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# AN INTRODUCTION TO Doing Business in Vietnam 2026

Special Focus

**Tapping into Vietnam's  
High-Value Growth Ambition**





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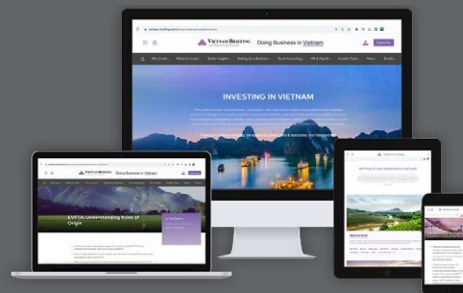
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This edition of Doing Business in Vietnam was produced by a team of professionals at Dezan Shira & Associates, with Vu Nguyen Hanh as Editor and Melissa Cyrill as Lead Editor. Creative design of the guide was provided by Aparajita Zadoo.

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## About Dezan Shira & Associates

Dezan Shira & Associates is a pan-Asia, multi-disciplinary professional services firm, providing legal, tax and operational advisory to international corporate investors. Operational throughout China, India, ASEAN and the Middle East, our mission is to guide foreign companies through Asia's complex regulatory environment and assist them with all aspects of establishing, maintaining and growing their business operations in the region. With more than two decades of on-the-ground experience and a large team of lawyers, tax experts and auditors, in addition to researchers and business analysts, we are your partner for growth in Asia.

# Preface

Vietnam is at an important stage in its development trajectory as it pursues high-value, innovation-driven growth. Entering 2026, the government is reshaping its policy architecture to consolidate its position within global value chains, amid a time when the world economy is expected to face continued headwinds.

Vietnam's growth ambition for 2026 is bold. The government has set out a framework targeting 10 percent GDP growth, an inflation rate of around 4.5 percent, and a GDP per capita of US\$5,400–5,500. To achieve these goals, the national planning framework prioritizes high-tech and strategic industries, alongside the expansion of digital infrastructure, renewable energy, and clean-technology ecosystems. By 2030, Vietnam aspires to become the second-largest e-commerce market in Southeast Asia.

Supporting this trajectory is a comprehensive set of incentives designed to unleash private-sector dynamism, expand access to financing for SMEs, and foster a more transparent and predictable business environment.

The 2026 edition of *An Introduction to Doing Business in Vietnam* provides an in-depth perspective on these transformative policy shifts. It offers a thorough overview of market entry requirements, intellectual property rights (IPR) considerations, taxation policies, and HR and payroll regulations, helping businesses gain the knowledge needed to operate effectively and responsibly in Vietnam's dynamic economic environment.



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# What's New in This Guide

**Vietnam's high-value growth trajectory:** This edition offers a special focus on Vietnam's renewed ambition to transition toward a high-productivity, innovation-driven economy as it enters the decisive 2026–2030 period. It analyzes the country's high-growth targets, evolving regional landscape, and sectoral priorities, while also highlighting the government's four-pillar incentive framework, which expands tax, land, financial, and regulatory support for the private sector.

**Improved accounting standards:** Vietnam is rapidly modernizing its accounting and audit framework as the country aligns more closely with international standards. The regulatory environment emphasizes substance-over-form reporting, digital transformation, flexibility in functional currency, and stronger internal controls. This edition analyzes Vietnam's multi-stage IFRS adoption roadmap and increasing compliance requirements for enterprises, offering practical insights for companies preparing to navigate Vietnam's next phase of accounting modernization.

**New work permit regulations:** This edition provides a concise overview of Vietnam's updated work permit framework, highlighting streamlined procedures, expanded exemptions, and more apparent timelines for employers. It outlines key eligibility criteria, common grounds for termination, and categories exempt from work permit requirements, reflecting Vietnam's efforts to attract skilled foreign talent while maintaining regulatory oversight.

**Enhanced data protection regulation:** This edition introduces Vietnam's Personal Data Protection Law (PDPL) and the Data Law, two major frameworks shaping the country's approach to data security. Compared to its predecessor – the Personal Data Protection Decree, the PDPL imposes stronger requirements and penalties for organizations that process personal data, especially regarding cross-border data transfers. Meanwhile, the Data Law addresses the creation, development, protection, management, processing, and utilization of digital data, urging organizations to pay close attention and prepare internal guidelines to remain compliant.

**Updated HR, taxation, and regulatory information:** Our experts in human resources, taxation, and legal compliance have reviewed and updated the content to ensure accuracy and relevance. Additional details have been incorporated to fill gaps, providing businesses with a more comprehensive resource to address HR, tax, and regulatory requirements effectively.

# Special Focus: Tapping into Vietnam's High-Value Growth Ambition

Vietnam is entering a decisive stage in its development journey, pursuing ambitious growth goals while simultaneously restructuring its regional economy. The government aims for high-value growth, supported by policies that promote productivity, innovation, and industrial upgrading.

For the world, 2026 is projected to be a year of continued geopolitical risk and policy uncertainty. The Economist Intelligence Unit (EIU) has forecast a slower global growth rate of 2.4 percent in 2026, while the World Trade Organization (WTO) predicts that the impact of US tariffs on international trade will likely be felt in 2026.

For Vietnam, 2026 is a special year that marks the beginning of the final stage of its 10-year Socio-Economic Development Strategy (2021–2030). In other words, the year will create momentum for the final sprint towards Vietnam's growth goals for this decade, focusing on high-quality growth, digital transformation, and sustainable development.

## The government has set its ambition high for 2026.

-  **GDP growth target** 10%
-  **Inflation rate** ~4.5%
-  **GDP per capita** US\$5,400–5,500
-  **State budget revenue**
  - +10% year-on-year
  - -5% investment spending
  - -10% regular expenditures
  - Focus on priority projects, such as Lao Cai–Hanoi–Hai Phong railway, and social welfare initiatives

To address external challenges and achieve development goals, the Vietnamese government is leveraging the private sector's strengths by introducing new advantageous investment policies, overhauling the administrative system, quickly eliminating bureaucratic obstacles, and prioritizing high-value sectors.



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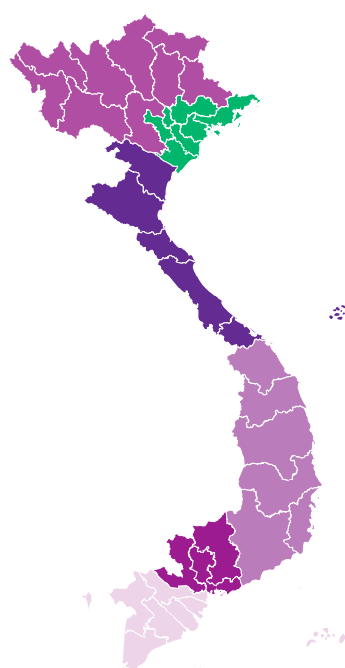
## Vietnam's new regional orientation

The key policy milestone for Vietnam in 2025 is its major regional mergers, which involve consolidating 63 into 34 provincial-level administrative units and implementing a two-tier administrative system.

The restructuring aims to establish more robust development corridors, boost regional complementarities, and increase competitiveness. Larger provinces are envisioned to give provincial administrations greater authority to enact comprehensive, consistent policies that directly support the logistics and industrial development of each region.

With that goal, Vietnam has introduced coordinated policy adjustments focusing on spatial development and efficient use of six new socio-economic zones formed through administrative restructuring.

### Vietnam's Six Socio-Economic Regions (After provincial merger)



|                                                                                     |                                 | Northern Midlands & Mountainous                                                                            | Red River Delta                                                             | North Central                                              | South Central Coast & Central Highlands                                   | Southeast                               | Mekong Delta                                                   |
|-------------------------------------------------------------------------------------|---------------------------------|------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------|---------------------------------------------------------------------------|-----------------------------------------|----------------------------------------------------------------|
|  | 2024 GRDP (US\$ billion)        | 56.35                                                                                                      | 131.10                                                                      | 31.75                                                      | 42.82                                                                     | 137.26                                  | 41.45                                                          |
|  | GRDP growth, 2026-2030 (%/year) | 11                                                                                                         | 10–10.5                                                                     | 10                                                         | 9.5–10                                                                    | 9–10                                    | 9–9.5                                                          |
|  | Area (km <sup>2</sup> )         | 108,100.5                                                                                                  | 23,938.54                                                                   | 51,242.77                                                  | 83,231.11                                                                 | 28,046.21                               | 36,766.53                                                      |
|  | Population                      | 20,129,284                                                                                                 | 26,568,734                                                                  | 13,083,209                                                 | 15,282,867                                                                | 21,748,176                              | 16,759,656                                                     |
|  | No. Of Provinces                | 9<br>Including Lang Son, Cao Bang, Thai Nguyen, Tuyen Quang, Phu Tho, Lao Cai, Lai Chau, Dien Bien, Son La | 6<br>Including Ha Noi, Hai Phong, Bac Ninh, Hung Yen, Quang Ninh, Ninh Binh | 5<br>Including Thanh Hoa, Nghe An, Ha Tinh, Quang Tri, Hue | 6<br>Including Da Nang, Khanh Hoa, Quang Ngai, Gia Lai, Dak Lak, Lam Dong | 3<br>Including HCMC, Dong Nai, Tay Ninh | 5<br>Including Can Tho, An Giang, Vinh Long, Dong Thap, Ca Mau |

Source: Resolution 306/2025/NQ-QH/DSA's calculation based on NSO data

## Key growth engines in 2026-2030

To accelerate growth momentum through 2030, the Vietnamese government has set ambitious macroeconomic targets – raising average annual GDP growth to over 8 percent in 2021–2030, with the 2026–2030 phase aiming for at least 10 percent per year. By 2030, Vietnam's per capita GDP at current prices is expected to reach around US\$8,500, rising to approximately US\$38,000 by 2050 under its long-term development vision.

Guided by a newly updated national planning framework, Vietnam is prioritizing the expansion of strategic and high-tech industries such as electronics, digital technology, automotive, rail, and shipbuilding. The country also seeks to progressively build capabilities in next-generation technologies – including semiconductors, robotics, automation, and artificial intelligence. By 2030, Vietnam aims to position itself as Southeast Asia's second-largest e-commerce market, reinforcing its transition toward a knowledge- and innovation-driven economy.

Vietnam's next stage of growth will be driven by a combination of regional economic engines and strategic supporting sectors:

- By region:
  - » **North Central Key Economic Zone (Thanh Hoa–Nghe An–Ha Tinh):** Positioned as a national hub for oil refining and petrochemicals, metallurgy, machinery manufacturing, automotive production, and supporting industries. The region is also set to advance in high-growth sectors such as electronics, semiconductors, artificial intelligence (AI), and digital technology.
  - » **Red River Delta:** Continues to serve as the country's primary growth engine, leading economic restructuring efforts and pioneering Vietnam's transition to a new, innovation-led growth model.
- By supporting sector:
  - » **Infrastructure:** Accelerated development of the North–South high-speed railway, strengthening international railway links, and expanding urban rail systems in Hanoi and Ho Chi Minh City.
  - » **Energy:** Promotion of renewable and clean energy sources while reviving the Ninh Thuan 1 and 2 nuclear power projects to secure long-term energy stability.
  - » **Digital Infrastructure:** Expanding nationwide high-speed fiber and satellite connectivity, deployment of 5G and 6G networks, and establishing a national data center complemented by regional data hubs.



## Emphasis on the private sector: Four incentive pillars

Vietnam's development strategy over the next five years and beyond depends heavily on the growth of its private sector. The orientation, marked by the historic Resolution 68-NG/TW ("Resolution 68"), reflects a step forward in Vietnam's economic planning.

Following Resolution 68, the government issued two key directives to operationalize incentives for private-sector development:

- Resolution No. 198/2025/QH14 ("Resolution 198"), on special mechanisms and policies for private economic development; and
- Resolution No. 139/NQ-CP ("Resolution 139"), detailing the Government's plan to implement Resolution 198.

Together, these directives establish four core incentive pillars designed to catalyze private-sector growth and strengthen its role in Vietnam's economic modernization.

### Tax and fee incentives

The government will introduce robust tax and fee incentives to bolster private-sector development, especially for startups. Key measures include Corporate Income Tax (CIT) exemptions for up to two years and 50 percent reductions for the following four years, alongside Personal Income Tax (PIT) exemptions for experts in innovative sectors. The government will also remove the business license tax from 2026 and waive reissuance fees during administrative restructuring.

