

Client Alert

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Ministry of Transport seeks to place stricter controls on ride-hailing services after officially authorizing these services in Vietnam

As ride-hailing services are to be officially authorized in Vietnam in January 2018 following a two-year trial run, the Government has stated that it will place stricter controls on these services. The Ministry of Transport ("**MoT**") has submitted to the Government a draft decree to replace Decree 86/2014/ND-CP ("**Decree 86**") on the business of and the conditions for transportation services using automobiles.

1.1. New requirements

The draft decree added conditions for using ride-hailing services on technology platforms in order to level the playing field for taxi companies.

Companies providing ride-hailing services must meet a number of conditions, including:

- Service providers must hold a business license or enterprise registration certificate that includes relevant business lines to operate an e-commerce business as well as a certification by the Ministry of Industry and Trade ("**MoIT**") stating that the e-commerce business had properly registered with the MoIT.
- Before providing their services, service providers must register certain information with the MoT, including their address, legal representative, phone number, bank account information, website or application, standard electronic transportation contracts, logo, etc.
- Service providers must sign a contract to provide software services to the transportation businesses (which must have been granted a business license to provide transportation services using automobiles) and such contract must include the specific rights and obligations of the parties.
- Service providers are not allowed to work directly with individuals or household transportation businesses.
- Automobiles must have logos with the minimum size of 90mm x 80mm, and these logos must be displayed in both the front and back windows of the vehicle. Software providers must supply logos to the transportation businesses.
- The electronic invoices of trips using a ride-hailing app must be sent to the passengers. Information on the electronic invoice must be sent to the General Department of Taxation, as mandated by the Ministry of Finance ("**MoF**").

With respect to transportation businesses using electronic contracts, the draft decree also establishes a number of conditions, including:

- Transportation businesses can only use the software of registered suppliers that has been certified by the MoIT.
- Transportation businesses must provide the full and accurate information of trips to the passengers, as mandated by the Minister of Transport.





- A phone number for passengers to call in case of an emergency must be displayed on the interface of the passenger's ride-hailing app.
- Vehicles with nine or fewer seats cannot be used for transportation services beyond 12 years of their production date.

1.2. Tax collection

Furthermore, as reported, the Deputy Minister of the MoT Le Dinh Tho remarked that the Government must require ride-hailing services to hold business registration certificates in Vietnam, which would enable the tax authorities to collect taxes from these entities.