

## COOPERATIVE LAW

*Pursuant to the Constitution of the Socialist Republic of Vietnam 1992 amended, amending and supplemented by a number of articles under Resolution No.51/2001/QH10;*

*The National Assembly promulgates the Cooperative Law,*

### Chapter 1. GENERAL PROVISIONS

#### **Article 1. Scope of adjustment**

This Law specifies the establishment and organization and operation of cooperatives and unions of cooperatives in the sectors of the economy.

#### **Article 2. Subject of application**

This law applies to cooperatives and unions of cooperatives, cooperative members (hereinafter referred to as members), member cooperatives of the unions of cooperatives (hereinafter referred to as member cooperatives) and organizations, households and individuals related to the establishment, organization and operation of cooperatives and unions of cooperatives.

#### **Article 3. Cooperatives and unions of cooperatives**

1. Cooperative is a collective economic organization, co-ownership with legal entity, and is established voluntarily by at least 07 members and mutually cooperate and assist in the production, sales and job creation to meet the general needs of all members, on the basis of self-control, self-responsibility, equality and democracy in management of cooperative.
2. Cooperative union is a collective economic organization, co-ownership with legal entity and is established voluntarily by at least 04 cooperatives and mutually cooperate and assist in the production, sales to meet the common needs of member cooperative, on the basis of self-control, self-responsibility, equality and democracy in the management of the unions of cooperatives.
3. When the cooperatives and unions of cooperatives develop to a higher level, they shall form enterprises of cooperative and cooperative union and operate under the Enterprise Law.

#### **Article 4. Explanation of terms**

In this Law, the terms below are construed as follows:

1. General needs of the members and affiliated cooperatives are demand for use of similar products and services arising frequently and stably from the business and production activities and life of members and affiliated cooperatives. For employment cooperatives, the common needs of members are the employment needs of the cooperatives members created by the cooperatives.
2. Minimum contributed capital is an amount that individuals, households and legal entities shall contribute to the charter capital of the cooperatives and unions of cooperatives in accordance with the charter of the cooperative, the unions of cooperatives to become members and affiliated cooperatives.
3. Charter capital is the total capital contributed or committed to contribute in a given period by members and affiliated cooperatives and is recorded in the charter of the cooperative and unions of cooperatives.
4. Undivided asset is a part of the assets of the cooperative, the cooperative union not being divided to the members and affiliated cooperatives upon termination of status of members and affiliated cooperatives or when the cooperatives and unions of cooperatives active terminate their operation.
5. Service contract is an agreement between cooperatives and unions of cooperatives with members and affiliated cooperatives on the use of the products and services of cooperatives and unions of cooperatives in order to meet the general needs of members and affiliated cooperatives.
6. Products or services of cooperatives and unions of cooperatives for members and affiliated cooperatives are the products or service provided by cooperatives and unions of cooperatives to members and affiliated cooperatives under service contract through one or more of the following activities:
  - a) General purchase of products or services from the market to serve the members and affiliated cooperatives;
  - b) General sale of products or services of members, member cooperatives to markets;
  - c) Purchase of products and services of members and affiliated cooperatives for sale to the market;
  - d) Purchase of products or services from the market for sale to members and affiliated cooperatives;
  - e) Process of products of members and affiliated cooperatives;
  - g) Supply of facilities and technical infrastructure in service of members and affiliated cooperatives;
  - h) Credit for members and affiliated cooperatives;
  - i) Job creation for members for job creation cooperatives.
  - k) Other activities as prescribed by charter of cooperatives and unions of cooperatives.
7. Level of use of products or services of members and affiliated cooperatives is the ratio of the value of products or services that each member and member cooperative use on the total value of

products or services provided by cooperatives and unions of cooperatives provide for all members and affiliated cooperatives.

For job creation cooperatives, the level of use of products or services is the members' labor contribution to cooperatives members shown by the ratio of the salary of each member on the total salary of all members.

#### **Article 5. State guarantee for cooperatives and unions of cooperatives**

1. Recognizing and protecting property rights, capital, income, and other legitimate rights and interests of cooperatives and unions of cooperatives.

In case the State purchases or requisitions assets of cooperatives and unions of cooperatives for reasons of national defense, security or national interest, these assets shall be paid or compensated in accordance with the law on purchase or requisition of assets.

2. Ensuring the fair production and business environment between cooperatives and unions of cooperatives of cooperatives with other types of enterprise and other economic organizations.

3. Ensuring self-control, self-responsibility and not interfering in the legitimate activities of cooperatives and unions of cooperatives.

#### **Article 6. Preferential support policies of the State**

1. The State has policies of support for cooperatives and unions of cooperatives as follows:

- a) Training and retraining of human resources;
- b) Trade promotion and market expansion;
- c) Application of new science, engineering and technology;
- d) Access to capital and funds to support the development of cooperatives;
- e) Facilitation of participation in the objective program, program of socio-economic development;
- g) Establishment of cooperatives and unions of cooperatives.

2. State has the following preferential policies for cooperatives and unions of cooperatives:

- a) Preferential enterprise income tax and other taxes in accordance with the law on tax;
- b) Preferential fees for cooperative or cooperative union registration in accordance with the law on charges and fees.

3. For cooperatives and unions of cooperatives which operate in the area of agriculture, forestry, fishery and salt production, in addition to the preferential support policies as specified in Clause 1 and 2 of this Article shall enjoy preferential support policies as follows:

- a) Investment in infrastructure development;

- b) Allocation or lease of land to serve the activities of cooperatives and unions of cooperatives in accordance with the law on land;
  - c) Preferential credit;
  - d) Capital and breeds upon difficulties caused by natural disasters and epidemics;
  - e) Product processing.
4. The Government shall detail this Article based on sectors, geographical areas and conditions for socio-economic development in each period of the country and the level of development of cooperatives and unions of cooperatives.

### **Article 7. Principle of organization and operation**

1. Individuals, households and legal entities establish, join or leave cooperatives voluntarily. Cooperatives shall be established, joined and leave unions of cooperatives voluntarily.
2. Cooperatives and unions of cooperatives shall widely admit members and affiliated cooperatives.
3. Members and affiliated cooperatives have equality and equal vote regardless of contributed capital in determining the organization, management and operation of cooperatives and unions of cooperatives; are provided information completely, promptly and accurately on production activities, sales, finance, income distribution and other contents as prescribed by the charter.
4. Cooperatives and unions of cooperatives shall control and take responsibility for their activities before the law by themselves.
5. Members and affiliated cooperatives and cooperatives and unions of cooperatives have responsibilities to carry out their commitment under service contract as prescribed by the charter. The income of cooperatives and unions of cooperatives shall be distributed by the level of use of products or services of the members and affiliated cooperatives or by members' contributed labor for job creation cooperatives.
6. Cooperatives and unions of cooperatives shall pay their interest in education, training and retraining for their members and affiliated cooperatives, managers, employees of cooperatives and unions of cooperatives and give information about the nature and benefits of cooperatives and unions of cooperatives.
7. Cooperatives, unions of cooperatives shall care for the sustainable development for member community, member cooperatives and work together to develop the cooperative movement on the local, regional, national and international scale.

### **Article 8. Rights of cooperatives and unions of cooperatives**

1. Performing the operational objectives of cooperatives and unions of cooperatives; taking self-control and self-responsibility in their operation.

2. Making a decision on organizing the management and operation of cooperatives and unions of cooperatives; hiring and using labors;
3. Performing production and business activities, creating employment under business lines registered to meet the general needs of the members and affiliated cooperatives.
4. Providing and consuming products, services and jobs for members and affiliated cooperatives and to the market but ensuring the fulfillment of obligations to members and affiliated cooperatives.
5. Newly admitting and terminating the status of members and affiliated cooperatives
6. Increasing or decreasing charter capital during the operation; mobilizing capital and internal credit activities in accordance with the law.
7. Joint venturing, affiliating and cooperating with domestic and foreign organizations and individuals to perform the operational objectives of cooperatives or cooperatives unions.
8. Contributing capital, buying shares and establishing businesses aims to support activities of cooperatives and unions of cooperatives.
9. Managing, using and handling capital, assets and funds of the cooperatives and unions of cooperatives.
10. Implementing the income distribution, handling losses and debts of cooperatives and unions of cooperatives.
11. Participating in representative organizations of cooperatives and unions of cooperatives.
12. Making a complaint or through representatives to denounce violations of the legitimate rights and interests of cooperatives and unions of cooperatives; handling members and affiliated cooperatives for violation of charter and settling internal dispute.