### Land access support

Resolution 139 mandates streamlined land access to enhance business and production efficiency. Localities must allocate dedicated land funds, at least 20 hectares per industrial park or 5 percent of total land, for high-tech firms, SMEs, and startups. Land rental fees will be reduced by at least 30 percent in the first five years, and digitalized administrative procedures will shorten land lease and certification processes by 30 percent, improving transparency and accessibility.

### Financial and credit support

Vietnam's government will expand financial and credit assistance for private enterprises, particularly those engaged in green and circular initiatives or adopting ESG frameworks.

Measures include a 2 percent annual interest rate subsidy through the commercial banking system and an equivalent 2 percent rate via non-budgetary state financial funds. These policies aim to reduce financing costs, enhance sustainable investment, and improve access to capital for SMEs and innovative businesses.

## Business barriers removal

The government has set a goal to reduce administrative burdens and compliance costs by 30 percent as of December 31, 2025. This includes abolishing redundant business conditions, overlapping regulations, and excessive inspections. Enterprises will face no more than one inspection annually unless violations are suspected. Authorities are instructed to strictly address any abuse of inspections or bureaucratic practices that hinder enterprise operations, ensuring a fairer, more predictable business environment for private-sector growth.

## Implications for businesses

Vietnam's 2026 policy landscape signals a decisive transition toward high-value, innovation-led growth, requiring enterprises to align early with the country's evolving macro-regional and industrial strategies. Businesses should anticipate overlapping reforms – spanning taxation, land access, finance, and regulatory simplification – that converge to create a more integrated, efficient, and competitive operating environment.

As regional mergers and the establishment of six socio-economic zones take shape, businesses will find enhanced access to large-scale infrastructure, synchronized logistics networks, and specialized industrial clusters designed to strengthen value-chain connectivity. The concentration of key industries, from semiconductors and clean energy to AI and advanced manufacturing, will position each region to play a distinct yet complementary role, enabling firms to optimize supply chains and tap localized advantages.

At the same time, tax and fee incentives, lower land rental costs, and expanded credit access will encourage private investment in innovation and sustainability. SMEs, in particular, stand to benefit from digitalized administrative procedures, faster land allocation, and improved financing frameworks tailored for ESG and green transformation projects.

Strategically, Vietnam's macro-regional integration underpins its long-term shift up the value chain by linking infrastructure, industrial capacity, and human capital into a unified development framework. Businesses that plan transitions around these policy shifts, align production footprints with emerging growth corridors, and participate in public-private cooperation will be best positioned to capture Vietnam's next wave of high-value growth and regional competitiveness.



### RELATED READING



#### **Reshaping Vietnam's Socio-Economic Zones: A Post-Merger Outlook**

*Vietnam Briefing Article  
November 3, 2025*

Vietnam has recently announced plans to reorganize six integrated socio-economic zones. The restructuring is set to create stronger development corridors, enhance regional complementarities, and improve competitiveness.

[AVAILABLE HERE](#)

# Dezan Shira & Associates Vietnam



**VIVIE WEI**

Country Director  
Ho Chi Minh City Office

Dezan Shira & Associates expanded to Vietnam in 2008, and quickly set up offices in Hanoi and Ho Chi Minh City. The year 2008 also saw the launch of Vietnam Briefing, which has now become a premier source of business intelligence related to Vietnam. In 2019, we established our third office in Da Nang.

Our staff includes a growing number of Vietnamese chartered accountants and lawyers, all of whom have multiple years of experience advising foreign companies.

Specifically, our services include pre-investment and entry strategy advisory, business advisory, accounting and reporting, treasury administration, tax and compliance, payroll and human resources, and audit and financial review. Dezan Shira & Associates' experienced business professionals are committed to improving the understanding and transparency of investing in emerging Asia.

Our business advisors, tax experts and accountants in Hanoi, Ho Chi Minh City and Da Nang can help you with any questions related to establishing or conducting your business in Vietnam. To talk to an accountant or business consultant, please contact us today.

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## Why Vietnam

- ◆ Economy overview
- ◆ Political structure
- ◆ Business etiquette 101

Vietnam has established itself as a resilient and rapidly developing destination for international business and foreign investment. The country enjoys a competitive advantage over several Asian markets due to its stable political system, strong record of economic growth, and a large pool of young, skilled labor.

Vietnam's strategic location – proximity to China and Southeast Asian neighbors – along with a relatively open environment for foreign direct investment (FDI), has integrated it into global supply chains. The Vietnamese government has implemented business-friendly policies that stand out among its ASEAN counterparts, attracting a healthy influx of foreign capital.

As a result, many businesses are now considering Vietnam as a safer or alternative investment option in Asia for certain types of manufacturing, product assembly, and other downstream services. Further, recent disruptions during the pandemic, global trade shocks, and rising labor costs have made Vietnam an increasingly attractive choice compared to China in certain areas.



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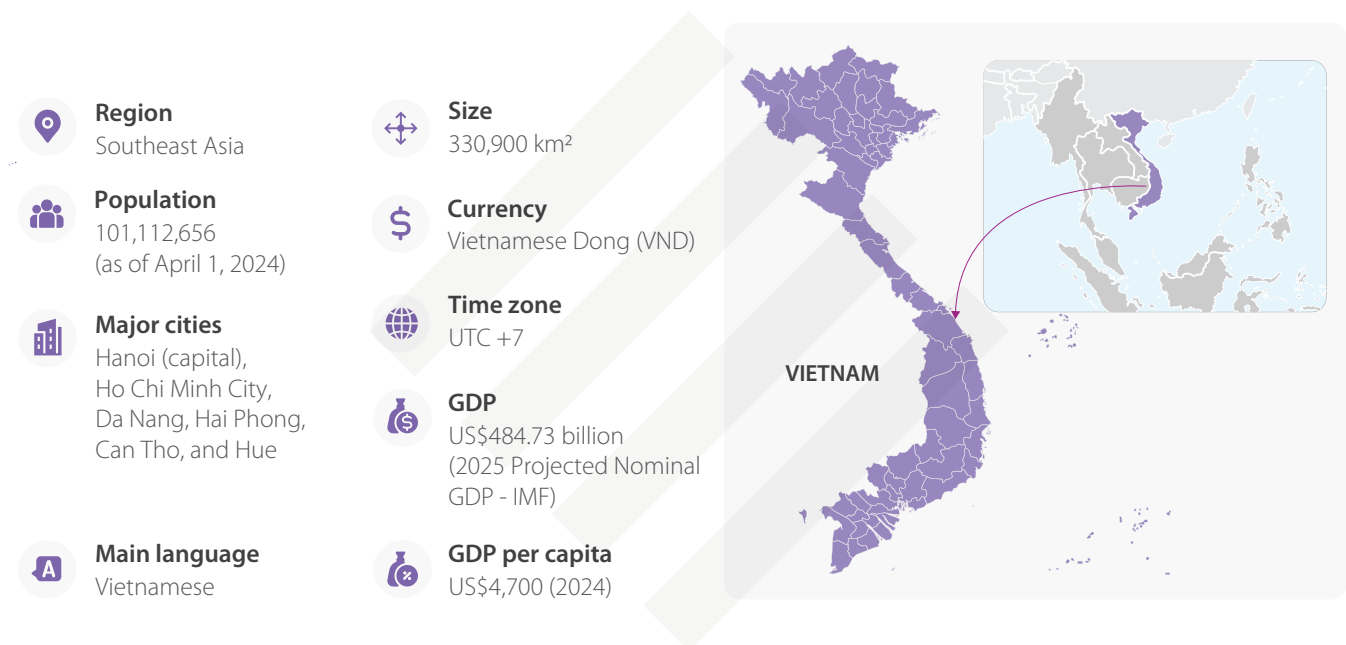
*“As companies reassess risk and cost structures across Asia, Vietnam is emerging as a strategic choice for manufacturing, assembly, and downstream operations.”*

# Economy overview

## Overview of the Vietnam economy

Vietnam is located in the center of Southeast Asia, bordered by China to the north and Laos and Cambodia to the west. It covers a total area of over 330,900 square kilometers and features a diverse geography that includes both mountains and plains.

The country enjoys a golden population structure, offering an abundant talent pool and a large market full of potential customers for investors.

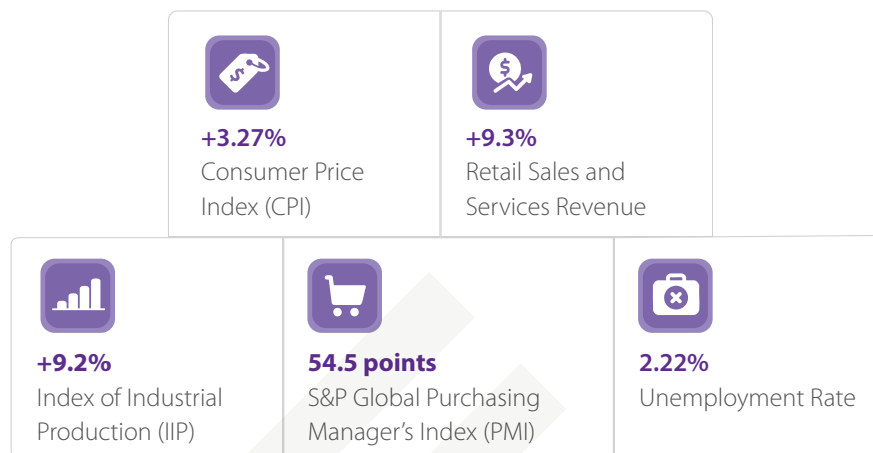


Despite global challenges and natural disasters, Vietnam's economy demonstrated strong resilience in 2025, recording GDP growth of 8.02 percent, its fastest expansion in three years, leading to optimistic projections among economists. The Asian Development Bank (ADB) projects Vietnam's economy to grow by 7.2 percent in 2026 and 7.0 percent in 2027. Meanwhile, the United Overseas Bank (UOB) has maintained its 2026 GDP growth forecast at 7.5 percent, with first-quarter growth expected at around 7 percent, underpinned by continued recovery in manufacturing and exports..

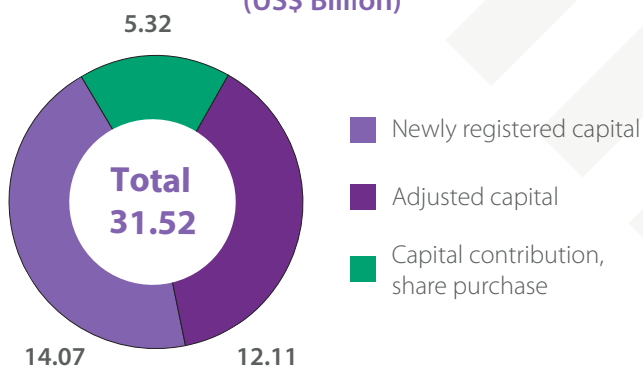
Vietnam's economy is driven by three main sectors: agriculture, industry (including construction), and services. Among which:

- The services sector is the largest contributor to GDP, accounting for close to 50 percent.
- The industrial sector contributes more than 30 percent to Vietnam's GDP, with manufacturing and processing industries playing the most noticeable role as the second-largest employer in the country.
- The agricultural sector is the largest employer, with nearly 14 million laborers. In 2024, agro-forestry-fishery industries contributed to 5.37 percent of Vietnam's GDP.

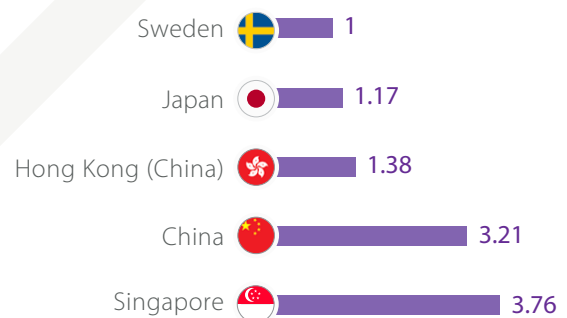
## Vietnam's Key Economic Indicators in the First 10 Months of 2025



Total FDI in the First 10 Months of 2025  
(US\$ Billion)



Top 5 Largest Investors in the First 10 Months of 2025  
(US\$ Billion)



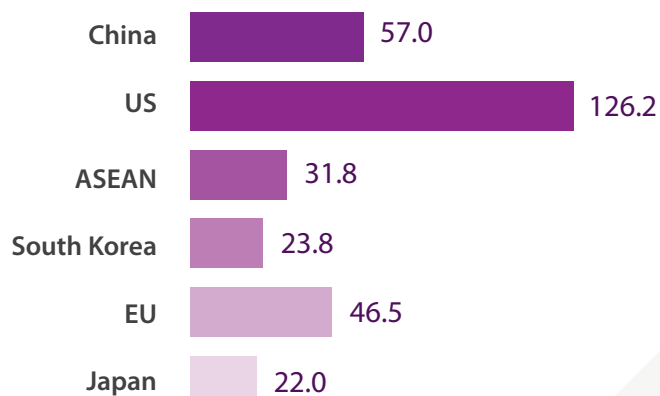
## An export-driven economy

Vietnam is an export-driven economy that ranked 21st in the world for merchandise exports in 2024. The country is a major global exporter of agricultural products, such as rice, coffee, and cashew nuts.

