

# OUTSTANDING POINTS ON ONE-WAY MONEY TRANSFER ABROAD FROM VIET NAM BY RESIDENTS BEING ORGANIZATIONS

QUYNH NHUNG



On December 30, 2022, the State Bank of Vietnam issued Circular 20/2022/TT-NHNN (**Circular 20**) guiding one-way money transfer abroad from Viet Nam and payments, remittances for other current transactions of residents being organizations and individuals. This Circular takes effect from February 15, 2023 with some highlights related to money transfer by residents being organizations as follows:

*First, regulating two cases of purchasing, transferring, taking foreign currency abroad for organizations' purpose of one-way money transfer, including:*

**(i)** Foreign currency purchased, transferred or taken abroad to serve sponsorship and aid purposes, including:

- Sponsoring, aiding according to commitments and agreements between the State, the Government, or local authorities at various levels and foreign countries. The sponsor amounts and aids are sourced from the budget or funds of the organizations providing the sponsorship or aids themselves.
- Sponsoring, aiding to overcome consequences of natural disasters, epidemics, wars with the sources from voluntary contributions of domestic organizations and individuals and/or funds of the donors and sponsoring organizations themselves.
- Sponsoring programs, funds and projects established by domestic and/or overseas organizations for the purpose of supporting and encouraging development in culture, education (scholarship provision), health. The money is funded by the sponsoring organizations themselves.

**(ii)** Foreign currency purchased or transferred one-way abroad in other cases such as:

- Paying rewards to non-residents being overseas organizations, individuals participating in programs, competitions held in Viet Nam in accordance with relevant laws. The money for

reward payment comes from non-residents being overseas organizations and individuals, or residents being organizations.

- Transferring money one-way abroad from Viet Nam with the funds from non-residents being overseas organizations and individuals for the purposes of (i) allocating funds to overseas members participating in scientific research projects in Viet Nam and abroad and (ii) refunding the money sponsored for project implementation in Viet Nam according to commitments and agreements with foreign parties.

Sources of the foreign currency transferred or taken abroad for the above purposes include: (i) Foreign currency in payment accounts, (ii) Term deposits in foreign currency and (iii) Foreign currency purchased from authorized banks. Accordingly, organizations' uses and purchase of foreign currency as mentioned above will be carried out according to the instructions of the authorized banks.

*Second, regulating the limit of foreign currency purchased, transferred and taken abroad.* Most amounts of foreign currency purchased, transferred and taken abroad are based on the sum stated in relevant papers and documents without restriction on the transfer limit. Particularly, for the case of purchasing or transferring foreign currency abroad for financing programs and projects to support and encourage development in culture, education, and health, the amount of foreign currency transferred abroad will be based on the one stated in relevant papers and documents but must not exceed USD 50,000 or other foreign currencies of equivalent value in a single transfer. It should be noted that the organization transferring money abroad for funding purposes in this case is only allowed to purchase and transfer foreign currencies at only one

authorized bank during sponsoring of each program, fund or project.

*Third, regulating the payment and money transfer for other current transactions*, including: (i) Payments and remittances related to activities of temporary import, re-export, temporary export and re-import, transit, etc.; (ii) Social insurance contributions, social insurance payments; (iii) Payment of insurance, reinsurance premiums, etc. under international treaties to which Viet Nam is a member, or payment of insurance compensation and benefits; (iv) Expenses under a legally binding decision or judgment of the Court/Arbitration, or a decision of a competent authority of Viet Nam; (v) Fines and compensation for property damage or injuries not yet covered by insurance. The above payments and remittances must be made through authorized banks.

## **COMMENTS AND RECOMMENDATIONS**

The promulgation of Circular 20 aims at formulating a unified and detailed legal framework for organizations in conducting one-way money transfer abroad. Not only providing specific contents on purchasing, transferring, and taking foreign currency abroad as well as on payments and money transfer for other current transactions, Circular 20 also stipulates the responsibilities of authorized banks and organizations, individuals involved in this activity. Therefore, organizations need to update and study the provisions of Circular 20 to ensure one-way money transfer abroad from Viet Nam smoothly (if any), and to ensure compliance with provisions of laws in this regard.