#### **Article 9. Obligations of cooperatives and unions of cooperatives**

1. Performing regulations of the charter.
2. Ensuring legitimate rights and interests of members and affiliated cooperatives as prescribed by this Law.
3. Operating in accordance with the registered business lines.
4. Performing service contract between cooperatives with members or unions of cooperatives with member cooperatives.
5. Implementing the regulations of the law on finance, tax, accounting, audit and statistics.
6. Managing and using capital, assets and funds of cooperatives, the unions of cooperatives in accordance with the law.
7. Managing and using land and other resources allocated or leased by the State in accordance with the law.

8. Signing and implementing labor contract, paying social insurance, health insurance and other policies for the employees in accordance with the law.
9. Educating, training, retraining and providing information for members and affiliated cooperatives.
10. Performing the reporting regulation on the situation of activities of cooperatives and unions of cooperatives as prescribed by the Government.
11. Making compensation for damages caused by themselves to members and affiliated cooperatives as prescribed by law.

#### **Article 10. Regulation on storage of documents of cooperatives and unions of cooperatives**

1. Cooperatives and unions of cooperatives shall keep the following documents:
  - a) Charter, charter amended and supplemented and regulation of cooperatives and unions of cooperatives; registration number of members and affiliated cooperatives;
  - b) Certificate of registration of cooperatives and unions of cooperatives; Intellectual Property Right Certificate; goods quality registration certificate; License of conditioned business lines;
  - c) Documents, certificate of ownership or assets use right of cooperatives and unions of cooperatives;
  - d) Application for joining, capital contribution certificate of members or member cooperative; minutes and resolutions of the founding conference, general meeting of members, Board of Directors; decisions of the cooperatives and unions of cooperatives.
  - e) Report on production and business result, report and other documents of the Board of Directors, Director (General Director), Supervisory Board or the controller; conclusion of the inspection, examination and audit agencies;
  - g) Accounting books, accounting documents and financial statements
2. The documents specified in this Article shall be stored in accordance with the law and regulations.

#### **Article 11. Political organizations, socio-political organizations, social- professional organizations in cooperatives and unions of cooperatives**

1. Political organizations, socio-political organizations, social- professional organizations in cooperatives and unions of cooperatives shall operate in the framework of the Constitution and the law.
2. Cooperatives and unions of cooperatives shall create favorable conditions for the members and affiliated cooperatives and employees to establish and join organizations specified in Clause 1 of this Article.

#### **Article 12. Prohibited acts**

Issuing Certificate of registration of cooperatives and unions of cooperatives in the case of ineligibility; refusing to issue Certificate of registration of cooperatives or cooperatives unions in case of eligibility under the provisions of this Law; hindering or harass the registration and operation of cooperatives and unions of cooperatives.

2. Hindering the implementation of the rights and obligations of cooperatives and unions of cooperatives, members and affiliated cooperatives under the provisions of this Law and charter.
3. Operating in the name of cooperatives and unions of cooperatives without a certificate of registration; continuing to operate even after the withdrawal of certificate of registration.
4. Making declaration untruthfully and inaccurately of the content to register cooperatives and unions of cooperatives.
5. Committing fraud in the assesement of capital assets.
6. Carrying on business lines which are not recorded in the certificate of registration; carrying on conditioned business lines upon ineligibility for business under the provisions of law.
7. Failing to comply with the principles of organization and operation under the provisions of Article 7 of this Law.

## **Chapter 2.** **MEMBERS AND AFFILIATED COOPERATIVES**

### **Article 13. Conditions for becoming member and member cooperatives**

1. Individuals, households and legal entities that become cooperative members must meet the following conditions:

a) Individuals as Vietnamese citizens or foreigners legally residing in Vietnam, from 18 years of age or older, having full civil act status; households with a legal representative in accordance with the law; agency or organization is a Vietnamese legal entity.

For job creation cooperatives, member is only an individual;

b) Having needs for cooperation with the members and the needs for using products and services of the cooperatives;

c) Having application for voluntary joining and agreement upon the cooperative charter;

d) Contributing capital as specified in Clause 1, Article 17 of this Law and the cooperative charter.

e) Other conditions as prescribed by cooperative charter.

2. Cooperatives becoming unions of cooperatives must meet the following conditions:

a) Having needs for cooperation with the member cooperatives and the needs for using products and services of the unions of cooperatives;

b) Having application for voluntary joining and agreement upon the charter of unions of cooperatives;

c) Contributing capital as specified in Clause 2, Article 17 of this Law and the charter of unions of cooperatives.

d) Other conditions as prescribed by the charter of unions of cooperatives.

3. Individuals, households or legal entity may be a member of many cooperatives; cooperatives can be members of a lot of unions of cooperatives unless otherwise prescribed by charter of cooperatives and cooperation unions.

4. The Government shall stipulate the conditions and procedures for becoming a member of the cooperative for the Vietnamese legal entities and foreign individuals who are legally residing in Vietnam.

#### **Article 14. Rights of members and affiliated cooperatives**

1. Being provided with products and services by the cooperatives and unions of cooperatives under service contract.

2. Being contributed income as specified by provisions of this Law and charter.

3. Enjoying the benefits of cooperatives and unions of cooperatives

4. Attending or electing deputies for attendance of general meeting of members and affiliated cooperatives.

5. Voting the contents of the right of general meeting of members under the provisions of Article 32 of this Law.

6. Self nominating and nominating Board members, supervisory Board or the controller and other elected positions of cooperatives and unions of cooperatives.

7. Making proposal and request to the Board of Directors, Director (General Directors), supervisory Board or the controller to explain the operation of the cooperatives and unions of cooperatives; making request to the Board of Directors supervisory Board or the controller to convene an extraordinary general meeting of members under the provisions of this Law and regulations.

8. Being provided with the necessary information related to the operation of cooperatives and unions of cooperatives; supported with the training, retraining and improvement of professional level in service of activities of cooperatives and unions of cooperatives;

9. Leaving cooperative and unions of cooperatives as prescribed by the charter.

10. Being returned contributed capital upon leaving cooperatives and unions of cooperatives as prescribed by this Law and charter.

11. Receiving the remaining divided value of assets of cooperatives and unions of cooperatives.

12. Making complaint and denunciation and initiating lawsuit as prescribed by law.

13. Other rights as prescribed by the charter.



### **Article 15. Obligations of members and affiliated cooperatives**

1. Using products and services of cooperatives and unions of cooperatives under service contract.
2. Contributing fully and in due time the contributed capital committed under the provisions of the charter.
3. Taking responsibilities for debts and financial obligations of cooperatives and unions of cooperatives in the scope of contributed capital in the cooperatives and unions of cooperatives.
4. Making compensation for damages caused by themselves to the cooperatives and unions of cooperatives as prescribed by law.
5. Complying with the charter and regulation of the cooperatives and unions of cooperatives, resolution of general meeting of members and member cooperative and decision of the Board of Directors of the cooperatives and unions of cooperatives;
6. Other obligations as prescribed by the charter.

### **Article 16. Terminating status of members and affiliated cooperatives**

1. The status of members and affiliated cooperatives shall be terminated upon occurrence of one of the following cases:
  - a) Member who is an individual dies and declared dead by the Court, missing, restricted or lost civil act status or sentenced to imprisonment as prescribed by law;
  - b) Household member has no legal representative in accordance with the law; member is a legal entity that is dissolved or goes bankrupt; the member cooperative of the cooperative union is dissolved or goes bankrupt;
  - c) Cooperatives and unions of cooperatives are dissolved or go bankrupt;
  - d) Members and affiliated cooperatives voluntarily leave the cooperatives and unions of cooperatives;
  - e) Members and affiliated cooperatives are expelled as prescribed by the charter;
  - g) Members and affiliated cooperatives do not use products or services in a continuous time under the provisions of the charter, but not more than 03 years. For job creation cooperatives, members do not work in continuous time as prescribed by the charter, but not more than 02 years;
  - h) At the time of full capital contribution commitment, members and affiliated cooperatives do not contribute or have contributed capital less than the minimum capital specified in the charter;
  - i) Other cases as prescribed by the charter.
2. Authority to terminate the status of members and affiliated cooperatives shall be as follows:

- a) For the case specified at Point a, b, c, d and e, Clause 1 of this Article, the Board of Directors shall make a decision and report to the last general meeting of members.
  - b) For the case specified at Point e, g and h, Clause 1 of this Article, the Board of Directors shall request the general meeting of members to make a decision after consulting the Supervisory Board or controller.
3. The settlement of the rights and obligations of members and affiliated cooperatives in the event of termination of status of members and affiliated cooperatives shall comply with the provisions of this Law and the charter.