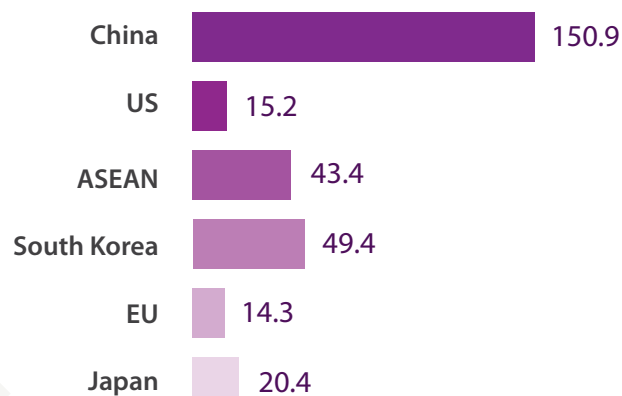
In addition to its agricultural exports, Vietnam has made significant strides in industrialization, producing key products like smartphones, computers, machinery, textiles, and footwear. These goods highlight Vietnam's strong presence in international markets.

## Vietnam's Top Import-Export Destinations in the First 10 Months of 2025

### Exports (US\$ Billion)



### Imports (US\$ Billion)



## Vietnam's Top Import-Export Commodities in the First 10 Months of 2025

### EXPORTS



**87,294** (US\$ Million) | **47.9%** growth  
Computers, electronic products,  
and components



**48,669** (US\$ Million) | **4.7%** growth  
Phones of all kinds and components



**48,408** (US\$ Million) | **12.2%** growth  
Machinery, equipment, tools and  
spare parts



**32,932** (US\$ Million) | **7.6%** growth  
Textile and sewing products



**19,827** (US\$ Million) | **6.6%** growth  
Footwear



**14,334** (US\$ Million) | **13.5%** growth  
Vehicles and spare parts



**14,039** (US\$ Million) | **6.0%** growth  
Wood and wood products

### IMPORTS



**123,148** (US\$ Million) | **39.1%** growth  
Computers, electronic products,  
and components



**49,553** (US\$ Million) | **24.5%** growth  
Machinery, equipment, tools and  
spare parts



**12,506** (US\$ Million) | **1.7%** growth  
Textiles and garments



**10,377** (US\$ Million) | **7.8%** growth  
Rubber

# Political structure

Vietnam is a socialist country operating under the single-party leadership of the Communist Party. The Party organizational system is established in line with the State administrative apparatus from central level to provincial, city, district, and communal levels.

While the Constitution, in general, establishes the rights of the people under the leadership of the Communist Party, the power of the people is exercised through the National Assembly at a central level and through People's Councils at a local level.

## Politburo

- The Political Bureau (Politburo) of the Communist Party of Vietnam Central Committee is the highest decision-making body of the Communist Party of Vietnam (CPV) between sessions of the National Congress and plenary meetings of the Central Committee.
- In accordance with Party regulations, the Politburo sets the general direction of government policy, giving it significant influence over Vietnam's political landscape.
- The highest-ranking member of the Politburo is the General Secretary of the Central Committee.

## National Assembly

- The National Assembly is the sole authority empowered to adopt and amend the Constitution and laws. It also determines the legislative agenda.
- As the highest representative and legislative body, the National Assembly sets domestic and foreign policies, defines socio-economic priorities, and addresses national defense and security matters.
- The term of each National Assembly lasts for five years.
- The Standing Committee is the highest permanent body of the National Assembly.

## State President

- The President of the Socialist Republic of Vietnam is the head of state of Vietnam, elected by the National Assembly of Vietnam from its delegates.
- The President represents Vietnam both domestically and internationally.
- The President is responsible for ensuring the regular and coordinated functioning of the national government, maintaining stability, and protecting the country's independence and territorial integrity.

## Central Government

- The Central Government is the executive organ of the National Assembly and the supreme state administrative agency of the Socialist Republic of Vietnam.
- The Government oversees tasks assigned by the State in the fields of politics, socio-economy, national defense, security, and external relations.
- The Prime Minister is the head of the Central Government.

## Supreme People's Court

- The Supreme People's Court is the highest judicial organ of the Socialist Republic of Vietnam, independent of the executive.
- Main operating principles of courts: During the hearings, the judges and jurors are independent and only obey the laws.
- Justice and democracy are ensured by the open hearing process, in which jurors play an essential role, and defendants have the right to defend themselves or to hire lawyers.
- Court judgments are not officially considered a source of law as judges do not have the power to interpret the law, and court judgments are not binding in subsequent cases.

## Local authorities

- Vietnam's local administrative units are organized at two levels, namely: the provincial level (provinces and centrally-governed cities) and the commune level (communes, wards, and special zones).
- The authorities in charge of local administrative units are People's Councils and People's Committees.
- Authorities in special administrative-economic units shall be prescribed by the National Assembly when establishing such special administrative-economic units.

## Legal system

The legal system consists of the Constitution, codes, laws, ordinances, decrees, decisions, circulars, directives, and official letters. While all these have the force of law, only laws passed by the National Assembly are referred to as such.

The current legal system resembles civil law jurisdictions, where the sources of law consist solely of written legislation, commonly known as legal instruments. These laws and regulations, enacted by state bodies, are binding on citizens and enforceable by the State.

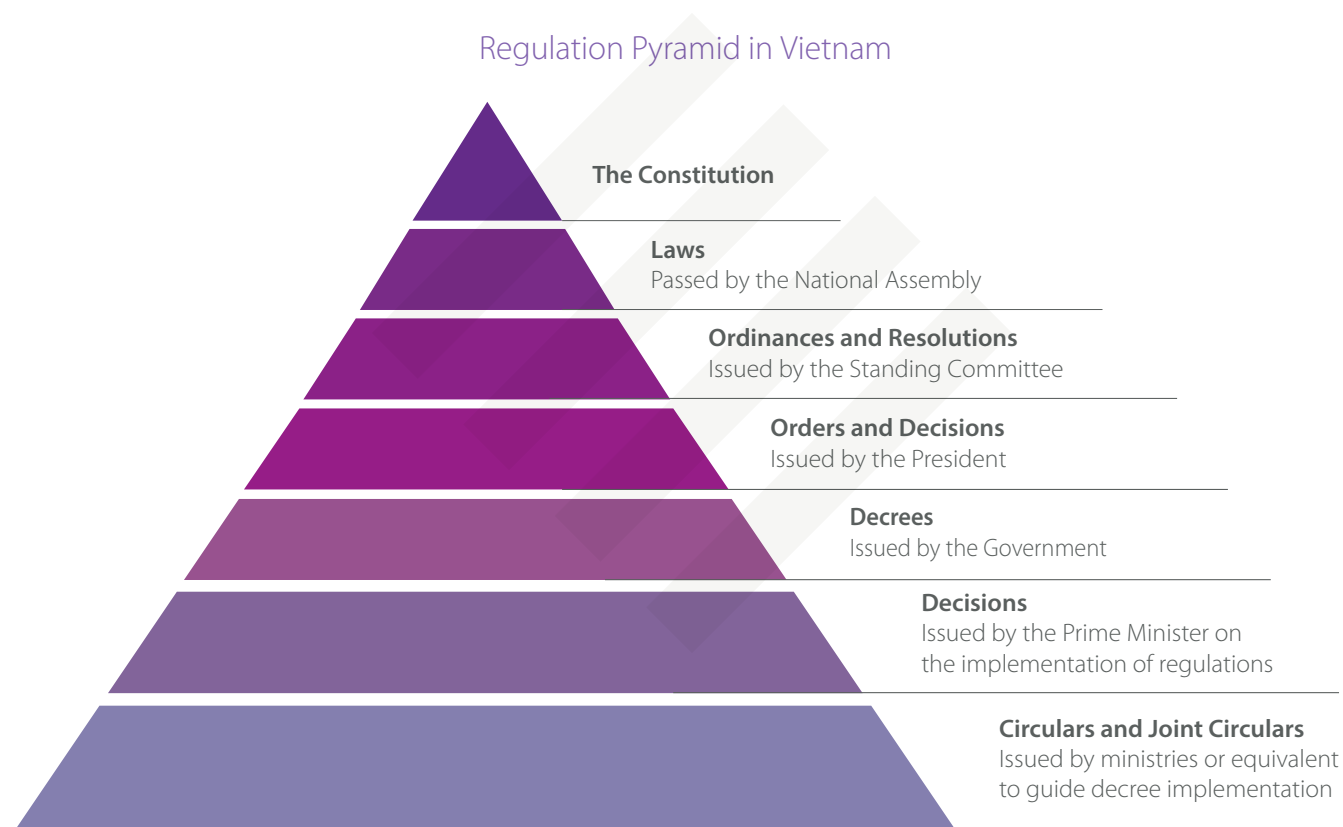


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To arrange a consultation, please contact us at [vietnam@dezshira.com](mailto:vietnam@dezshira.com) or visit our website at [www.dezshira.com](http://www.dezshira.com)

The legal system is structured in a hierarchy, with higher-ranking legal instruments establishing general principles and lower-ranking instruments providing detailed provisions. At the top of this hierarchy is the Constitution, which forms the foundation of the entire legal framework. Beneath the Constitution are laws, ordinances, decrees, decisions, circulars, and other subordinate legal documents that address various aspects of social life.



# Business etiquette 101

Vietnam has one of the oldest cultures in Southeast Asia. While national identity can be complex given Vietnam's history, locals are proud of their language and its complexities, as well as the distinctiveness of their society and culture.

Since the introduction of Doi Moi – or ‘renovation’ policy – in the 1980s, which began the transition from the country's socialist economy to a market economy, Vietnam has experienced many significant changes, including a steep rise in the standard of living.

For those visiting Vietnam for the first time, learning about the country's vibrant culture and traditions can make doing business in the country much easier.

## Greetings in Vietnam

- Vietnamese appreciate it if a foreigner tries to learn simple phrases in their language, such as *xin chao* (pronounced as ‘seen chow’), meaning “hello” in Vietnamese.
- A handshake and a slight bow of the head are the general custom for saying hello and goodbye.
- Meanwhile, Vietnamese names are written and introduced in the following order: last name, middle name, first name.

## Business protocols and nuances

- Business meetings should be conducted with someone who can translate, and it is best to meet several times to build relationships, as successful deals typically require multiple encounters.
- In-person communication is preferred over digital methods, and cold calling is discouraged. Introductions through mutual contacts are recommended.
- Meet potential partners at their offices for convenience.
- When exchanging business cards, use both hands and take time to read them. Respect for seniority is essential, so offer your card first to the eldest person present.
- Preparing all documents, including your business card, in both English and Vietnamese, is recommended.
- Note that saying “yes” may only indicate understanding, so follow up to confirm agreements. Initial meetings focus on relationship-building rather than business.
- Personal questions are common, reflecting interest. It is customary to give small gifts at the end of meetings, like branded pens or items representative of your country.



### RELATED READING



#### VIETNAM BRIEFING

##### **2026 Vietnam Public Holiday Schedule: Tet and National Day Plans Approved**

*Vietnam Briefing Article  
October 14, 2025*

Vietnam's government has recently approved the official holiday schedule for the Lunar New Year (Tet) and National Day, two of the country's five public holidays. Since the entire population will enjoy extended breaks during these public holidays, businesses are encouraged to plan ahead to ensure smooth operations while leveraging the opportunities to promote production, trade, and social activities.

[AVAILABLE HERE](#)

## Business attire

- Business attire will depend on the location of the meeting. For example, Hanoi is known for its white-collar environment, while Ho Chi Minh City is more business casual.
- Typically, business partners should dress modestly. Suits are appropriate for men, while skirts and blouses are fine for women.
- The Vietnamese working week is typically from Monday to Friday, with office hours from 8:00 a.m. to 5:00 p.m.

