they manage different divisions:

- + General administration division includes such subdivisions as planning and development, file management, business and company service, information service, and business development, etc.

- + General resources division is responsible for such issues as financial and accounting management, human resource, and general management, etc.

- + Enforcement division deals with legal matters, dispute settlement, prosecution, and law enforcement, etc.

- Companies wishing to operate in Malaysia must register with the CCM (Companies Division). Under the regulations of the CCM, there are different procedures for local companies and foreign companies. The general procedure is as follows:

- + Companies must make an application to the CCM to inquire if the intended name is still available for registration. The process is done online and result could be obtained within one working day.

- + A reservation period of three months will be granted if the name is available, during which time the company must submit copies of documents like Memorandum and Articles of Association, Statutory Declaration of Compliance and Statutory Declaration, etc. along with necessary information about the applicant, branches of the company if any and its registered operations. Registration fee depends on the chartered capital of the company

A certificate of incorporation will be bestowed by the Registrar of Companies once registration procedures are completed and approved.

After getting certificates, companies should submit annual financial statement as required by the Companies Law 1965 and inform all changes in their companies and operations. When the company wants to go out of business, it should also inform the CCM by official forms.

The company should pay fee for registration: 30 ringits when employing personal names and 60 ringits for commercial names. Information about the forms and fee are available in all forms and all forms can be submitted electronically. If the documents include mistakes, they will be rejected and no fee is returned because faults are made by the company.

- Accessing to CCM information: All individuals and organizations can get access to the CCM infor-



mation about companies and all forms for establishment of company and registration, download or print it if need be. Clients should pay RM10 for detailed information about a company.

ID codes for companies are different when granted by different agencies, so Malaysian companies meet with difficulties because of lack of a common code for a company. To provide companies with this convenience, governmental agencies should reorganize their data banks and find a solution for integration of data from various sources. Moreover, purposes of granting the code numbers to companies differ over agencies with the result that many problems should be solved before companies can use a sole code number for all of their transactions with governmental agencies.

## 2. Some opinions about a one-stop company registration in Vietnam

As presented above, the Hong Kong CR operates as an fee-based administrative unit and its income is large enough to cover overheads and salary for its staff. Principal clients are would-be companies and individuals or organizations that want to gather information about companies. To serve its clients better, CR has built its ICRIS to support fulfillment of its functions and in fact, this system has initially played well its role in the building of a huge databank about companies and fast access for clients. This could be seen as an effort to computerize the company registration in Hong Kong. At present, however, Hong Kong government hasn't allowed online registration and company formation, but it is one of targets the ICRIS is striving for.

The company registration in Malaysia has been computerized by accelerate a full databank about companies. Moreover, information about financial issues, losses and profits, are also publicized. This is one of differences with Hong Kong CR electronic search service.

From Hong Kong and Malaysian experience and existing conditions of the Vietnamese company registration in general and of procedures for entering the market in particular, we see that it's necessary to computerize the procedures and information service, thereby forming a databank about companies including information collected in the past.

The main objective of the reform in the company registration is to build a one-stop process in which documents for registration can be sent to only one address when forming a company and asking for tax code number and permission to use seals. To achieve this aim, related agencies must establish a mechanism for their cooperation and coordination. One of preconditions of the one-stop process in existence of a central databank where all related information is sent to. This is a condition of the good

performance of the system: reliability of the registry ensures valuable sources of information. This means that all information from the national companies registry should be considered as the sole source of valid information about companies. That is why any clients can trust such information.

In Vietnam, the UNIDO and the Government started a program called "Renovation of the national business registration" (Phase 1: Mobilization of resources and a start for renovation of business registration) in 2007 to help the companies registry work out uniform forms of registration. The uniform form is very important to the one-stop process. The registration form is used for the first registration, changes and dissolution of companies of all kinds; for request of tax code numbers and permission to use the seal; and for supply of basic information about companies to the statistics office. Companies need not supply their information again when asking for tax number and the right to use their seals. Experience from developed countries shows that such process can help reduce mistakes in filling the forms and handling the forms by governmental agencies.

The Interdepartmental Circular 05/2008/ TT/IT/ BKII-BTC-BCA introduces a mechanism for cooperation among governmental agencies (registry, tax and public security) to handle requests by companies established according to the 2006 Companies Law. Reality, however, forces these agencies to develop a common software needed for the share of information. Moreover, they should deal with the use of the tax code number as required by the Circular in order to make the best use of the databank accumulated by the companies registry in the past. The Circular can not solve this problem because it requires effective cooperation between the said agencies that serves both companies and all governmental bodies.

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