### **Article 17. Contribution of charter capital and certificate of capital contribution**

1. For cooperatives, contributed capital by a member shall comply with the agreement and in accordance with the charter, but not more than 20% of the charter capital of the cooperative.
2. For unions of cooperatives, contributed capital by a member cooperative shall comply with the agreement and in accordance with the charter, but not more than 30% of the charter capital of the cooperative union.
3. Duration, form and level of capital contribution in accordance with the charter, but the period of full capital contribution shall not exceed 06 months from the date the cooperatives and unions of cooperatives are issued a certificate of registration or from the date of admission.
4. When capital is fully contributed, members and affiliated cooperatives shall be issued certificate of capital contribution by the cooperatives and unions of cooperatives. The certificate of capital contribution has the following principal contents:
  - a) Name and address of the head office of the cooperatives and unions of cooperatives;
  - b) Number and issue date of certificate of registration of cooperatives and unions of cooperatives;
  - c) Full name, permanent address, nationality, identity card or Passport number of the individual member or legal representative of household.

If a member as a legal entity must specify the name, head office, decision on establishment number or registration number; full name, permanent address, nationality, identity card or Passport number of the legal representative of the legal entity. For member cooperatives, it is necessary to specify the name, head office, certificate of registration number of the member cooperative; full name, permanent address, nationality, identity card or Passport number of the legal representatives of the member cooperative;
  - d) Total contributed capital and time of contribution;
  - e) Full name and signature of the legal representative of the cooperatives and unions of cooperatives.
5. The order and procedures for issuance, re-issuance, change and revocation of the certificate of contributed capital as prescribed by the charter.

### **Article 18. Return and inheritance of contributed capital**

1. Cooperatives and unions of cooperatives shall return contributed capital to members and affiliated cooperatives upon termination of status of members and affiliated cooperatives or return the capital in excess of the maximum contributed capital when the contributed capital of members and affiliated cooperatives exceeds the maximum capital prescribed in Clause 1, Clause 2, Article 17 of this Law.

2. In case of a dead member, if the heirs satisfy the conditions of this Law and the charter, voluntarily participate in the cooperatives, they shall become the members and continue to exercise the rights and obligations of members. If they do not participate in the cooperatives, they shall be entitled to inherit as prescribed by the law.

In case of a missing member as declared by the Court, the returning of contributed capital and management of the missing's property shall apply as prescribed by the law.

3. In case the member as an individual declared by a Court for restriction or loss of civil act capacity, the contributed capital shall be returned through a guardian.

4. In case the member as a legal entity and member cooperative that are split, consolidated, merged, dissolved, broke, the return or inheritance of contributed capital shall comply with the provisions of the law.

5. In case the capital contributed of a member as an individual without heirs, the heirs refuse to inherit or is deprived of inheritance, the contributed capital shall be resolved as prescribed by the law.

6. In case the heirs voluntarily leave their inheritance for cooperatives, that contributed capital shall be included in the undivided assets of cooperatives.

### **Chapter 3.**

### **ESTABLISHMENT AND REGISTRATION OF COOPERATIVES AND UNIONS OF COOPERATIVES**

#### **Article 19. Founders**

1. Cooperative founder as individual, household and legal entity voluntarily commit their foundation and participate in the establishment of cooperatives.

The founders of unions of cooperatives is that the cooperative voluntarily commits to found and participate in the establishment of unions of cooperatives.

2. Founders shall advocate and propagate the establishment of cooperatives and unions of cooperatives; developing the business and production plan, drafting charter; implementing work to organize a conference for the establishment of cooperatives and unions of cooperatives.

#### **Article 20. Conference for the establishment of cooperatives and unions of cooperatives**

1. Conference for the establishment of cooperatives and unions of cooperatives shall be held by the founders as prescribed by this Law.

Participants in the conference for the establishment of cooperatives include the founders as individuals, legal representatives of the founders; legal representatives of the households, legal entities and individuals who wish to join the cooperatives.

Participants in the conference for the establishment of unions of cooperatives include the legal representatives of the founders and the cooperatives wishing to join unions of cooperatives.

2. Conference shall discuss the draft of charter, business and production plan of cooperatives and unions of cooperatives and prepare the list of expected members and affiliated cooperatives.

3. The persons approving the charter and eligible under the provisions of Article 13 of this Law shall become members and affiliated cooperatives. The members and affiliated cooperatives shall continue to discuss and decide the following contents:

a) Business and production plan;

b) Electing the Board of Directors and Chairman of the Board; Making a decision on the selection of Director (General Director) among the members and legal representatives of the member cooperatives or hiring Director (General Director);

c) Electing supervisory Board, head of supervisory Board or controller;

d) Other contents related to the establishment, organization and operation of cooperatives and unions of cooperatives.

4. Resolution of the conference of establishment on the contents specified in Clause 3 of this Article must be voted for approval by majority rule.

## **Article 21. Content of charter of cooperatives and unions of cooperatives**

1. Name and address of the head office; logo (if any).

2. Operational objectives

3. Business and production lines.

4. Subjects, conditions and procedures for the admission and procedures for termination of status of members and affiliated cooperatives; measures to deal with members and affiliated cooperatives with overdue debts.

5. Frequency of using products and services; minimum value of the products and services that the members and affiliated cooperatives shall use; continuous time without using the products and services of cooperatives and unions of cooperatives, but not more than 03 years; continuous time without work for cooperatives for job creation cooperatives but not more than 02 years.

6. Rights and obligations of members and cooperative members.

7. Organizational structure of cooperatives and unions of cooperatives; functions, tasks, powers and mode of operation of the Board of Directors, Chairman of the Board, Director (General Director), the supervisory Board or controller; mode of election, removal and dismissal of Board members, Chairman of the Board of Directors, supervisory Board or controller; assistant department of cooperatives and unions of cooperatives.

8. The number of members, structure and the term of the Board of Directors, supervisory Board; in case of board member concurrently Director (General Director).
9. Order and procedures for conducting the general meeting of members and adopting the decision at the general meeting of members; standards, order and procedures for the election of deputies participating in the general meeting of member deputies.
10. Charter capital, minimum contributed capital, form of capital contribution and time limit for capital contribution; return of contributed capital; increase or decrease in charter capital.
11. Issuance, re-issuance, change and revocation of certificate of capital contribution.
12. Contents of service contract between the cooperatives with members, between unions of cooperatives with member cooperatives including the obligation to supply and use products and services; price and method of payment of products and services. For job creation cooperatives, the content of service contract between the cooperatives and members is the content of the labor contract between the cooperatives and their members.
13. The supply and consumption of products, services and employment that the cooperatives and unions of cooperatives have committed to supply and consume for members and affiliated cooperatives to markets.  
The ratio of supply and consumption of products, services and employment that cooperatives and unions of cooperatives have committed to supply and consume for members and affiliated cooperatives to markets for each field and type as prescribed by the Government.
14. Investment and capital contribution, share purchase and joint ventures; affiliation and establishment of business of cooperatives and unions of cooperatives
15. Preparation of funds; rate of the fund extraction; rate and method of income distribution.
16. Financial management, use and handling of assets, capital, funds and other losses and undivided assets.
17. Principles of remuneration payment for the Board members, supervisory Board or controller; method of payment of salaries and wages to the operators and laborers.
18. Handling of violation of charter and principle of settlement of internal dispute.
19. Amendment and supplementation of charter.
20. Other contents shall be decided by the general meeting of members but not contrary to the provisions of this Law and the provisions of the relevant laws.

## **Article 22. Name and logo of cooperatives and unions of cooperatives**

1. Cooperatives and unions of cooperatives shall make a decision on their names and logos but not contrary to the provisions of law. Name of cooperatives and unions of cooperatives must be written in Vietnamese and may include numbers, symbols, and begin with the word "Cooperative" or "Cooperatives Union".

2. Name and symbol of the cooperatives and the unions of cooperatives must be registered at the competent State agencies and are protected under law.
3. Chính phủ quy định chi tiết Điều này The Government has stipulated in detail this Article.

### **Article 23. Registration of cooperatives and the unions of cooperatives**

1. Before operation, the cooperatives and the unions of cooperatives shall register at the competent State agencies where the cooperatives and unions of cooperatives plan to locate their head office.
2. Dossier to register cooperatives and unions of cooperatives including:
  - a) Written request for registration of cooperatives and unions of cooperatives;
  - b) Charter;
  - c) Business and production plan;
  - d) List of members, member cooperatives; list of Board of Directors, Director (General Director), supervisory Board or the controller;
  - e) Resolution of conference for establishment.
3. The legal representatives of cooperatives and unions of cooperatives shall declare fully, honestly and accurately the contents specified in Clause 2 of this Article, and take responsibility before law for the declared contents.
4. The competent State agencies shall issue certificate of registration within 05 working days from the date of receipt of dossier as prescribed in Clause 2 of this Article. In case of refusal, there must be a written reply, clearly stating the reasons.
5. The Government regulates the competent state agencies to issue certificates of registration; order, procedures for issuance and the content of the certificate of registration.

