

Alcohol trading activity

On September 14th, 2017, the Government issued Decree No.105/2017/NĐ-CP on alcohol trading (“**Decree 105**”) to replace Decree No.94/2012/NĐ-CP dated 12/11/2012. Decree 105 took effect on 01/11/2017. Accordingly, some new points which the alcohol traders should pay attention as follows:

Sale of alcohol for on-premises consumption activity

Sale of alcohol for on-premises consumption is a new business activity and supplemented in this Decree, means an act of directly selling alcohol to a buyer for consumption right on the premises. In order to perform this activity, the alcohol traders must meet the following conditions: (i) Being the enterprise, cooperative, cooperative joint venture or household business selling alcohol for on-premises consumption (on-premises alcohol seller) shall be established according to law; (ii) Being entitled to run fixed premises with a clear address; (iii) Selling alcohol provided by the traders who have the license for alcohol production/distribution/wholesaling/retailing; and (iv) Satisfying all requirements for fire and environmental safety. In case where the alcohol producer producing alcohol to sell for on-premises consumption, they shall have the license for mass production of alcohol or license for home production of alcohol for business purposes specified herein.

Besides, with respect to the traders who are operating the sale of alcohol for on-premises consumption, within 03 months from 01/11/2017, they shall submit the applications for licenses for sale of alcohol for on-premises consumption at the Economic Division under the People’s Committee of district where the alcohol is sold.

Conditions for alcohol distribution, wholesaling and retailing activities

According to Decree 105, some conditions for alcohol distribution, wholesaling and retailing activities have been shortened. As a result, there are some important provisions which the traders must satisfy as follows:

- a) **Alcohol distribution:** (i) Being the enterprise established according to law; (ii) being entitled to use a warehouse or warehouse network with the total floor area of at least 150 m²; (iii) satisfying food safety requirements; (iv) being available in at least 2 provinces/central-affiliated cities; in each province/central-affiliated city, there shall be at least an alcohol wholesaler; (v) having a written reference or an agreement in principle made by another alcohol producer, distributor or a foreign alcohol supplier; and (vi) satisfying all requirements for fire and environmental safety.
- b) **Alcohol wholesale:** (i) Being the enterprise established according to law; (ii) being entitled to use a warehouse or warehouse network with the total floor area of at least 50 m²; (iii) satisfying food safety requirements; (iv) being available in the province or central-affiliated city where the wholesaler sets up the headquarters with at least 3 alcohol retailers; (v) having a written reference or an agreement in principle shall be made by another alcohol producer, distributor or wholesaler; and (vi) satisfying all requirements for fire and environmental safety.
- c) **Alcohol retail:** (i) Being the enterprise, cooperative, cooperative joint venture or household business retailing alcohol (alcohol retailer) established according to regulations of law; (ii) being entitled to run a fixed store with a clear address; (iii) having a written reference or an agreement in principle shall be made by the alcohol producer, distributor or wholesaler; (iv) satisfying food safety requirements; and (v) satisfying all requirements for fire and environmental safety.



Violations against regulations of law on trade in alcohol

It is remarkable that such new Decree has diminished a few of violations against regulations of law on trade in alcohol. As a result, there are only the following 06 acts are considered as violation:

- a) Trading in alcohol without a license or not suitable for contents stated in the license specified in this Decree.
- b) Using of ethanol that fails to comply with regulations, industrial alcohol or other banned materials for production or preparation of alcohol.
- c) Leasing out or lending the certificate of eligibility for trade in alcohol.
- d) Displaying, purchasing, selling or consuming of alcohol without label; alcohol that fails to meet standards, quality or regulations on food safety; or alcohol without origin.
- e) Selling alcohol to people under the age of 18, sale of alcohol whose concentration is 15 degrees or over on the Internet, or sale of alcohol by an automatic selling machine.
- f) Advertising or conducting promotion against regulations of law.

In addition, before January 20 every year, the alcohol traders shall make a report on their alcohol production and trading in the previous year to the licensing authority.

This new Decree 105 has been built in the spirit of maintaining of policies and regulations set forth in Decree 94/2012. However, as above-mentioned, Decree 105 has provided more new regulations which are clearer and creating more conditions for traders in liquor business.