## The concept of 'face'

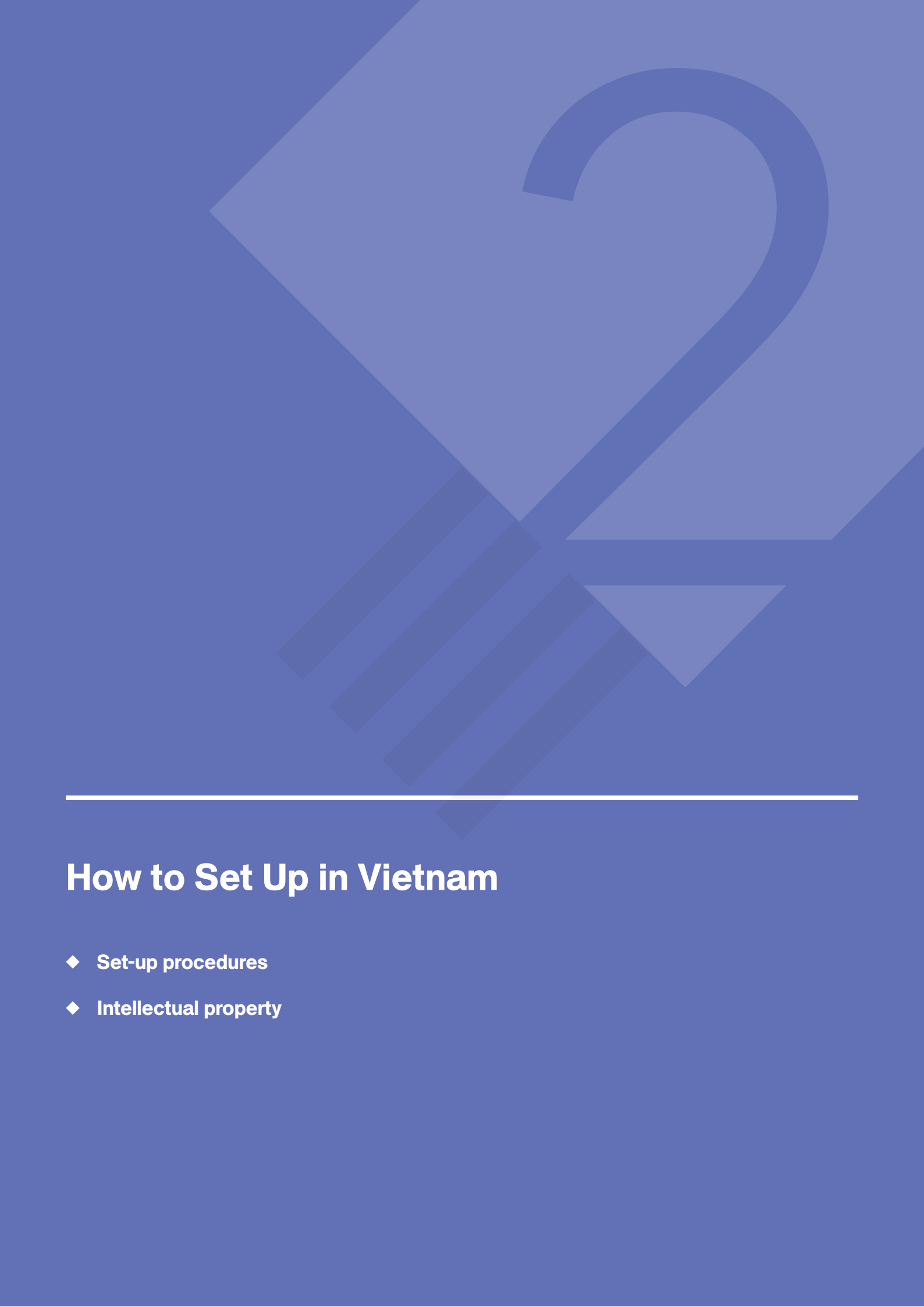
- In Vietnam, the concept of "face" is crucial, encompassing reputation, dignity, and prestige. Unlike the West, where directness is valued, openly disagreeing or questioning can lead to someone "losing face."
- Foreigners should be mindful of their words and actions to avoid causing embarrassment.
- It is essential to treat business partners with respect and address any suggestions or challenges privately.

## Eating and drinking

- If invited as a guest in a Vietnamese home, bring fruit, sweets, flowers, or incense. Avoid giving handkerchiefs, anything black, yellow flowers, or chrysanthemums.
- Wait for the host to signal to start the meal before sampling food. It is considered good manners to finish all the food on your plate.
- At a restaurant, wait to be seated. In most cases, the oldest in the group will be seated first.
- If paying, tipping of five to 10 percent is appreciated, though not customary.

## Safety

- Vietnam is a relatively safe country to travel. However, business travelers must be aware of petty and opportunistic theft, particularly in major cities like Hanoi and Ho Chi Minh City.
- While the police are not always helpful, they treat foreigners respectfully.
- Taxi scams are common, including faulty meters or taking a longer route to a destination. Business travelers should book transport through their hotel, use registered taxis, or find vehicles via ride-hailing applications.



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# How to Set Up in Vietnam

- ◆ Set-up procedures
- ◆ Intellectual property

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Due to the country's complex legal processes, when establishing a company in Vietnam, we recommend that professional assistance be sought. A professional can guide companies through the corporate establishment process and help them understand the roles and responsibilities of key positions. This will help ensure that your company is set up for success.

Here, we discuss:

- Set-up procedures;
- Key positions in foreign-invested entities; and
- Intellectual property.



**TAM NGUYEN**

Senior Manager  
Business Advisory Services  
Ho Chi Minh City Office

*“Working through Vietnam’s bureaucracy can be challenging, but with the right guidance and support, establishing a presence in Vietnam can be very rewarding.”*

# Set-up procedures

## Forms of commercial presence

Investors have several options for entry into the Vietnamese market. In this chapter, we will outline the most common forms of commercial presence for foreign investors.

### Representative office

A representative office (RO) offers a low-cost entry for companies seeking a better understanding of the Vietnamese market. As such, this option is among the most common for first-time entrants to the Vietnamese market and often precedes a larger presence within the country. Currently, ROs are permitted to engage in the following activities:

- Conducting market research;
- Acting as a liaison office for its parent company; and
- Promoting the activities of its head office through meetings, and other activities, that lead to business at later stages.

Vietnamese law does not prescribe a minimum capital requirement for representative offices (ROs). However, the foreign parent company must have been operating in its home country for at least one year. An RO can typically be established within six to eight weeks and is prohibited from conducting any profit-generating activities in Vietnam.

Foreign companies may appoint an overseas manager to head the RO. This individual must obtain a valid work permit to work in Vietnam.

RO licenses are issued for a maximum term of five years and may be renewed multiple times. Extensions are permitted as long as the total duration of the RO does not exceed the validity period of the parent company's Incorporation Certificate or its equivalent.

### Branch office

A Branch office (BO) can conduct business activities in Vietnam within the scope of business of its parent company. To set up a BO, a parent company must have conducted business in its home country for at least five years. BOs are limited to certain types of service businesses, such as finance and banking. The government lists all the types of service businesses that can be established in the form of a BO. BOs can hire staff directly, make it easier to do contracts between the parent company and Vietnamese companies and serve in similar ways to a liaison office. BOs are permitted to engage in the following activities:

- Rent office space;
- Lease or purchase the equipment and facilities required for operations;



#### RELATED READING



#### VIETNAM BRIEFING

##### How to Set Up a Representative Office in Vietnam

*Vietnam Briefing Article*

*July 9, 2024*

AVAILABLE HERE

- 
- Recruit local and foreign employees;
  - Remit profits abroad;
  - Purchase and sell goods and commercial activities per licensing; and
  - Set up accounting, marketing, and HR departments to represent the parent company.

The BO will need to obtain an establishment license and have a seal with the name of the BO.

Foreign companies may appoint a manager from their country of origin. This employee must get a work permit to work in Vietnam.

The Department of Industry and Trade approves the BO registration after the company submits all the required documents, with the process taking about 20 working days.

## Wholly foreign-owned enterprises

Vietnam permits the establishment of wholly foreign-owned enterprises (WFOEs), except in specific business lines where foreign ownership ratios are restricted. Capital requirements apply and vary depending on the intended business activities.

WFOEs may be established under the following legal structures:

- Joint Stock Companies (JSCs)
- Limited Liability Companies (LLCs), including Single-Member LLCs (SLLCs) and Multi-Member LLCs (MLLCs)

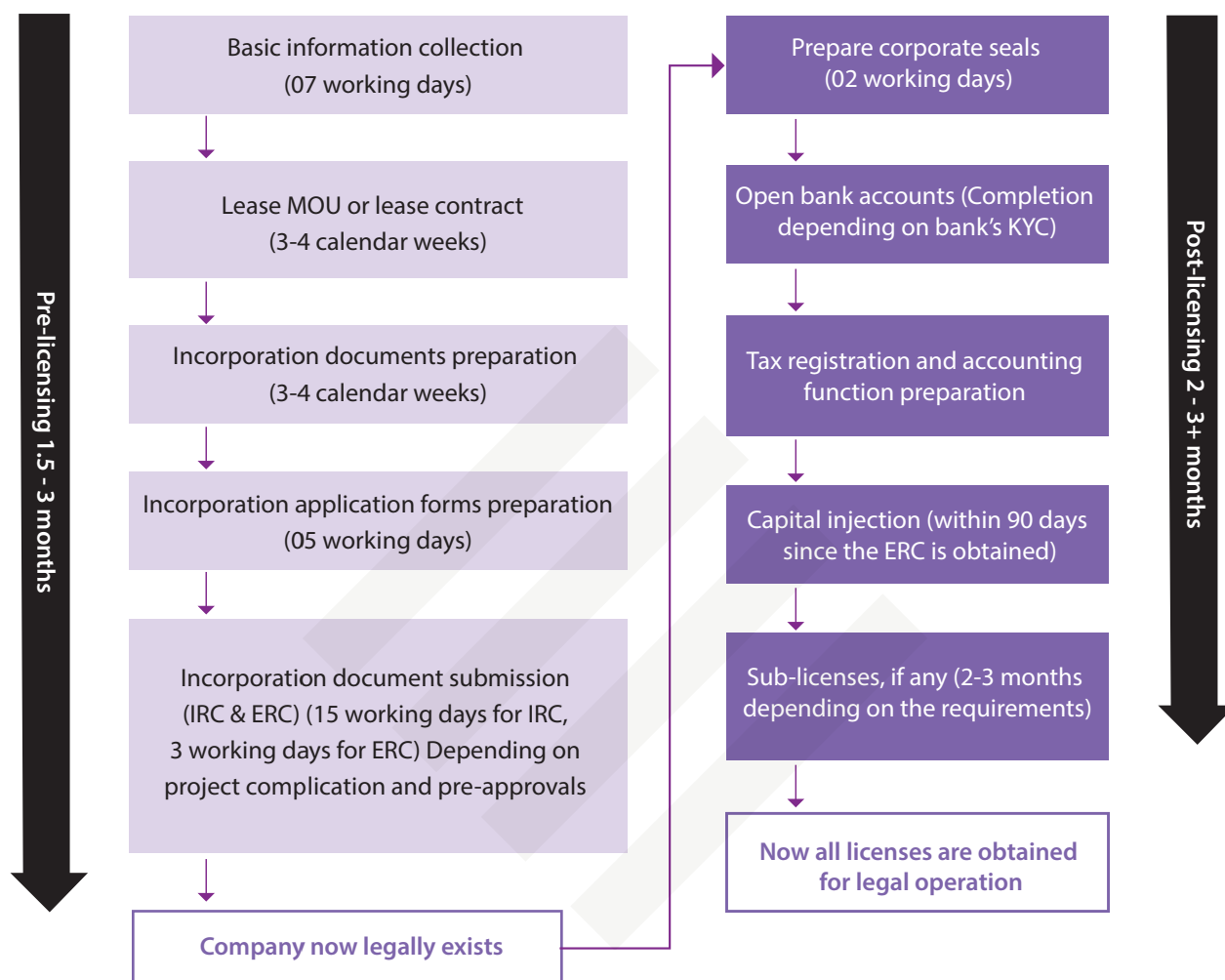
JSCs must have a minimum of three founding shareholders at the time of incorporation, with no upper limit on the number of shareholders.