### **Article 24. Conditions for issuance of certificate of registration of cooperatives and unions of cooperatives**

The cooperatives and unions of cooperatives shall be issued certificate of registration upon meeting the following conditions:

1. Business and production lines that are not prohibited by law;
2. Dossier registered in accordance with provisions of Clause 2, Article 23 of this Law.
3. Name of cooperatives and unions of cooperatives as provided for in Article 22 of this Law;
4. Having head office as provided for in Article 26 of this Law;

### **Article 25. Registration number of cooperatives and unions of cooperatives**

The cooperatives and unions of cooperatives shall prepare Book of registration of members and affiliated cooperatives right after being issued certificate of registration. The book of registration must have the following contents:

1. Name and address of the head office of the cooperatives and unions of cooperatives; number and date of issuance of the certificate of registration;
2. Thông tin về thành viên, hợp tác xã thành viên bao gồm Information on members and affiliated cooperatives:
  - a) Full name, permanent address, nationality, identity card or Passport number for individual members or the household representatives;
  - b) Name and address of the head office, decision on establishment or registration number of the members as legal entity; full name, permanent address, nationality, identity card or Passport number of the legal representative for member as that legal entity;
  - c) Name and address of the head office, registration number of member cooperatives; name, permanent address, nationality, identity card or Passport number for the legal representative of that member cooperative;
3. Contributed capital value of each member and member cooperative; time of contribution;
4. Number and date of issuance of the certificate of capital contribution of each member and member cooperative;
5. Signature of individual member, the legal representative of the household, the legal representative of the legal entity; the signature of the legal representative of the member cooperative;
6. Signatures of the legal representatives of the cooperatives and unions of cooperatives;

#### **Article 26. Head office of cooperatives and unions of cooperatives**

Head offices of cooperatives and unions of cooperatives are the transaction locations of cooperatives and unions of cooperatives in the territory of Vietnam with identified address including house number, street name, commune, ward, townlet, districts, towns and provincial city, centrally-affiliated province and city; telephone number, fax number and e-mail (if any).

#### **Article 27. Representative offices, branches and business locations**

1. Cooperatives and unions of cooperatives are entitled to establish branches, representative offices and business locations in the country and abroad. The order and procedures for establishment shall comply with regulations of the Government.
2. Representative office shall act as representative by the authorization in service of operation of cooperatives and unions of cooperatives.
3. Branches are the units directly under the cooperatives and unions of cooperatives and are responsible for performing all or part of the functions and tasks of the cooperatives and unions of cooperatives. The business lines of branches must be in line with the ones of the cooperatives and unions of cooperatives.

4. Branches, representative offices and places of business must bear the names of the cooperatives and unions of cooperatives, together with the corresponding supplement to determine branches, representative offices and business locations.

#### **Article 28. Change of registration content of cooperatives and unions of cooperatives**

1. In case the cooperatives and unions of cooperatives change one of the contents of name, address of the head office, production and business lines, charter capital, legal representative; name, address, the representative of branch and representative office, they must be registered with the competent state agencies which have issued certificate of registration. The change shall only be made after the competent state agencies issue certificates of registration.

2. When cooperatives and unions of cooperatives change their charter content, number of members, the cooperative members, members of Board of Directors, supervisory Board or controller and business location, they must send notice to the competent state agencies which have issued certificate of registration within 15 days from the date of the change.

### **Chapter 4.**

## **ORGANIZATION OF MANAGEMENT OF COOPERATIVES AND UNIONS OF COOPERATIVES**

#### **Article 29. Organizational structure**

The organizational structure of cooperatives and unions of cooperatives includes general meeting of members, Board of Directors, Director (General Director), supervisory Board and controller.

#### **Article 30. General meeting of members**

1. The general meeting of members has the highest right to make a decision of the cooperatives and unions of cooperatives. The general meeting of members includes the annual and extraordinary general meeting. The general meeting of members is held in the form of general meeting or delegate general meeting (hereinafter collectively referred to as general meeting of members). The general meeting has the rights and tasks under the provisions of Article 32 of this Law.

2. Cooperatives and unions of cooperatives with 100 members and affiliated cooperatives or more may hold the general meeting of member deputies.

3. Delegate standard and order, procedures for the election of deputies participating in the general meeting of member deputies shall be specified by the charter.

4. The number of delegate participating in the general meeting of member deputies shall be specified by the charter but must ensure:

a) Not less than 30% of the total number of members and affiliated cooperatives for cooperatives and unions of cooperatives having from 100 to 300 members and affiliated cooperatives;



b) Not less than 20% of the total number of members and affiliated cooperatives for the cooperatives and unions of cooperatives having from 300 to 1,000 members and affiliated cooperatives.

c) Not less than 200 deputies for cooperatives and unions of cooperatives having more than 1,000 members and affiliated cooperatives.

5. Deputies attending the general meeting of members must express opinions, aspirations and take responsibility for notification of the results of the general meeting to all members and cooperative members they represent.

### **Article 31. Convening general meeting of members**

1. The annual general meeting must be held within a period of 03 months from the end of financial year and convened by the Board of Directors.

The extraordinary general meeting of members shall be convened by the Board of Directors, supervisory Board or controller or representative member of at least one third of total members and affiliated cooperatives as specified in Clauses 2,4 and 4 of this Article.

2. The Board of Directors shall convene the extraordinary general meeting of members in the following cases:

a) Settling cases beyond the competence of the Board of Directors.

b) Board of Directors does not hold periodic meeting after two times of convening;

c) At the request of supervisory Board or controller;

d) At the request of at least one third of the total number of members and affiliated cooperatives.

Within 15 days from the date of receipt of request of the supervisory Board, the controller or the request of at least one third of the total number of members and affiliated cooperatives, the Board of Directors must convene an extraordinary general meeting of members.

3. In case of exceeding 15 days from the date of receipt of the request of the supervisory Board and controller or the request of at least one third of the total number of members and affiliated cooperatives but the Board of Directors fails to convene an extraordinary general meeting of members or beyond 03 months from the end of the financial year but the Board of Directors fails to convene the annual general meeting, the supervisory Board or the controller have the right to convene a general meeting of members.

4. Within 15 days from the date the supervisory Board or the controller have the right to convene a general meeting of members but fail to do this as specified in Clause 3 of this Article, the members representing at least one-third of the total number of members and affiliated cooperatives shall have the right to convene the general meeting.

5. The general meeting of members shall be chaired by the convenor except the case the general meeting of members makes a decision on selecting another member as a chairman.

6. The general meeting of members shall be conducted when there is an attendance of at least 75% of the total number of members and affiliated cooperatives or member deputies. In case there are not enough members, the general meeting of members shall be postponed.

In case the first meeting is not eligible for organization, a second meeting shall be convened within 30 days from the expected date of the first meeting. The second general meeting of members shall be conducted when there is an attendance of at least 50% of the total number of members and affiliated cooperatives or member deputies.

In case the second meeting is not eligible for organization, a third meeting shall be convened within 20 days from the expected date of the second meeting. In this case, the general meeting of members shall be conducted regardless of the number of members.

### **Article 32. Rights and tasks of general meeting of members**

The general meeting of members shall make a decision on the following contents:

1. Adopting of report on operation result in the year; report on operation of the Board of Directors and the supervisory Board or the controller;
2. Approval of financial statements and result of internal audit;
3. Plan for income distribution and handling of losses and debts; set-up, rate of the fund extraction; salary plan and earnings for employees for job creation cooperatives.
4. Business and production plan;
5. Investment or sale of assets with a value equal to or greater than 50% of the total value of assets recorded in the latest financial statements;
6. Capital contribution, share purchase, establishment of businesses, joint ventures, affiliation; establishment of branches and representative offices; joining cooperative union, representative organizations of cooperatives and unions of cooperativeness;
7. Increase or decrease of charter capital, minimum contributed capital; authority to make a decision and ways to raise capital;
8. Identification of value of assets and undivided assets;
9. Organizational structure of cooperatives and unions of cooperativeness;
10. Member of Board of Directors being as Director (General Director) concurrently or hiring Director (General Director)
11. Election, removal and dismissal of the Chairman of the Board of Directors, Board members, head of the supervisory Board, members of supervisory Board; increase and decrease of the number of Board members and supervisory Board;
12. Transfer, liquidation and handling of fixed assets;
13. Split, separation, merger, consolidation, dissolution, bankruptcy of cooperatives and unions of cooperativeness;
14. Amendment and supplementation of the charter;

15. Remuneration and bonuses of Board members, supervisory Board or controller; wages, salaries and bonuses of Directors (General Director), Deputy Director (Deputy General Director) and other managerial positions in accordance with the charter;
16. Termination of status of members and affiliated cooperatives as provided for in Clause 2, Article 16 of this Law;
17. Other contents to be requested by the Board of Directors, supervisory Board or controller, or at least one third of the total number of members and affiliated cooperatives.

