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## Legal Update on Regulations regulating School Bus Service

Considering the practical needs to transport students from their residents to schools and vice versa, many private schools in Vietnam are offering the school bus service for the students' parents on demand and separately collecting transportation fees from these parents. While some schools engage transportation companies to carry out the school bus service, others decide to perform such service by themselves.

Previously, the school bus services had not caught attention from the state authorities as well as the public until the repetition of school-bus-related accidents occurred across Vietnam. Since 01 January 2025, several legislative documents that may govern the school bus service have come into effect, including Law No. 35/2024/QH15 on Road (**Law on Road 2024**), Decree No. 158/2024/ND-CP regulating road transportation business activities (**Decree 158**), Law No. 36/2024/QH15 on Road Order and Safety (**Law on Road Order and Safety**) and Decree 151/2024/ND-CP regulating on a number of articles and measures for implementing the Law on Road Traffic Safety and Order (**Decree 151**).

In this legal update, we will highlight a number of remarkable requirements for the schools' attention regarding the performance of the school bus service under the updated laws of Vietnam.

### 1. Potential consideration as car transportation business

The Law on Road 2024 defines car transportation business as *the performance of at least one of the following steps*: controlling vehicles and driving or *determining transportation fees* to transport *passengers* and goods on the road *for benefits, except for internal transportation activities*. It appears 4 conditions that constitute a car transportation business, including: (i) the performance of any steps of the transportation activities, (ii) transportation of passengers/goods, (iii) beneficial purposes and (iv) not being internal transportation.

It is crystal clear that the school bus service is to transport students, which meets condition (ii). Since the schools normally determine and collect the transportation fees, conditions (i) and (iii) are also met. Regarding condition (iv), under Article 56.12 of the Law on Road 2024, "internal transportation" means a non-business transportation activity *without collecting transportation fees*, where transportation costs are included in the management, production, and consumption costs of products or services of that entity, including the transportation of *students of that entity*. Therefore, for schools that separately collect transportation fees from parents of students using the school bus service, the school bus service may not be considered "internal transportation".

In light of the above, the school bus service may fall under the scope of car transportation business if the schools collect the transportation fees separate from other school fees (e.g., tuition fees).

In such case, among available permitted forms of car transportation business under the Law on Road 2024,<sup>1</sup> the school bus service may only be classified in form of “*contractual passenger transportation business*”. This business form, however, **only** allows **multiple hirers** for contractual passenger transportation business using cars of less than 08 seats (excluding the driver seat). Therefore, the schools **only can** use these cars to provide the school bus service by themselves.

Apart from that, the cars used for the school bus service must comply with relevant regulations on cars. This includes, among others, posting the badge “CONTRACTUAL VEHICLE” (“*XE HỢP ĐỒNG*” in Vietnamese) on the cars.

More importantly, the schools (or the holding company of these schools) providing the school bus service must register road transportation business as one of their business lines and obtain a car transportation business license. Given that, under the WTO Commitments, Vietnam only allows organisation having foreign invested charter capital *not more than 49%* of the total charter capital to provide transportation business. This may result in non-compliance/legal impossibility for schools with foreign invested charter capital of more than 49% if they provide the school bus service itself and separately collect transportation fees. Thus, specifically for these schools, it is recommended to provide the school bus service under the “internal transportation” form which are not subject to business line registration and business license requirements. Please note that, in this case, the schools must comply with specific requirements for internal transportation under Decree 158 regarding cars, school operation and drivers.

## 2. Specific requirements for the transportation of students

Regardless of the being considered car transportation business or internal transportation, the school bus service must comply with the general regulations under the Law on Road Order and Safety and Decree 151 that specifically govern the transportation of students. Particularly,

*For the cars used for the school bus service:*

- (a) The cars must be painted in a dark yellow colour on the exterior of the vehicle, the front and both side panels above the windows must have signs indicating that the vehicle is a specialised vehicle for transporting students;
- (b) The cars must be equipped with a device to record images of students, as well as a device with a warning function to prevent students from being left behind in the car; and
- (c) The cars must have a service life of no more than 20 years.

*For the schools providing the school bus service:*

- (d) The schools must have a safety procedure to transport students, guidance for drivers and children supervisor to implement such procedure and ensure the road order and safety during the transportation; and
- (e) The schools must assign at least 01 supervisor to guide, supervise, maintain order and ensure safety for students throughout the trip for each car of less than 29 seats, and at least 02 supervisors to do so for each car of 29 seats or more.

*For the drivers driving the school bus:*

- (f) The driver must have at least 2 years’ experience of driving to transport passengers.

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<sup>1</sup> There are five forms of car transportation business: (i) passenger transportation business by car on fixed routes; (ii) public passenger transportation business by bus; (iii) passenger transportation business by taxi; (iv) contractual passenger transportation business; and (v) new passenger transportation business as per the Government’s regulations (that are currently unavailable).

**Key contacts**

If you have any questions or would like to know how this might affect your business, please contact these key contacts.



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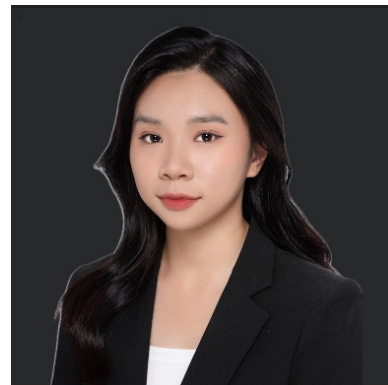
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