LLCs are the most common vehicle for foreign investment in Vietnam due to their flexible ownership structure, limited liability, and comparatively lower capital requirements.

Single-member LLCs have a sole owner, which can be an individual or a corporate entity. Multi-member LLCs have between two and 50 owners, who may also be individuals or companies.

The establishment timeline for a WFOE typically ranges from two to four months, depending on the sector and licensing requirements. JSCs must have at least three founding shareholders when they are established. These can be individuals or companies, depending on the requirements of a given investor.

## TIMELINE TO ESTABLISH A WHOLLY FOREIGN-OWNED COMPANY (WFOE) IN VIETNAM (\*)



(\*) The procedure is applicable to standard projects. More complex ones might experience a more extended timeline when pre-approval or sub-licenses are required.

## Business cooperation contract

A Business Cooperation Contract (BCC) is a recognized form of foreign investment in Vietnam. It is a contractual arrangement signed by the duly authorized representatives of the participating parties, outlining their respective responsibilities and the mechanism for sharing business results.

Foreign investors may opt for a BCC to begin operations in Vietnam without establishing a separate legal entity. However, they must still obtain an Investment Registration Certificate (IRC) before entering into such agreements. The contract must also clearly define each party's contributions.

A BCC allows participating parties to pool capital, assets, resources, expertise, or experience to collaborate on a specific project or business activity. Rather than forming a new company, the parties operate within the cooperative framework set out in the contract, which governs decision-making, management, and the distribution of profits or products.

| Comparing Types of Corporate Establishments Available to Foreign Invested Entities (FIEs) |                                                                                                                                                          |                                                                                                                                                                                                                                                                 |                                                                                                                                                                          |
|-------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| FIE structure type                                                                        | Common purpose                                                                                                                                           | Pros                                                                                                                                                                                                                                                            | Cons                                                                                                                                                                     |
| Representative Office                                                                     | <ul style="list-style-type: none"> <li>• Non-separate legal entity</li> <li>• Market research</li> <li>• Liaison with overseas parent company</li> </ul> | <ul style="list-style-type: none"> <li>• Easy registration procedure</li> </ul>                                                                                                                                                                                 | <ul style="list-style-type: none"> <li>• Cannot conduct profit making activities</li> <li>• Parent company bears liability</li> </ul>                                    |
| Branch Office                                                                             | <ul style="list-style-type: none"> <li>• Non-separate legal entity</li> <li>• Commercial activity within parent company's scope</li> </ul>               | <ul style="list-style-type: none"> <li>• Can remit profits abroad</li> </ul>                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>• Limited to certain industry sectors</li> <li>• Parent company bears liability</li> </ul>                                        |
| Limited Liability Company                                                                 | <ul style="list-style-type: none"> <li>• Separate legal entity</li> </ul>                                                                                | <ul style="list-style-type: none"> <li>• Liability limited to capital contribution</li> <li>• Can issue bonds</li> </ul>                                                                                                                                        | <ul style="list-style-type: none"> <li>• Cannot issue shares</li> <li>• Maximum of 50 members</li> </ul>                                                                 |
| Joint Stock Company                                                                       | <ul style="list-style-type: none"> <li>• Separate legal entity</li> </ul>                                                                                | <ul style="list-style-type: none"> <li>• Liability limited to capital contribution</li> <li>• Can issue shares and go public</li> </ul>                                                                                                                         | <ul style="list-style-type: none"> <li>• Three or more shareholders requires</li> <li>• Supervisory board required for most joint stock companies</li> </ul>             |
| Business Cooperation Contract                                                             | <ul style="list-style-type: none"> <li>• Joint business cooperation with profit or product-sharing arrangements</li> </ul>                               | <ul style="list-style-type: none"> <li>• Establish complementary cooperation, whereby each party contributes their strengths (capital, technology, expertise, etc.)</li> <li>• Optimal term selections</li> <li>• No business establishment required</li> </ul> | <ul style="list-style-type: none"> <li>• Difficulties in executing supporting contracts for BCCs</li> <li>• Only feasible in fast-profit, high-margin sectors</li> </ul> |

### Public Private Partnerships

Although not a form of commercial presence in Vietnam, a public-private partnership (PPP) is a mechanism allowing investors to participate in public projects. A PPP involves a partnership between a foreign or domestic enterprise and the government for completing key infrastructure projects. Vietnamese authorities are aggressively pursuing PPPs for various infrastructure projects as a way to fill gaps left by the reduced role of state-owned enterprises, a growing population, and increasing urbanization.

The eight types of PPPs are: Build-Transfer-Operate (BTO), Build-Transfer (BT), Build-Operate-Transfer (BOT), Build-Own-Operate (BOO), Build-Transfer-Lease (BTL), Build-Lease-Transfer (BLT), Operate-Manage (OM), and mixed contracts as decided by the Prime Minister.

Notably, Vietnam's government is planning to amend several decrees that currently regulate and guide the implementation of the Law on PPP Investment. The aim is to address the shortcomings of these decrees observed in practice. As a result, new regulations may be introduced in the future.

## Four-step setup guide

While Vietnam is a highly attractive investment destination for foreign investors, it still has a complex legal process for establishing a company.

In this section, we discuss the different setting up procedures for companies that want to begin operations in the country. We also recommend professional assistance to guide companies through the myriad of laws and procedures.

### Step 1 – Pre-investment approval check

For certain types of investment, companies need to obtain approval from Vietnamese authorities before commencing establishment procedures. As a result, it is important to understand whether an investment will require prerequisite approval and, if so, to prepare the required documentation and work to meet the application processing times.

### Step 2 – Investment registration certificate application

The first step in the Vietnamese corporate establishment process is an application for an Investment Registration Certificate (IRC). This is required of all 100 percent foreign-owned investment projects and establishes the right of the foreign enterprise to invest within Vietnam.

To apply, an investor must submit the following:

- Application for implementation of investment project (this should include details of the project in Vietnam);
- Proposal of investment project (should include the details of the investment project, including lease agreements or land use needs);
- Financial statements (to be provided for the last two years of a company's operation; additional information may be required to prove financial capacity) or a bank statement proving that the investor(s) have more than the planned charter capital contribution in their Vietnam subsidiary;
- Incorporation Certificate (for companies);
- Lease agreement (MOU agreement) and legal documents of the leased premises;
- Bank statement (to show that they have sufficient capital to fund their operations); and
- Confirmation of tax obligation fulfillment (if an investor cannot provide a financial statement).

*Timeframe: 15-45 working days from the date when documents are submitted.*

## Step 3 – Enterprise registration certificate application

The Enterprise Registration Certificate (ERC) is required for all projects that seek to set up new entities within Vietnam. When obtained, the ERC will be accompanied by a number that will double as the tax registration number of the entity.

As part of the application process, the following information should be prepared:

- Application for enterprise registration;
- Company charter;
- List of all board members (applies to JSC and multi-member MLLC only);
- List of authorized representatives of the owner or company members;
- Legalized copies of passports of foreign individuals;
- List of legal representatives; and
- Letters of appointment and authorization.

Any foreign documents or supporting information provided will need to be notarized, legalized by consular officials, and translated into Vietnamese by competent authorities.

*Timeframe: Five working days and two additional working days for a signed and sealed printed version to be issued.*

*It should be noted that applications for the ERC and IRC cannot be processed concurrently. An IRC must be obtained first and then an ERC. However, future amendments to an IRC or an ERC - for example, a change of address - can be completed concurrently.*



### RELATED READING



#### **Vietnam Requires Corporate e-ID for Digital Procedures**

*Vietnam Briefing Article  
July 4, 2025*

We outline the requirements and steps for businesses to create an electronic ID (e-ID) for online procedures, as Vietnam no longer accepts corporate accounts on the National Public Service Portal or other provincial digital accounts.

[AVAILABLE HERE](#)

## Step 4 – Post licensing procedures

Once the IRC and ERC have been issued, additional steps have to be taken to complete the procedure and start business operations. This includes:

- Seal carving;
- Bank account opening;
- Labor registration;
- Business license tax payment; and
- Charter capital contribution.

Besides these steps, businesses might also have to obtain other licenses prescribed by law to operate in certain fields. These licenses might include:

- **Business licenses for conditional sectors:** Enterprises operating in certain sectors, such as banking, insurance, telecommunications, real estate, and education, are required to gain additional permits from relevant regulatory bodies after obtaining ERC and IRC. For some business lines, the company must register a charter capital that is equal to or greater than the required statutory capital to qualify for registration of those lines.
- **Sub-licenses:** Depending on the business type, you may need various permits. For example, restaurants require food safety permits, while construction businesses need specific construction permits, each with its own requirements.

## Charter capital

Charter capital is “the total value of assets that have been contributed or promised by the members/partners/owners when the limited liability company or partnership is established; or the total of nominal values of the sold or subscribed shares when a joint stock company is established.” This is the capital which an investor commits to the government to contribute to its Vietnam-based subsidiary.

Charter capital can be combined with loan capital or constitute 100 percent of the total investment capital of the company. The total investment, which includes the charter capital and the mobilized capital (which also includes shareholders' loans or third-party finance), must be registered with the license issuing authority of Vietnam.

Investors can adjust the charter capital amount, but they are required to submit an application to the DPI within 10 days of completing the adjustment.

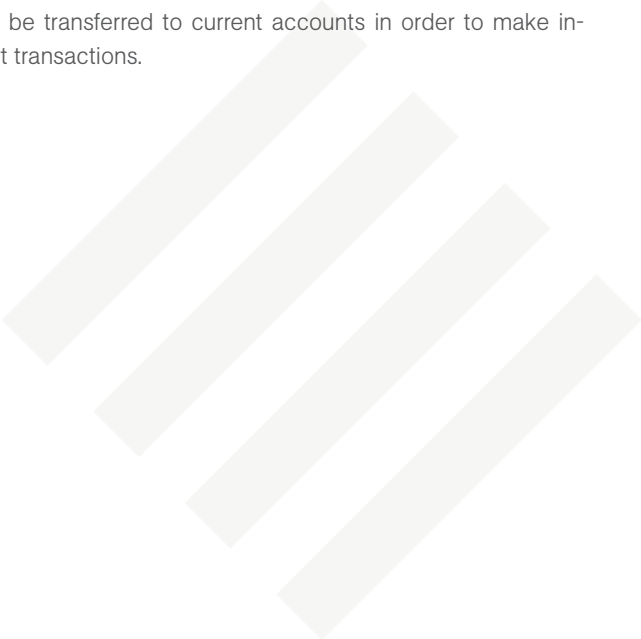
Capital contribution schedules are set out in FIE charters (articles of association) or business cooperation contracts, in addition to the FIE's investment certificate.



Full injection of charter capital must be completed 90 days from the date the ERC is issued. Investors must deploy their mobilized capital according to the registered schedule on IRC.

To transfer capital into Vietnam, after setting up the FIE, foreign investors must open a direct investment capital account (DICA) in a legally licensed bank. A capital bank account is a special purpose foreign currency account designed to enable tracking of the movement of capital flows in and out of the country.