### **Article 33. Preparation of general meeting of members**

1. The convenor of the general meeting of members shall make a list of members and affiliated cooperatives and member deputies entitled to attend the meeting; prepare programs, contents, documents and draft of resolution; determine the time, location and send invitations to members and affiliated cooperatives or member deputies attending the meeting. Invitations to the meeting shall be attached to programs and documents related to the content of the general meeting of members at least 07 days prior to the opening of the general meeting of members
2. The program content may change when at least one-third of the total number of members and affiliated cooperatives or member deputies or more requesting adjustment of the same content in writing. The requesting contents shall be sent to the convenor of the meeting no later than 03 working days before the opening date. The request must specify the name of a members and affiliated cooperatives or member deputies and the requesting contents shall be included in the program.
3. The convenor of the general meeting of members shall only decline the request as stipulated in Clause 2 of this Article in one of the following cases:
  - a) The request is not sent in due time or does not match the content of the general meeting of members;
  - b) The requesting contents are not under the authority to make a decision of the general meeting of members.
  - c) Other cases as prescribed by the charter.
4. In case of disapproval of request specified in Clause 2 of this Article, the convenor shall make a report to the general meeting of members before making a decision on the program of the general meeting of members.

The requests to be approved shall be included in the expected program. The program of general meeting of members must be voted to pass by members of general meeting.

### **Article 34. Vote in general meeting of members**

1. The following contents shall be adopted by the general meeting of members when at least 75% of the total number of deputies present voting approval:
  - a) Amendment and supplementation of charter

b) Split, separation, merger, consolidation, dissolution, bankruptcy of cooperatives and unions of cooperativess;

c) Investment or sale of assets with a value equal to or greater than 50% of the total value of assets recorded in the latest financial statements of the cooperatives and the unions of cooperatives.

2. The contents not specified in Clause 1 of this Article shall be adopted when there are more than 50% of the total number of deputies voting approval.

3. Each member and member cooperative or member deputy attending the general meeting of members has one vote. All votes have equal value, regardless of the amount of contributed capital or positions of members and affiliated cooperatives or member deputies.

### **Article 35. Board of Directors of cooperatives and unions of cooperativess**

1. Board of Directors of cooperatives and unions of cooperativess is the management agency of cooperatives and unions of cooperativess and is established by conference or elected, dismissed or removed by general meeting of members by secret ballot. The Board of Directors includes the chairman and members; the number of Board members is prescribed by the charter but a minimum of 03 persons and a maximum of 15 persons.

2. The term of the Board of Directors of the cooperatives and unions of cooperativess shall be stipulated by the charter of the by the cooperatives and unions of cooperativess, but a minimum of 02 years and a maximum of 05 years.

3. The Board of Directors use the seal of the cooperatives and unions of cooperativess to implement the powers and tasks specified in Article 36 of this Law.

4. The Board of Directors of cooperatives shall hold periodic meeting in accordance with the charter, but at least once for every 03 months; The Board of Directors of unions of cooperatives shall hold periodic meeting in accordance with the charter, but at least once for every 06 months convened by the chairman of the Board of Directors or by the members authorized by the chairman of the Board of Directors.

The Board of Directors shall hold extraordinary meeting at the request of at least one third of the total number of Board members or chairman of the Board of Directors, the supervisory Board or controller, Director (General Director) of cooperatives and unions of cooperativess.

5. The meeting of the Board of Directors shall be conducted as follows:

a) The meeting of the Board of Directors shall be conducted when at least two-thirds of the total number of Board members attending. The Board's decision shall be adopted by the principle of majority, each member has one vote of equal value;

b) In case of convening the Board meeting on a regular basis but not adequate participants as prescribed, the chairman of the Board shall convene a second Board meeting within 15 days from the expected first meeting. After two times of convening without adequate participants, the Board shall convene an extraordinary general meeting of members within 30 days from the date of expected second meeting to review the status of the Board members who have not attended

the meeting with measures of handling; the chairman of the Board shall make a report to the latest general meeting of members to congress members nearest to review the status of the Board members who have not attended the meeting with the handling measures;

c) The content and conclusions of the Board meeting must be recorded in the minutes; the Board meeting minutes must be signed by the chair and secretary of the meeting. The chair and secretary shall jointly be responsible for the accuracy and truthfulness of the minutes. For contents that the Board can not decide, it shall submit them to the general meeting of members for decision. The Board members are entitled to reserve their opinions which shall be recorded in the minutes of the meeting.

### **Article 36. Powers and tasks of the Board**

1. Making a decision on organization of assisting departments and units of directly under the cooperatives and unions of cooperativess in accordance with the charter.
2. Implementing resolution of the general meeting of members and evaluating operation result of the cooperatives and unions of cooperativess;
3. Preparing and requesting the general meeting of members to amend and supplement charter; making report on operation result, business and production plan and income distribution plan of the cooperatives and unions of cooperativess; making report on operation of the Board.
4. Submitting the general meeting of members the financial statements for review and approval; the management and use funds of the cooperatives and unions of cooperativess;
5. Submitting the general meeting of members the remuneration and bonus plan of the Board members, supervisory Board members or controllers; wages, salaries and bonuses of Director (General Director), Deputy Director (Deputy General Director);
6. Transfer, liquidation, handling assets of cooperatives and cooperatives unions under the authority assigned by the general meeting of members.
7. Admitting new members, solving the termination of status of member specified at Point a, clause 2, Article 16 of this Law and making a report to the general meeting of members.
8. Evaluating the operation efficiency of the Director (General Director), Deputy Director (Deputy General Director);
9. Appointing, dismissing, removing, hiring or terminating contract of Director (General Director) lease in accordance with the resolutions of the general meeting of members.
10. Appointing, dismissing, removing, hiring or terminating contract of Deputy Director (Deputy General Director) lease and other positions at the request of Director (General Director) unless otherwise specified by the charter.
11. Rewarding and disciplining members and affiliated cooperatives; rewarding individuals and organizations which are not members and affiliated cooperatives, but have merits to build and develop cooperatives and unions of cooperativess.

12. Notifying the members and affiliated cooperatives of the resolutions and decisions of the general meeting of members and the Board;
13. Issuing regulation on operation of the Board to implement the powers and tasks assigned.
14. Implementing other rights and tasks under the provisions of the charter and resolutions of the general meeting of members and take responsibility for their decisions before the general meeting of members and law.

### **Article 37. Powers and tasks of the chairman of the Board**

1. Being the legal representative of the cooperatives and unions of cooperativess.
2. Programming and planning operation of the Board and assigning tasks to the board members.
3. Preparing content, programs, convening and presiding over the meetings of the Board, the general meeting of members unless otherwise specified by this Law or the charter.
4. Taking responsibility before the general meeting of members and the Board for the assigned tasks.
5. Signing documents of the Board as prescribed by law and charter.
6. Implementing powers and other tasks as prescribed by law and charter.

### **Article 38. Director (General Director) of cooperatives and unions of cooperativess**

1. Director (General Director) is the executive of operations of the cooperatives and unions of cooperativess;
2. Director (General Director) has the following powers and tasks:
  - a) Organizing the implementation of business and production plan of the cooperatives and unions of cooperativess;
  - b) Implementing resolution of the general meeting of members and decision of the Board.
  - c) Signing contracts in the name of cooperatives and unions of cooperativess under the authorization of the chairman of the Board.
  - d) Submitting the Board the annual financial statement;
  - e) Developing plans for organization of assisting departments and units directly under the cooperatives and unions of cooperativess and presenting the Board for decision;
  - g) Recruiting laborers under the Board's decision;
  - h) Implementing other powers and duties as prescribed in the charter and regulations of the cooperatives and unions of cooperativess.
3. In case the Director (General Director) is hired by the cooperatives and unions of cooperativess, in addition to implementing the powers and tasks as specified in Clause 2 of this

Article, he/she shall also implement the powers and tasks under the labor contract and may be invited to attend the general meeting of members and the Board.

### **Article 39. Supervisory Board and controller**

1. Supervisory Board and controller shall operate independently, examine and supervise the activities of cooperatives and unions of cooperatives in accordance with the law and charter.

2. Supervisory Board and controller shall be elected directly by the general meeting of members among the members and representatives of member cooperatives by secret ballot. The number of members of supervisory Board shall be decided by the general meeting of members but not exceeding 07 persons.

Cooperatives with 30 members or more, unions of cooperatives with 10 members or more must elect the supervisory Board. For cooperatives with less than 10 member cooperatives, the establishment of supervisory Board or controller shall be regulated by the charter.

3. The head of supervisory Board shall be elected directly among the members of supervisory Board. The term of the supervisory Board or controller shall be under the term of the Board of Directors.

4. The supervisory Board or controller shall take responsibility before the general meeting of members and have powers and tasks as follows:

a) Inspecting and monitoring activities of cooperatives and unions of cooperatives as prescribed by law and the charter;

b) Inspecting the compliance with the charter, resolutions and decisions of the general meeting of members, Board of Directors and regulations of cooperatives and unions of cooperatives;

c) Monitoring activities of the Board, Director (General Director), members and affiliated cooperatives as prescribed by law, charter, resolution of the general meeting of members and regulations of cooperatives and unions of cooperatives;

d) Inspecting financial operation, compliance with the accounting regulation, income distribution, handling losses, use of funds, assets, loans of cooperatives and unions of cooperatives and other funds of the State;

e) Verifying report on business and production result, annual financial statements of the Board before submission to the general meeting of members.

g) Receiving proposals relating to cooperatives and unions of cooperatives; settling under the authority or requesting the Board and the general meeting of members to settle under the authority.

h) The head of supervisory Board or controller are entitled to attend meetings of the Board but have no right to vote.

i) Notifying the Board and making report before the general meeting of members on the result of control; requesting the Board, Director (General Director) to overcome weaknesses and violations in operation of the cooperatives and unions of cooperatives;

k) Requesting the supply of materials, books, documents and necessary information to serve the inspection and monitoring, but not entitled to use those materials and information for other purposes;

l) Preparing programs and convening extraordinary as specified in Clause 3, Article 31 of this Law.

m) Implementing powers and other tasks as prescribed by law and charter.

5. Members of supervisory Board and controller are entitled to remuneration and other necessary expenses in the course of performing their tasks.

6. The supervisory Board and controller are entitled to use the seal of cooperatives and unions of cooperatives to implement their tasks.

**Article 40. Conditions for becoming members of the Board, supervisory Board and controller, Director (General Director) of cooperatives and unions of cooperatives.**

1. The Board members of cooperatives must meet the following conditions:

a) Being member of cooperative;

b) Not being concurrently member of supervisory Board or controller, chief accountant and treasurer of the same cooperative and not being natural parents, adoptive parents, spouse, child, adopted child, natural sisters of the members of the Board, supervisory Board and controller.

c) Other conditions as specified by the charter of cooperatives.

2. The Board members of unions of cooperatives must meet the following conditions:

a) Being legal representatives of member cooperatives;

b) Not being concurrently member of supervisory Board or controller, chief accountant and treasurer of the same cooperative union and not being natural parents, adoptive parents, spouse, child, adopted child, natural sisters of the members of the Board, supervisory Board and controller.

c) Other conditions as specified by the charter of cooperatives.

3. The controllers and members of supervisory Board must meet the following conditions:

a) Being member of cooperative;

b) Not being concurrently member of the Board, Director (General Director), chief accountant and treasurer of the same cooperative and not being natural parents, adoptive parents, spouse, child, adopted child, natural sisters of the members of the Board and other members of supervisory Board.

c) Other conditions as specified by the charter of cooperatives.

4. Controller and member of supervisory Board of unions of cooperatives must meet the following conditions:



- a) Being legal representative of member cooperative as specified in Clause 2, Article 13 of this Law.
  - b) Not being concurrently member of the Board, Director (General Director), chief accountant and treasurer of the same cooperative union and not being natural parents, adoptive parents, spouse, child, adopted child, natural sisters of the members of the Board and other members of supervisory Board.
  - c) Other conditions as specified by the charter of unions of cooperatives.
5. Director (General Director) must meet the following conditions as specified by law and charter:
6. The following persons shall not be members of the Board, members of the supervisory Board, controller or Director (General Director) cooperatives and unions of cooperatives.
- a) Serving a prison sentence or prohibited by court from business practice;
  - b) Having been convicted of the offense of violation of national security, ownership and economic management that have not been cleared of criminal records;
  - c) Other cases as specified by the law and charter.

**Article 41. Removal, dismissal, discharge and termination of contract of management titles of cooperatives and unions of cooperatives.**

1. Members of the Board, supervisory Board and controller, Director (General Director) shall be discharged, removed, dismissed or terminated contract if falling into one of the following cases:
- a) Restricted or losing civil act capacity;
  - b) Voluntary resignation;
  - c) Being sentenced to imprisonment by Court or prohibited from holding positions and practice relating to cooperatives and unions of cooperatives;
  - d) Other cases as specified by the charter or in accordance with labor contract signed between cooperatives and unions of cooperatives with the Director (General Director);
2. The Board members, supervisory Board members or controllers, Director (General Director) after being dismissed, removed, discharged or terminated labor contracts shall be responsible for their decisions during the time holding those positions.

**Chapter 5.**

**ASSETS, FINANCE OF COOPERATIVES AND UNIONS OF COOPERATIVES**

**Article 42. Determination of value of contributed capital**

1. Contributed capital is Vietnam dong and other assets converted into Vietnam dong including foreign currency, objects, value of land use right, intellectual property right and other valuable papers at the time of contribution.

2. The value of contributed capital by other assets is determined according to the principles of agreement between the cooperatives and unions of cooperatives with the members and affiliated cooperatives or through appraisal organizations.

#### **Article 43. Increase and decrease of charter capital of cooperatives and unions of cooperatives**

1. The charter capital of cooperatives and unions of cooperatives shall be increased in case the general meeting of members decides to increase the minimum level of contributed capital or mobilize additional contributed capital of the members and affiliated cooperatives or admit new members and affiliated cooperatives.

2. The charter capital of cooperatives and unions of cooperatives shall be decreased when the cooperatives and unions of cooperatives return contributed capital to the members and affiliated cooperatives.

In case the charter capital decreases but there are members and affiliated cooperatives whose contributed capital exceeds the maximum level as specified in Clause 1, 2, Article 17 of this Law, the exceeding part of capital of the maximum level shall be returned as prescribed in Clause 1, Article 18 of this Law or mobilize additional capital of the members and affiliated cooperatives or admit new members and affiliated cooperatives to ensure the ratio of maximum capital contribution as prescribed by this Law and the charter.

For cooperatives and unions of cooperatives operating in required business lines must have legal capital, the charter capital after the decrease shall not be less than the legal capital applicable to those business lines.

#### **Article 44. Mobilization of capital and subsidies and financial assistance**

1. Cooperatives and unions of cooperatives shall give priority to mobilization capital from the members and affiliated cooperatives to invest and expand business and production on the basis of agreement with the members and affiliated cooperatives.

In case the mobilization of capital from the members and affiliated cooperatives has not met the requirements, the cooperatives and unions of cooperatives shall mobilize capital from other sources as prescribed by law and charter.

2. The cooperatives and unions of cooperatives shall receive subsidies and financial assistance of the State, organizations and individuals in the country and abroad under agreement as prescribed by law.

3. The management of subsidies and financial assistance of the State shall be implemented as follows:

a) Non-refundable subsidies and financial assistance of the State shall be included in the undivided assets of cooperatives and unions of cooperatives;

b) The financial assistance of the State to be returned shall be included in the debts of cooperatives and unions of cooperatives;

4. The management and use the subsidies and financial assistance with foreign elements must be consistent with the provisions of the law and the international agreements in which the Socialist Republic of Vietnam is a member.

#### **Article 45. Working capital of cooperatives and unions of cooperativesss**

1. Working capital of cooperatives and unions of cooperativesss includes the contributed capital of members and affiliated cooperatives, mobilized capital, accumulated capital, funds of cooperatives and unions of cooperativesss, subsidies and financial assistance of the State, organizations or individuals in the country and abroad; offered, donated and other legal collection resources.
2. Charter of cooperatives and unions of cooperativesss shall specify the management and use of working capital of cooperatives and unions of cooperativesss in accordance with the provisions of this Law and relevant laws.
3. The use of capital of cooperatives and unions of cooperativesss for capital contribution, share purchase and establishment of enterprise shall be prescribed by the Government.

#### **Article 46. Distribution of income**

After completing financial obligations as prescribed by law, the income of cooperatives and unions of cooperativesss shall be distributed as follows:

1. Deduction for development investment funds at a rate not less than 20% of income; extraction for the financial reserve fund at the rate of not less than 5% of the income;
2. Deduction for other funds is decided by the general meeting of members;
3. The remaining income after deduction of funds as provided for in Clauses 1 and 2 of this Article shall be distributed to members and affiliated cooperatives according to the following principles:
  - a) Mainly to the extent of use of the products and services of the members and affiliated cooperatives; with labor effort contributed by members for job creation cooperatives;
  - b) The remaining income is divided by contributed capital;
  - c) Rate and mode of distribution are specified by the charter of the cooperatives and unions of cooperativesss.
4. Income distributed to the members and affiliated cooperatives is the asset under the possession of members and affiliated cooperatives. The members and affiliated cooperatives can hand over distributed income to the cooperatives and unions of cooperativesss for management and use under agreement of cooperatives and unions of cooperativesss;

#### **Article 47. Management and use of funds of cooperatives and unions of cooperativesss**

1. The use and management of funds must be specified in the charter and regulation on financial management of the cooperatives and unions of cooperatives and in accordance with regulations of law.
2. The Board of Directors shall annually make report to the general meeting of members on the management and use of funds and direction of use of funds of the cooperatives and unions of cooperatives in the following year.