The account also allows money to be transferred to current accounts in order to make in-country payments and other current transactions.



| Projects Requiring Investment Policy Approval                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                |                                                                                                                                                                          |                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| Project                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Competent authorities          | Requisite documentation                                                                                                                                                  | Time (days)              |
| <ul style="list-style-type: none"> <li>Investment projects requesting State land allocation or land lease without auction or bidding, or requesting permission for land repurposing—except where land allocation, land lease, or land repurposing for households or individuals does not require written approval from the provincial People's Committee (PC) under the 2024 Law on Land.</li> <li>Investment projects requiring investment policy approval from at least two provincial-level PCs shall comply with regulations issued by the Government.</li> <li>Residential housing or urban area development projects—for sale, lease, or lease-purchase—regardless of land area or population size.</li> <li>Investment projects located within protected Zones I or II of national or special national relics recognized under the Law on Cultural Heritage, regardless of land area or population size (excluding protected Zone I of special national monuments listed as world heritage sites).</li> <li>Investment projects located in areas with development restrictions, historic inner-city areas, or designated subregions of special-grade cities, regardless of land area or population size.</li> <li>Projects involving the construction and operation of golf courses.</li> <li>Investment projects by foreign investors or foreign-invested enterprises located on islands; in border or coastal communes; or in other areas with implications for national defense and security.</li> <li>Projects involving the construction and commercial operation of infrastructure in industrial parks, export-processing zones, and concentrated digital technology zones.</li> <li>Projects involving the construction of ports or wharves belonging to special seaports or class-I seaports.</li> <li>Investment projects requiring large-scale relocation, involving 10,000 or more people in mountainous areas, or 20,000 or more people in other areas.</li> <li>Projects involving the construction of major airport infrastructure, including airports/aerodromes, runways, international passenger terminals, and cargo terminals with a capacity of at least 1 million tons per year.</li> <li>New investment projects in air passenger transport businesses.</li> <li>Investment projects involving petroleum processing.</li> </ul> | Provincial People's Committees | <ul style="list-style-type: none"> <li>Application</li> <li>Financial statements</li> <li>Detailed use of restricted technology</li> <li>Proposed use of land</li> </ul> | 25 days + 7 working days |

| Projects Requiring Investment Policy Approval                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                       |                                                                                                                                                                    |                                                                             |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| Project                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Competent authorities | Requisite documentation                                                                                                                                            | Time (days)                                                                 |
| <ul style="list-style-type: none"> <li>Investment projects, regardless of capital source, in any of the following cases:               <ul style="list-style-type: none"> <li>(i) Projects falling under the scope of the Law on Cultural Heritage—regardless of land area or population size—located within Protected Zones I or II of monuments recognized as national or special national relics, except for Protected Zone I of special national monuments that are listed as world heritage sites.</li> <li>(ii) Projects—regardless of land area or population size—located in areas subject to development restrictions, historic inner-city areas, or designated subregions of special-grade cities as defined in urban planning schemes.</li> <li>(iii) Projects involving betting or casino services, excluding prize-winning electronic game businesses for foreigners.</li> <li>(iv) Projects involving the construction of nuclear power plants.</li> </ul> </li> <li>Investment projects undertaken by foreign investors in the following sectors: telecommunications services with network infrastructure, afforestation, publication, and press.</li> <li>Other investment projects that require approval of investment guidelines or an investment decision by the Prime Minister, as prescribed by law.</li> </ul> | Prime Minister        | <ul style="list-style-type: none"> <li>All documents listed above</li> <li>Environmental impact assessment</li> <li>Socioeconomic efficiency evaluation</li> </ul> | 40 days + 7 working days                                                    |
| <ul style="list-style-type: none"> <li>Investment projects that have significant or potentially serious environmental impacts, including:               <ul style="list-style-type: none"> <li>(i) Projects requiring the repurposing of at least 50 hectares of special-use forests, headwater protection forests, or border protection forests;</li> <li>(ii) Projects involving sand-fixing and windbreak coastal forests or wave-prevention protection forests of at least 500 hectares;</li> <li>(iii) Projects involving the development of production forests of at least 1,000 hectares.</li> </ul> </li> <li>Investment projects requiring the repurposing of land used for two or more annual wet rice crops, with an area of at least 500 hectares.</li> <li>Investment projects requiring large-scale relocation, involving at least 20,000 people in mountainous areas or 50,000 people in other areas.</li> <li>Investment projects that require the application of special mechanisms or policies subject to decision by the National Assembly (NA).</li> </ul>                                                                                                                                                                                                                                                       | National Assembly     | <ul style="list-style-type: none"> <li>All documents listed above in addition to:</li> <li>Relocation plan (if applicable)</li> </ul>                              | Should be submitted 165 days before the start of National Assembly sessions |

# Intellectual property

## Domestic protection

Vietnam consolidated its intellectual property regime in 2022 through Consolidated Document No. 11/VBHN-VPQH, which unified the 2005 Law on Intellectual Property and its subsequent amendments. This framework underpins the country's system for IP protection and enforcement. On December 10, 2025, the National Assembly approved further amendments to the 2005 IP Law, marking a significant step toward positioning IP rights as valued economic assets. The revised law enables IP owners to value, transact, mortgage, and commercially exploit their IP rights in line with civil, commercial, and investment laws.

The legislation also encourages the use of IP rights as capital contributions or collateral for credit access, aligning with regulations on investment, enterprises, and financial institutions. This shift reflects Vietnam's broader strategy to leverage intangible assets for innovation-driven growth.

To support the transition, the government is promoting the digital transformation of IP administration. Key measures include developing digital infrastructure, establishing databases on IP protection and IP transaction values, and applying automation, big data, and artificial intelligence to streamline administrative procedures and strengthen transparency.

The National Office of Intellectual Property (NOIP), under the Ministry of Science and Technology, remains the central authority for managing industrial property rights. Its responsibilities include overseeing registrations for industrial designs, trademarks, and related rights, as well as providing legal appraisal services in IP dispute resolution.

## International protection

Aside from local IPR legislation, Vietnam also participates in international IPR conventions, such as the Paris Convention for the Protection of Industrial Property, the Berne Convention for the Protection of Literary and Artistic Works, the Rome Convention, the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement, the World Intellectual Property Organization (WIPO), the Patent Cooperation Treaty, and the Madrid Protocol.

In addition to the aforementioned treaties, Vietnam has recently signed on to several ambitious trade agreements, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), UK-Vietnam Free Trade Agreement (UKVFTA), the European Union Vietnam Free Trade Agreement (EVFTA), and the Vietnam-UAE Comprehensive Economic Partnership Agreement (Vietnam-UAE CEPA).

Vietnam has also signed the Hague Agreement, which allows the protection of design in multiple countries through a single filing. The agreement came into effect in January 2020. These agreements bring Vietnam's IP protection up to par with international best practices.

| Vietnam's Legal Protection of Intellectual Property |                             |                                                                                                                                                                              |                                                                                                                                                                                                                                          |
|-----------------------------------------------------|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                     | Item                        | Domestic regulation                                                                                                                                                          | International commitments                                                                                                                                                                                                                |
| Industrial property                                 | • Patents                   | • Law on Intellectual Property via the National Office of Intellectual Property (NOIP)<br>• Vietnamese Criminal Code<br>• Vietnamese Civil Code<br>• Vietnamese Constitution | • The Paris Convention<br>• The Hague Agreement<br>• The Madrid Agreement<br>• WIPO<br>• The Patent Cooperation Treaty<br>• WTO via TRIPs                                                                                                |
|                                                     | • Trademarks                |                                                                                                                                                                              |                                                                                                                                                                                                                                          |
|                                                     | • Industrial designs        |                                                                                                                                                                              |                                                                                                                                                                                                                                          |
|                                                     | • Layout designs            |                                                                                                                                                                              |                                                                                                                                                                                                                                          |
|                                                     | • Trade names               |                                                                                                                                                                              |                                                                                                                                                                                                                                          |
|                                                     | • Geographical indications  |                                                                                                                                                                              |                                                                                                                                                                                                                                          |
|                                                     | • Trade secrets             |                                                                                                                                                                              |                                                                                                                                                                                                                                          |
| Copyright                                           | • Copyrights                | • Law on Intellectual Property via the Copyright Office of Vietnam<br>• Vietnamese Criminal Code<br>• Vietnamese Civil Code<br>• Vietnamese Constitution                     | • The Geneva Universal Copyright Convention<br>• The Berne Convention<br>• WTO via TRIPs<br>• WIPO<br>• The Rome Convention<br>• Brussels Convention Relating To The Distribution Of Programme-Carrying Signals Transmitted By Satellite |
|                                                     | • Related rights            |                                                                                                                                                                              |                                                                                                                                                                                                                                          |
|                                                     |                             |                                                                                                                                                                              |                                                                                                                                                                                                                                          |
| Varieties of plants                                 | • Rights to plant varieties | • Law on Intellectual Property via the Copyright Office of Vietnam<br>• Vietnamese Criminal Code<br>• Vietnamese Civil Code<br>• Vietnamese Constitution                     | • WTO via TRIPs<br>• International Convention for the Protection of New Varieties of Plants<br>• WIPO                                                                                                                                    |



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## Tax and Accounting

- ◆ Vietnam's major taxes
- ◆ Accounting
- ◆ IFRS adoption in Vietnam
- ◆ Audit
- ◆ Introduction to transfer pricing

# Vietnam's major taxes

Many small and medium sized businesses are prioritizing investments in Vietnam and are acting on the business potential it holds. In this chapter, we examine the tax landscape so that new investors can better understand their in-country tax exposure before setting up.

All taxes in Vietnam are imposed at the national level. There are no local, city, or provincial taxes. Enterprises should pay tax in localities where they are headquartered or have registered branches.

Most companies and foreign investors in Vietnam are subject to the following six major taxes:

- Corporate income tax;
- Value-added tax;
- Special consumption tax;
- Foreign contractor tax; and
- Custom duties.

## Corporate Income Tax (CIT)

CIT is a direct tax imposed on the profits earned by companies and organizations. Profits are generally calculated as gross revenue minus expenses.

Vietnam is a member of the Organization for Economic Cooperation and Development (OECD) Inclusive Framework on Base Erosion and Profit Shifting (BEPS), which aims to implement consistent and fair tax policies worldwide. By adopting the Global Minimum Tax (GMT), Vietnam supports the OECD's Pillar Two initiative, which establishes a minimum effective tax rate of 15 percent for large multinational corporations.

On November 29, 2023, the National Assembly approved the Resolution on the GMT policy in Vietnam, which came into effect on January 1, 2024. The Resolution stipulated that Vietnam will implement (i) the Qualified Domestic Minimum Top-Up Tax (QDMTT) rule and (ii) the Income Inclusion Rule (IIR). To implement Resolution 107, the government has subsequently issued Decree No. 236/2025/ND-CP ("Decree 236"), which provides specific guidance on GMT implementation in Vietnam.

Companies that fall under these rules must submit Global Anti-Base Erosion (GloBE) information returns, supplementary corporate income tax returns, and explanations for differences arising from the use of different accounting standards. These differences may refer to material competitive distortions as outlined in the OECD guidance.



**LUY DOAN**

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*“Tax incentives in Vietnam can be likened to navigating through complex relationships. Businesses are strongly encouraged to approach the assessment of their eligibility for these incentives with a healthy dose of skepticism and careful consideration”*

The submission deadlines are as follows:

- For QDMTT: 12 months after the fiscal year-end.
- For IIR: 18 months after the fiscal year-end for the first fiscal year in scope, and 15 months for subsequent fiscal years in scope.

It is important to note that the tax payment deadline aligns with the respective filing deadline.

According to Decree 236, multinational enterprises (MNEs) with consolidated revenue of at least EUR 750 million (US\$867 million) in at least two of the four years prior to the fiscal year in which tax liability is being determined are subject to Vietnam's GMT rules. The regime applies from the 2024 fiscal year.

To cushion potential shocks to corporate financial planning, Decree 236 introduces transitional provisions and Country-by-Country Report (CbCR) Safe Harbors for qualifying MNEs that meet certain thresholds.

The QDMTT in Vietnam may be zero for early-stage MNE groups meeting limits on countries and assets. An MNE's IIR top-up tax is also zero if the QDMTT qualifies for the safe harbor, according to the Inclusive Framework on BEPS. Beyond the transitional period, permanent safe harbors continue to apply under the routine profits, de minimis, or effective tax rate tests. Administrative penalty relief is also available during the initial phase to support smoother compliance.

## Value-Added Tax (VAT)

VAT is imposed on the supply of goods and services at three different rates: 0 percent, 5 percent, and 10 percent, with the latter being the standard rate. In addition, there are some cases where goods and services are not subject to VAT. All organizations and individuals producing and trading goods and services in Vietnam are liable to pay VAT, regardless of whether the organization has a Vietnam-based establishment.

While Vietnam still applies the 0, 5, and 10 percent VAT rates, the eligible scope for each rate has been largely modified by Law No. 48/2024/QH15, Decree No. 181/2025/ND-CP, and Circular No. 69/2025/TT-BTC. Correspondingly, related regulations are also amended, including compliance regimes for VAT thresholds, invoices, and refunds.

Note: Vietnam's National Assembly has approved extending the 2 percent VAT reduction. Goods and services subject to the 10 percent VAT rate will continue to enjoy the 2 percent reduction to the end of 2026.



### RELATED READING



#### **Vietnam's Evolving Tax Regime: Compliance with New CIT, VAT, and Invoicing Rules**

*Vietnam Briefing Article  
October 9, 2025*

Vietnam is fast-tracking major tax reforms to align with global standards and adapt to rapid market shifts. Key changes in 2025 include a new Corporate Income Tax Law, amended Value Added Tax regulations, and updated invoicing rules – each reshaping the country's compliance landscape.

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## Special Consumption Tax (SCT)

SCT is a form of excise tax that applies to the production or importation of 11 categories of products and six types of services which are considered to be luxurious or non-essential such as alcohol and tobacco products. Companies are liable for SCT both at the time of import and sale. However, to prevent an excessive tax burden, import SCT will be creditable against SCT incurred at the point of sale.

## Customs duties

Most goods exported across the borders of Vietnam, or which pass between the domestic market and a non-tariff zone are subject to export or import duties. Exceptions to this include goods in transit, goods exported abroad from a non-tariff zone, goods which are imported from abroad into a non-tariff zone and only used within that non-tariff zone, and goods passing from one non-tariff zone to another. Most goods and services being exported are exempt from tax.

## Foreign Contractor Tax (FCT)

Foreign businesses and individuals without legal entity status are considered foreign contractors if they conduct business or earn income in the country under contract with local organizations including foreign owned companies.

FCT, normally referred to as “withholding tax”, is not a separate tax type. It comprises VAT and income tax (either CIT or PIT) imposed on payments of local organizations to foreign contractors. Such payments are considered income earned in Vietnam in which the Vietnamese parties are liable to declare and make payments on behalf of foreign contractors.

The applicable tax rates vary depending on the payment method and the nature of the transactions. Certain distribution arrangements where foreign entities are directly or indirectly involved in the distribution of goods or provision of services in Vietnam are also subject to FCT.

FCT exemption is applicable in certain circumstances such as the pure supply of goods, services performed and consumed outside Vietnam and various other services performed wholly outside Vietnam.



### RELATED READING



#### **Vietnam's Customs Procedures in 2025: Key Updates and Compliance**

*Vietnam Briefing Article  
August 4, 2025*

[AVAILABLE HERE](#)

Foreign companies without a permanent establishment (PE) in Vietnam are significant contributors to the recent growth of e-commerce and digital activities in the country. In response to this emerging trend, Vietnam has promulgated a detailed tax compliance treatment for these companies under Chapter IX of Circular 80/2021/TT-BTC.

Furthermore, its tax authority has developed a tax portal specifically for these foreign companies. This portal allows them to self-register for a tax code, enabling them to declare and pay taxes directly to the tax authority under the FCT scheme.

## Other taxes

Besides the key taxes above, Vietnam also imposes taxes that target specific sectors. These include:

- **Natural Resource Tax:** This tax applies to various natural resources, including metallic and non-metallic minerals, crude oil, natural gas, forest products (excluding animals), seafood, natural water (excluding agricultural uses), natural bird nests, and other specified resources. Natural water used in agriculture, forestry, fisheries, salt industries, and seawater for cooling purposes may be exempt from natural resource tax if specific conditions are met.
- **Environmental Protection Tax:** Stipulated under the Environmental Protection Tax Law 2010, this tax targets specific items harmful to the environment, including gasoline, oil, lubricants, coal, certain chemicals, restricted-use herbicides and pesticides, taxable plastic bags, and disinfectants.
- **Non-Agricultural Land Use Tax:** This tax, governed by the Non-Agricultural Land Use Tax Law 2010, is levied on non-agricultural land used for residential, commercial, and industrial purposes. Land for public use, religious establishments, cemeteries, and certain government functions is exempt from this tax.

## How Does Vietnam Law Define a Permanent Establishment (PE)?

The creation of a PE in Vietnam is determined by application of the domestic laws and the tax treaties signed between Vietnam and other countries.

In Vietnam, a PE is defined as “a fixed place of business through which a foreign enterprise carries out part or the whole of its business or production activities in Vietnam”.

Per the domestic law, the tax authorities in Vietnam determine the PE based on the following three conditions:

- The existence of a “business establishment”;
- This business establishment must be fixed; and
- The enterprise carries out wholly or partly of its business activities through this establishment.

Below are the forms of Vietnam-based PE through which foreign companies carry out some or all business operations and manufacture under domestic regulation:

- Branches, representative offices, factories, workshops, means of transportation, oil fields, or other natural resources extraction sites in Vietnam;
- Construction sites;
- Service-providing centers, including consulting services through employees or organizations provided that these services in a related Vietnam-based project or projects last in a period or periods exceeding 183 days in each 12-month period;
- Agents of foreign enterprises
- Representatives in Vietnam who have the authority to sign contracts under the name of foreign companies or representatives who are responsible for providing goods and services regularly in Vietnam; and
- E-commerce and digital platforms used by foreign businesses to sell goods and services in Vietnam.

In case the Double Taxation Avoidance Agreement (DTAA) signed by Vietnam has different provisions on PEs, the provisions of that agreement shall prevail.

# Accounting

Issued by the National Assembly, the 2015 Accounting Law serves as the foundation of Vietnam's accounting regulatory framework. Economic transactions must be recognized based on their substance and economic reality and recorded in accordance with the provisions of this law, its implementing directives, and the Vietnamese Accounting Standards (VAS).

A new directive – Circular No. 99/2025/TT (“Circular 99”) – has been introduced as part of the corporate accounting guidelines. Effective January 1, 2026, the circular sets out key accounting principles and detailed regulations applicable across industries. It applies to fiscal year 2026.

## Accounting Law

Several provisions of the 2015 Accounting Law have been amended by Law No. 56/2024/QH15, effective since January 1, 2025. The key amendments to this law are stated below.

### Competent authority

The Ministry of Finance (MoF) is responsible for developing accounting standards and professional ethical standards for the accounting profession based on international standards, while ensuring alignment with Vietnam's specific conditions.

The ministry will also provide detailed guidance on the subjects, scope, form, timeline, and other aspects of adopting international accounting standards. This amendment aims to narrow the gap between VAS and International Financial Reporting Standards (“IFRS”), while maintaining compatibility with domestic requirements.

### Language used in accounting

Vietnamese is the mandatory language for accounting. Foreign-language documents only need to be translated into Vietnamese for financial statements.

Other accounting documents prepared in foreign languages do not require translation unless requested by a competent state authority.

### Digital transformation in accounting

The amended law recognizes electronic documents with electronic signatures or other forms of verification through electronic means, provided that the requirements under the Law on Electronic Transactions are met.



**MIA PHAM**

Deputy Director  
Corporate Accounting Services  
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*“ Vietnam’s updated accounting framework provides greater flexibility, but it also demands stronger internal discipline. Businesses should not underestimate the level of documentation, internal controls, and compliance precision now required. ”*

## Fiscal year and accounting period

A financial year in Vietnam must be 12 months in length. While the accounting period typically follows the calendar year (January 1 to December 31), businesses may adopt an alternative fiscal year after registering with the Tax Department. Permitted fiscal year cycles include:

- » April 1 to March 31 of the following year
- » July 1 to June 30 of the following year
- » October 1 to September 30 of the following year

For newly established entities, the first accounting period may not exceed 15 months from the date of issuance of the Enterprise Registration Certificate (ERC). Likewise, the final accounting period may not exceed 15 months.

## Retention of documentation

Following annual finalization, companies will be required to retain documents arising from their bookkeeping and accounting processes. The period of retention is tied to the nature of the documentation generated and is broadly split into 5-year, 10-year, and indefinite retention periods. The specific rules are:

- The five-year retention period applies to all documentation that is used in the management and operation of the enterprise.
- The 10-year retention period applies to all accounting data, accounting books, financial statements, and reports of independent audit firms that have been prepared on behalf of the company.
- The indefinite retention period is limited to documents that are deemed to be of significance to the economy, national defense, or security of the Vietnamese state.

## Vietnamese Accounting Standards (VAS)

From 2001 to 2005, the MoF issued 26 editions of the VAS based on earlier versions of the International Accounting Standards ("IAS"), with modifications to suit Vietnam's context. Unlike IFRS, the VAS currently lacks standards on:

- Financial instruments;
- Impairment of non-current assets; and
- Fair value measurement.

## Accounting system

Circular 99 replaces Circular No. 200/2014/TT-BTC and provides guidance on the enterprise accounting regime. Effective from January 1, 2026, the circular applies to financial years beginning on or after that date.

The most notable provisions of Circular 99 are stated below.

### Corporate governance and internal control

The establishment, execution, management, and control of economic transactions must adhere to applicable laws and relevant policies.

Enterprises should establish internal governance policy (or equivalent documents) and internal control procedures that define the responsibilities and authority of relevant departments and individuals involved in creating, executing, managing, and controlling economic transactions, in accordance with the Law on Enterprises and other related regulations.

### Functional currency

The circular outlines specific rules for determining, changing, and converting the functional currency. This offers greater flexibility for FDI enterprises, import–export companies, and logistics firms, enabling them to report financial data more accurately in their main operating currency while complying with Vietnamese regulations.

#### **Accounting Principle for Non-VND Functional Currency**

Vietnam requires financial statements published or submitted to competent authorities to be presented in Vietnamese Dong (VND), unless otherwise provided by law. If an independent audit firm must audit financial statements, the audited financial statements must also be presented in VND.

### Accounting source documents (Accounting vouchers)

Enterprises may design or modify their own accounting source document templates, provided they comply with the Accounting Law.

When templates are newly created or amended, the enterprise must issue an Internal Governance Accounting Policy (IGAP), or equivalent document, explaining the necessity of the change and confirming its compliance with the law.

## Chart of accounts

Enterprises may modify account names, account codes, structures, and the content reflected in accounts to suit business characteristics and management requirements.

Such modifications must:

- Ensure proper classification of transactions based on their economic substance;
- Avoid duplication;
- Comply with accounting principles; and
- Not alter or affect the indicators presented in financial statements.

Modifications must also be documented in the enterprise's IGAP.

## Financial statement

The going concern assumption is a fundamental accounting principle that presumes a business will continue to operate for the foreseeable future, at least 12 months, without intending to liquidate or significantly downsize. Entities preparing financial statements on a going-concern basis must include:

- Statement of Financial Position;
- Profit and Loss (P&L) Statement;
- Statement of Cash Flows; and
- Notes to the Financial Statements.

The legal representative and the chief accountant must sign financial statements and accounting books.

### Audit requirements

All FDI enterprises must have their annual financial statements audited by a Vietnamese independent audit firm. These statements, including the audited ones, must be submitted to the local authorities within 90 days after the end of the fiscal year.

In certain cases, such as for listed companies, interim financial statements are also required.

## New regulations on accounting software

Under the new regime, enterprises are only permitted to use accounting software that:

- Complies with accounting and tax laws, meaning the software must not alter the fundamental

- 
- nature, principles, or methods of accounting or impact figures in the books or financial statements;
- Ensures accuracy and transparency – data must be traceable, and all changes logged in chronological order;
  - Secures data confidentiality and prevents unauthorized modifications through robust mechanisms;
  - Provides timely and complete data outputs upon request by authorities;
  - Supports integration with related systems such as e-invoicing platforms and digital signatures; and
  - Is capable of being updated and upgraded to reflect changes in accounting and tax regulations.

## Enterprise's responsibility to issue IGAP

Enterprises must issue an IGAP or equivalent documents in the following cases:

- When designing or modifying accounting source documents;
- When modifying account names, codes, structures, or contents;
- When designing or modifying accounting book templates; and
- When adding new items or indicators to financial statements.

## Risks from poor accounting documentation

The absence of accounting records may result in non-compliance with VAS and Accounting Law. Tax authorities may treat such non-compliance as grounds for tax reassessment and penalties, including:

- Withdrawal of CIT incentives;
- Disallowance of deductible expenses; and
- Denial of input VAT credits or VAT refunds.

# IFRS adoption in Vietnam

Vietnam is on its path to replacing VAS with IFRS as its accounting standards. The MoF has issued Decision No. 345/QĐ-BTC, which approves the country's roadmap to implement IFRS. The plan comprises three stages.

- Stage 1: IFRS preparation (from 2020 – 2021);
- Stage 2: IFRS pilot implementation (from 2022 – 2025); and
- Stage 3: IFRS compulsory implementation (from 2025) for specific subjects meeting conditions.

Currently, IFRS has not yet become mandatory in Vietnam. IFRS adoption, therefore, remains voluntary and dependent on each company's capacity and strategic considerations.

## ACCA Vietnam Introduces First Vietnamese IFRS Sustainability Terminology

The Association of Chartered Certified Accountants (ACCA Vietnam) has launched Vietnam's first Vietnamese-language International Financial Reporting Standards (IFRS) sustainability terminology, covering IFRS S1 and S2 on sustainability- and climate-related disclosures.