#### **Article 48. Assets of cooperatives and unions of cooperatives**

1. Assets of cooperatives and unions of cooperatives shall be formed from the following resources:
  - a) Contributed capital of members and affiliated cooperatives;
  - b) Mobilized capital of members and affiliated cooperatives and other mobilized capital;
  - c) Capital and assets shall be formed during the operation of cooperatives and unions of cooperatives;
  - d) Subsidies and financial assistance of the State and other offers and donations.
2. Undivided assets of the cooperatives and unions of cooperatives include:
  - a) Use right of land allocated by the State and land lease;
  - b) Non-refundable subsidies and financial assistance of the State; the offer and donation under agreement are undivided assets;
  - c) Annual deduction from development investment funds shall be included in the undivided assets by decision of general meeting of members.
  - d) Other capital and assets shall be undivided assets by provisions of the charter.
3. The management and use of assets of the cooperatives and unions of cooperatives shall be implemented under provisions of the charter and regulation on financial management of the cooperatives and unions of cooperatives, resolution of general meeting of members and relevant laws.

#### **Article 49. Handling of assets and capital of cooperatives and unions of cooperatives upon dissolution**

1. Order to handle assets and capital of cooperatives and unions of cooperatives:
  - a) Recovery of assets of the cooperatives and unions of cooperatives;
  - b) Liquidation of assets, excluding undivided assets;
  - c) Payment of liabilities payable and financial obligations of the cooperatives and unions of cooperatives.
2. Handling of remaining assets, excluding undivided assets to be done according to the following order of priority:

- a) Payment of dissolution expenses, including expenses for the recovery and liquidation of assets;
  - b) Payment of salary debt, allowances and social insurance of workers;
  - c) Payment of secured debts as prescribed by law;
  - d) Payment of unsecured debts;
  - e) Remaining value of asset to be returned to the members and affiliated cooperatives;
3. The handling of assets shall comply with priority order as specified in Clause 2 of this Article. In case the value of remaining assets is not sufficient to pay debts under the same payment priority line, only a part of debt shall be paid in proportion to the debts payable in that priority line.
4. The Government shall stipulate the handling of undivided of the cooperatives and unions of cooperativesss upon dissolution and bankruptcy.

#### **Article 50. Handling of losses and debts of cooperatives and unions of cooperativesss**

1. By the end of the financial year, if losses arise, the cooperatives and unions of cooperativesss shall reduce losses as prescribed by law. In case the loss reduction has been handled but still not sufficient, the financial reserve fund shall be used to offset; if still not sufficient, the remaining losses are carried forward to the following year; these losses are deducted from taxable income. The time for transfer of losses shall comply with the provisions of the tax law.
2. The debts of cooperatives and unions of cooperativesss are handled in accordance with the law and charter.

#### **Article 51. Order to return contributed capital**

1. The returning of contributed capital to the members and affiliated cooperatives shall only be made after the cooperatives and unions of cooperativesss have finalized tax of the financial year and ensure the possibility of payment of debts and financial obligations cooperatives and unions of cooperativesss.

The members and affiliated cooperatives shall only be returned their contributed capital after fully implementing their financial obligations for cooperatives and unions of cooperativesss.

Individual or collective making a decision on the return of contributed capital to the members and affiliated cooperatives not in accordance with provisions in this clause shall be responsible for compensation for damages to the cooperatives and unions of cooperativesss.

2. The return of capital to the members and affiliated cooperatives is prescribed by the charter and in accordance with the provisions of Clause 1 of this Article and the relevant laws.

### **Chapter 6.**

## **SPLIT, SEPARATION, CONSOLIDATION, MERGER, DISSOLUTION, BANKRUPTCY OF COOPERATIVES AND UNIONS OF COOPERATIVESSS**

## **Article 52. Split and separation of cooperatives and unions of cooperativesss**

1. The Board of Directors of cooperatives and unions of cooperativesss planning the split and separation shall develop the split and separation plan for submission to the general meeting of members for decision.
2. After the general meeting of members has decided the split and separation, the Board shall notify in writing to the creditors, organizations and individuals that have economic relations with cooperatives and unions of the decision on split and separation and settles relevant issues prior to the procedure for establishment of new cooperatives and unions of cooperativesss.
3. The cooperatives and unions of cooperativesss split and separated shall implement the split and separation plan having been decided and carry out procedures for establishment in accordance with the provisions of Article 23 of this Law. The dossier to register cooperatives and unions of cooperativesss split and separated must be accompanied by a resolution of the general meeting of members concerning the split and separation of cooperatives and unions of cooperativesss.
4. The cooperatives and unions of cooperativesss split shall terminate its existence after the new cooperatives and unions of cooperativesss are issued certificate of registration. The new cooperatives and unions of cooperativesss shall jointly take responsibility for the unpaid debts, labor contracts and other obligations of the cooperatives and unions of cooperativesss that have been split.

The old and new cooperatives and unions of cooperativesss must jointly take responsibility for unpaid debts, labor contract and other obligations of the old cooperatives and unions of cooperativesss.

The undivided assets of the cooperatives and unions of cooperativesss split and separated shall be transferred into undivided assets of cooperatives and affiliated cooperatives after split and separation under the plan decided by the general meeting of members.

## **Article 53. Consolidation or merger of cooperatives and unions of cooperativesss**

1. Consolidation or merger of cooperatives and unions of cooperativesss:
  - a) Two or more cooperatives may voluntarily be merged into a new cooperative; two or more unions of cooperatives may voluntarily be merged into a new union of cooperatives;
  - b) The Board of Directors of cooperatives and unions of cooperativesss planning for consolidation shall develop the consolidation plan for submission to their general meeting of members and notify in writing the creditors, organizations and individuals having economic relations with their cooperatives and unions of cooperativesss of the decision on consolidation. The consolidation plan includes the plan for handling of assets, capital, debts, labor and other relevant issues.
  - c) The Board of Directors of cooperatives and unions of cooperativesss planning for consolidation shall establish the consolidation Board which shall develop consolidation plan for

submission to the general meeting of consolidated cooperatives and unions of cooperativesss for decision. The consolidation plan includes the main contents such as name, head office, plan for handling of assets, capital, debts, labor and other remaining issues of the old cooperatives and unions of cooperativesss to the consolidated cooperatives and unions of cooperativesss, the plan for business and production, draft of charter, expected list of members and affiliated cooperatives.

d) Procedures for registration of consolidated cooperatives and unions of cooperativesss

2. Merging cooperatives and unions of cooperativesss:

a) One or a number of cooperatives may voluntarily be merged into another cooperative; one or a number of unions of cooperatives may voluntarily be merged into a union of cooperatives;

b) The Board of Directors of cooperatives and unions of cooperativesss merged shall develop the merger plan for submission to their general meeting of members and notify in writing the creditors, organizations and individuals having economic relations with their cooperatives and unions of cooperativesss of the decision on merger. The merger plan includes the plan for handling of assets, capital, debts, labor and other relevant issues.

c) The Board of Directors of cooperatives and unions of cooperativesss planning their merger shall negotiate the merger plan. The merger plan includes the following major contents: asset handling plan, capital, liabilities and labor and the remaining issues of the cooperatives and unions of cooperativesss which have been merged;

d) The cooperatives and unions of cooperativesss after the merger must register for change as prescribed in Article 28 of this Law.

3. After registration, the cooperatives and unions of cooperativesss having been merged shall terminate their existence. After registration changes, cooperatives, unions of cooperatives merged cease to exist.

#### **Article 54. Dissolution of cooperatives and unions of cooperativesss**

1. Voluntary dissolution:

The general meeting and affiliated cooperatives shall make a decision on voluntary dissolution and establishment of a voluntary dissolution Board which includes representative of the Board of Directors, supervisory Board or controller, executive committee, representative of member and affiliated cooperative.

Within 60 days from the date the general has made a resolution of voluntary dissolution, the voluntary dissolution Board shall perform the following tasks:

a) Notifying dissolution to the State agency which has issued certificate of registration to the cooperatives and affiliated cooperatives; publishing on a local newspaper where the cooperatives and affiliated cooperatives are operating in 03 consecutive issues on dissolution;

b) Notifying organizations and individuals which have economic relations with the cooperatives and affiliated cooperatives on the time limit for payment of debts, liquidation of contracts,

implementation of handling of assets and capital of the cooperatives and affiliated cooperatives as provided for in Article 49 of this Law.

## 2. Compulsory dissolution:

People's Committees of the same level with the state agency which has issued certificate of registration of the cooperatives and unions of cooperativesss shall make a decision on compulsory dissolution to the to the cooperatives and unions of cooperativesss subject to one of the following cases:

- a) The cooperatives and unions of cooperativesss do not operate for 12 consecutive months;
- b) The cooperatives and unions of cooperativesss do not ensure sufficient minimum number of members in accordance with the provisions of this Law within 12 consecutive months;
- c) The cooperatives and unions of cooperativesss can not held the annual general meeting of members within 18 consecutive months without any reason;
- d) Being revoked certificate of registration;
- e) By decision of the Court.

## 3. Procedures for compulsory dissolution for the cooperatives and unions of cooperativesss as follows:

a) People's Committees of the same level with the state agency which has issued certificate of registration of the cooperatives and unions of cooperativesss makes a decision on dissolution and establish a dissolution Board. The chairman of the dissolution Board is the representative of Peoples' Committee; the standing member is the representative of the state agency which has issued certificate of registration; other members are representatives of the specialized State agency at the same level, representative organization, alliance of cooperatives of centrally-affiliated provinces and cities (if the cooperatives and unions of cooperativesss are members of the alliance), People's Committee of commune, ward and town where the cooperatives and unions of cooperativesss have their head offices, the Board of Directors, supervisory Board, controllers, members and affiliated cooperatives.

b) Dossier of compulsory dissolution includes the decision on compulsory dissolution and certificate of registration of the cooperatives and unions of cooperativesss;

c) Within 60 days from the date of decision on compulsory dissolution, the dissolution Board shall carry out the following things: publishing newspaper of 03 consecutive issues on decision on compulsory dissolution at locality where the cooperatives and unions of cooperativesss have registered; notifying the organizations and individuals having economic relations with the cooperatives and unions of cooperativesss of the dissolution and time limit of debt payment and liquidation of contracts; handling of assets and capital of the cooperatives and unions of cooperativesss as prescribed in Article 49 of this Law.

4. Right after the completion of dissolution as prescribed in Clause 1, 2 of this Article, the dissolution Board shall submit 01 set of dossier of dissolution, seal and original certificate of registration of the cooperatives and unions of cooperativesss to the agency issuing certificate of registration. The handling of other documents shall comply with regulations of law.



5. The State agency issuing the certificate of registration of the cooperatives and unions of cooperativesss shall erase the name of the cooperatives and unions of cooperativesss in the registration book.
6. In case of disagreement with the decision on compulsory dissolution, the cooperatives and unions of cooperativesss have the right to make complaint to the competent State agencies or initiate a suit to the Court as prescribed by law.
7. The Government has stipulated in detail this Article.

**Article 55. Settlement of bankruptcy declation requirement for cooperatives and unions of cooperativesss**

The resolve of dissolution for the cooperatives and unions of cooperativesss shall comply with regulation of law on bankruptcy, except for settlement of undivided assets as prescribed in Clause 2, Article 48 of this Law.

**Article 56. Revocation of certificate of registration of cooperatives and unions of cooperativesss**

The cooperatives and unions of cooperativesss shall be revoked certificate of registration in one of the following cases:

1. Dissolution, bankruptcy, consolidation or merger;
2. Contents declared in the registration dossier of the cooperative and unions of cooperatives are untruthful or inaccurate;
3. Taking advantage of the name of cooperatives and unions of cooperativesss for illegal operation;
4. Operating in business lines prohibited by law;
5. Operating in conditioned business lines but without sufficient conditions as prescribed by law.
6. Failing to register tax identification number within 01 year from the issuance of certificate of registration;
7. Relocating head office to another locality without registration with the competent State agencies within 01 year.

**Chapter 7.**  
**REPRESENTATIVE ORGANIZATION OF COOPERATIVES AND UNIONS OF COOPERATIVESSS**

**Article 57. Representative organization of cooperatives and unions of cooperativesss**

Representative organization of cooperatives and unions of cooperativesss shall be voluntarily established by the cooperatives and unions of cooperativesss in order to protect their legitimate rights and interests. The representative organization of the cooperatives and unions of cooperativesss shall be organized under sector and territorial region; organized and operate as prescribed by law on association and relevant laws.

**Article 58. Vietnam cooperative alliance organization, cooperative alliance organization of centrally-affiliated cities and provinces**

1. Vietnam cooperative alliance is established at the central level; provincial cooperative alliance is established in centrally-affiliated cities and provinces. The charter of Vietnam cooperative alliance shall be adopted by the general meeting of Vietnam cooperative alliance and approved by the Prime Minister; the charter of provincial cooperative alliance shall be adopted by the provincial-level general meeting and approved by Chairman of provincial People's Committee.

2. The cooperative alliance has the following functions and tasks as follows:

- a) Representation and protection of legitimate rights and interests of the members;
- b) Propagation and advocacy of development of cooperatives and unions of cooperativesss;
- c) Consultation, support and supply of services, training and retraining of human resources for the establishment and development of the cooperatives and unions of cooperativesss;
- d) Implementation of programs, projects and public services to support the development of cooperatives and unions of cooperativesss;
- e) Participation in developing policies and law on cooperatives and unions of cooperativesss;
- g) Đại diện cho các thành viên trong quan hệ hoạt động phối hợp với các tổ chức trong nước và nước ngoài theo quy định của pháp luật.

3. The State shall support and create favourable conditions for the cooperative alliance to implement the assigned activities.

**Chapter 8.**  
**STATE MANAGEMENT FOR COOPERATIVES AND UNIONS OF COOPERATIVESSS**

**Article 59. Content of State management**

- 1. Issuing, disseminating, guiding and organizing the implementation of legal documents on the cooperatives and unions of cooperativesss and relevant legal documents.
- 2. Building the machine and organizing the implementation of plans, programs, preferential and supporting policies for the cooperatives and unions of cooperativesss;
- 3. Organizing and guiding registration of the cooperatives and unions of cooperativesss.

4. Inspecting and examining the implementation of the law for the cooperatives and unions of cooperativesss; handling acts of legal violations of the cooperatives and unions of cooperativesss, individuals and organizations concerned as prescribed by law.
5. Performing international cooperation for development of the cooperatives and unions of cooperativesss.

#### **Article 60. Responsibilities of state management agencies**

1. The Government performs the unified State management for the cooperatives and unions of cooperativesss;
2. Ministry of Planning and Investment helps the Government to perform the State management for the cooperatives and unions of cooperativesss;
3. Ministries, ministerial-level agencies within their powers and tasks shall perform the state management for the cooperatives and unions of cooperativesss in accordance with the law.
4. People's Committees at all levels within their powers and tasks shall perform the state management for the cooperatives and unions of cooperativesss in accordance with the law.
5. State management agencies shall coordinate with the Vietnam Fatherland Front and its member organizations and other social organizations in organizing the implementation of the law on cooperatives and unions of cooperativesss; propagation and dissemination of the law on cooperatives and unions of cooperativesss; implementation of programs and projects of development of the cooperatives and unions of cooperativesss.

#### **Article 61. Inspection, examination and audit.**

1. Ministry of Planning and Investment shall assume the prime responsibility for, and coordinate with ministries, ministerial-level agencies, People's Committees at all levels to inspect and examine the implementation of regulations and laws on cooperatives and unions of cooperativesss.
2. Ministries, ministerial-level agencies, People's Committees at all levels within their functions and tasks shall inspect and examine the operations of the cooperatives and unions of cooperativesss.
3. Audit of cooperatives and unions of cooperativesss is stipulated by the Government.

### **Chapter 9. IMPLEMENTATION PROVISION**

#### **Article 62. Transtional provision**

1. The cooperatives and unions of cooperativesss which are established prior to the effective date of this Law but are organized and operating not contrary to regulations of this law shall continue to operate without re-registration.

2. The cooperatives and unions of cooperativesss which are established prior to the effective date of this Law but are organized and operating not in accordance with regulations of this law must re-register or transfer to another type of organization within 36 months from the effective date of this Law.
3. The Government has stipulated in detail this Article.

**Article 63. Effect**

1. This Law takes effect from July 01, 2013.
2. The Cooperative Law No. 18/2003/QH12 shall expire from the effective date of this Law

**Article 64. Detailed regulation and guidance of implementation.**

The Government shall stipulate in detail and make guidance for the provisions in this Law.

*This Law was adopted by the XIII National Assembly, 4<sup>th</sup> session on November 20, 2012.*

**CHAIRMAN OF NATIONAL ASSEMBLY**

**Nguyen Sinh Hung**