The release marks an important milestone in making international reporting standards more accessible to Vietnam's professional and business community. By addressing language barriers, the terminology is expected to support faster and more consistent adoption of IFRS, reduce transition costs and risks, and help avoid misinterpretation or misapplication of the standards.

ACCA Vietnam emphasized that providing IFRS guidance in Vietnamese helps enterprises proactively align with global standards, especially as sustainability reporting and financial transparency grow more important during the green transition.

Developed in collaboration with industry experts, the terminology is intended to serve as a practical reference for both enterprises and regulators. It is also viewed as a strategic step in Vietnam's deeper integration into international accounting and sustainability disclosure frameworks.



## RELATED READING



### What Vietnam's New Accounting Regime Means for IFRS Alignment

*Vietnam Briefing Article  
December 8, 2025*

Looking ahead, Vietnam plans to further overhaul its accounting legal framework by updating the Accounting Law and creating a new set of Vietnamese Financial Reporting Standards. These standards will replace the current Vietnamese Accounting Standards and aim to align closely with IFRS.

[AVAILABLE HERE](#)

# Audit

In accordance with the prescribed accounting periods, the annual financial statements of all foreign-invested entities, financial institutions, insurance companies, and public interest entities must be audited by a Vietnamese independent auditing company.

Decree No. 90/2025/ND-CP (“Decree 90”), issued on 14 April 2025, introduces a significant expansion of the scope of entities required to undergo statutory audits, effective for the 2025 fiscal year.

## Statutory audit for large-sized enterprises

According to Decree 90, in addition to the entities previously mandated, an additional group of large-scale enterprises will also be subject to statutory audit if they meet at least two out of the following three criteria:

- Average number of employees participating in social insurance during the year exceeds 200 employees;
- Annual revenue exceeds VND 300 billion; and
- Total assets exceed VND 100 billion.

Decree 90 is Vietnam's first official directive to explicitly define a “large-scale enterprise” within statutory audit rules. These provisions aim to improve financial transparency and increase oversight of large private companies outside the listed sector, known as FOEs. This reflects how the Vietnamese government emphasizes the importance of audit report findings.



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# Introduction to transfer pricing

Many foreign businesses have been expanding their production facilities in Vietnam and charge their foreign outposts for administrative, technical, financial, and commercial services. However, financial administration teams need to be aware that their transactions must comply with the arm's length and substance-over-form transfer pricing (TP) principles.

Vietnam's transfer pricing regulations were relatively loose before 2017. This changed with the introduction of Decree 20/2017 on tax administration for enterprises engaged in related-party transactions. The framework was later updated through Decree 68/2020 and then fully replaced by Decree 132/2020.

Most recently, on February 10, 2025, the government issued Decree 20/2025/ND-CP, which amends several provisions of Decree 132. Taking effect on March 27, 2025 and applying from the 2024 fiscal year onward, the new decree strengthens and clarifies Vietnam's transfer pricing rules to support more consistent tax compliance.

Investors who once entered Vietnam with limited concern about transfer pricing can no longer do so – compliance now requires closer attention and stronger documentation.

Companies considering an investment into Vietnam or already operating in the country need to comply with stricter regulatory requirements based on the Organization for Economic Cooperation and Development (OECD) guidelines and Base Erosion and Profit Shifting (BEPS) actions.

## TP compliance in Vietnam

Transfer pricing rules are almost the same everywhere as they are generally based on the same principles and share common approaches. Of course, there are small differences between Vietnam's rules and other countries, but the core is the same.

Before Decree 20, Decree 68, and Decree 132 were issued, transfer pricing rules in Vietnam incorporated the arm's length principle as their foundation. Accordingly, the biggest impact of the new regulations is the introduction of the substance-over-form principle: foreign investors should review this when structuring supply chains.

The substance-over-form is a principle by which tax authorities look past the legal forms of transactions and operating structures, and instead consider and analyze their economic substance.

## What does it mean in practice?

Foreign parent companies that expand their production facilities in Vietnam may seek to act solely as a subcontractor, operating through their Vietnamese subsidiary alone. The foreign parent company then seeks to charge its subsidiary on a periodic basis for commercial services performed regarding developing sales in Vietnam.



### RELATED READING

#### VIETNAM BRIEFING

##### **Coca-Cola's Tax Lawsuit: Transfer Pricing Risk Consideration for Business in Vietnam**

*Vietnam Briefing Article  
December 5, 2025*

Vietnam's tax authority is tightening oversight of related-party transactions, exemplified by the recent Coca-Cola case. Changing transfer pricing rules, CbCR exchanges, and detailed audits will impact multinationals' compliance.

[AVAILABLE HERE](#)



According to the substance-over-form principle, those commercial services should contribute to the creation of operating sales revenue or income for the Vietnamese subsidiary. Consequently, expenses related to commercial services are not deductible from the subsidiary's taxable income if they do not provide a direct economic benefit to the Vietnamese subsidiary.

Alternatively, if the same Vietnamese subsidiary were engaged in sales activities, then those same commercial service expenses would comply with the substance-over-form principle. These expenses could then be deducted if the prices charged were at arm's length (or market rate).

Some companies, however, may seek to engage in more complicated relationships. A multinational enterprise may like to interpose a Vietnamese entity in transactions between two member companies that are residents of countries, which have not signed a double taxation agreement.

According to the substance-over-form principle, associated transactions should have a significant purpose (aside from the reduction of tax liability) and an economic effect (aside from any tax effect) to be accepted by authorities. In this case, no related expenses would be deductible from the Vietnamese entity's taxable income.

Finally, from a tax planning perspective, it is worth noting that Decree 20 introduced limitations on the deductibility of loan interest costs, which now, after Decree 132, should not exceed 30 percent of earnings before interest, taxes, depreciation, and amortization (EBITDA). The cap applies to net interest expense after deducting interest income from loans and deposits. Non-deductible interest expenses can be carried forward for up to five years.

This measure is aimed at addressing thin capitalization, as Vietnam lacks specific thin capitalization rules. However, the Ministry of Finance reportedly plans to introduce thin capitalization rules in the near term to limit the deductibility of interest costs if specific debt-to-equity ratios are breached.

## How to comply with transfer pricing regulations

Taxpayers in Vietnam who have entered into related-party transactions have a number of obligations under Decree 132. These have been summarized and set out below:

### Identifying related parties

According to Decree 132, amended by Decree 20/2025/ND-CP ("Decree 20"), related parties are those that have relationships where:

- One party is directly or indirectly involved in the management, control, capital contribution, or investment in the other party.
- Both parties are directly or indirectly influenced by the management, control, capital contribution, or investment from the other party. Point 2, Article 5 of Decree 132 (amended by Decree 20) provides detailed cases for classifying related parties' relationships.

## Identifying Related Parties Under Vietnam Law

A party is directly or indirectly involved in the management, control of, contribution of capital to, or investment in the other party

Parties are directly or indirectly affected by the management, control of, contribution of capital, or investment from another party



A



B

Company A and Company B are **related parties**



A



C



B

Entities identified as related parties must maintain documentation supporting their chosen method for determining arm's length pricing. Accepted methodologies include the Comparable Uncontrolled Price method, Cost-Plus method, Profit Split method, Comparable Profits method, and Resale Price method, all of which are in accordance with OECD guidelines.

## Forms

Companies in Vietnam that engage in related party transactions need to disclose their relationships and transactions in their annual tax returns.

Taxpayers subject to transfer pricing regulations need to file Form 01 – which is attached to Decree 20 – to disclose their transfer pricing transactions and the value of these contracts. Further, taxpayers need to provide what the arm's-length prices of the related-party transactions would be to enable a comparison.

The timeframe to do this is by the last day of the third month after the financial year end. This may prove very challenging given the short amount of time to collect and collate all necessary information and data – careful planning and observance are therefore prudent.

## Contemporaneous documentation

Transfer pricing contemporaneous documentation is designed to document taxpayers' relationships and transactions with related parties, as well as their global transfer pricing policies and the allocation of profits among all members/entities within a corporate group.

Taxpayers meeting specific thresholds must, in accordance with Decree 132, prepare, and then maintain transfer pricing contemporaneous documentation, which encompasses a Local File, and one or more of the Master File and Country-by-Country Report (CbCR).

It is likely that the Master File and CbCR will be prepared by headquarters, as they are likely to have direct access to all necessary information. All those documents must be declared by filing Form 02 and 03, attached to Decree 132 (for local file and master file respectively), and Form 04 (CbCR).

## Safe harbors from contemporaneous documentation

Businesses are required to submit the TP declaration as outlined in Appendix I of Decree 132. However, they may be exempt from preparing TP documentation if any of the following conditions apply:

- Only conduct domestic transactions with related parties, all of which have the same tax rate, and none of the parties are receiving tax incentives.
- According to Decree 132, enterprises are exempted from preparing the transfer pricing documentation if any of the following conditions are satisfied:
  - » Total revenue < VND 50 billion (US\$2 million) and total value of related-party transactions < VND 30 billion (US\$1.2 million);
  - » Entered into an Advanced Pricing Agreement (APA) and submitted annual APA report(s);
  - » Exercise only simple functions, sales < VND 200 billion (US\$8 million) and EBIT, depending on the business, of at least 5 percent (distribution), 10 percent (manufacturing), or 15 percent (toll manufacturing).
  - » Audits (See below).

## Audits

In the case of a transfer pricing audit, taxpayers will have 10 working days to provide the transfer pricing documentation, while they will have 30 working days to provide it during the consultation procedures prior to the audit.

## Risk/penalties

If the tax authorities believe the transaction was not priced according to the arms' length principle, they will adjust the value of the transaction and impose tax accordingly.

Furthermore, according to the substance-over-form principle, costs arising from services rendered for the sole purpose of providing other affiliates with benefits or values will not qualify for a deduction from taxable income.

Companies can also be held criminally liable if found to be evading tax. The tax authorities also publish the details of companies that are non-compliant, or report irregularities, on their national and provincial websites – a critical reputational risk.

## Managing risk

In light of the recent developments in local transfer pricing rules and the increasing interest in transfer pricing worldwide, it is important that companies take the necessary steps to ensure that they are compliant and effectively managing their risk. There are a variety of measures that companies can take. These include:

- **Providing disclosures:** All companies should disclose information about their related-party relationships and transactions in the prescribed forms and in accordance with the requisite timeframes.
- **Risk assessments:** Conducting risk assessments to monitor and revise intercompany transactions and planning to create a robust transfer pricing strategy is also an important risk mitigation tool.
- **Contemporaneous documentation preparation:** Taxpayers meeting the above mentioned thresholds are required to prepare contemporaneous documentation. Companies not meeting the thresholds should however still accurately document their associated party transactions and be able to substantiate the rationale adopted in case they receive any queries or audit notices from the tax bureau.
- **Advanced Pricing Arrangements:** Taxpayers have the option to proactively manage their transfer pricing risk profiles by entering into an Advanced Pricing Agreement (APA) with the local tax authority. An APA is a binding agreement as to how taxpayers' transfer pricing arrangement will be taxed.

## Key Points

The expenses related to inter-group services, which typically occur on a regular basis, will be deductible if the following conditions are met:

- They provide benefits to the Vietnamese taxpayer in terms of commerce, economics, or finance.
- The arm's length principle, transfer pricing methods, or allocation rates are consistently applied among group members.
- Adequate documentation is maintained (e.g., contracts, invoices, transfer pricing documentation, etc.).

Investors should also consider the restrictions on deducting loan interest, including:

- Loan interest expenses are deductible up to a maximum of 30 percent of EBITDA, after deducting deposit or lending interest.
- Any non-deductible loan interest can be carried forward to the next tax period for up to five consecutive years, provided the 30 percent EBITDA threshold is met each year.
- Interest incurred from related-party transactions is subject to this limitation, while loan interest from unrelated parties is also capped at 30 percent of EBITDA.
- If the company experiences a loss and has EBITDA less than 0, the incurred loan interest expenses will not be deductible.

## Key takeaway

Given the increased global focus on tax and transfer pricing through initiatives such as the OECD's BEPS program, as well as the specific emphasis on these matters in Vietnam, companies involved in related/associated party transactions are facing heightened scrutiny. It is crucial for these companies to seek expert advice to ensure compliance and implement effective risk mitigation strategies.



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## HR and Payroll

- ◆ How do I hire staff?
- ◆ Work permit procedures and requirements
- ◆ Employment contracts in Vietnam
- ◆ Allowances and benefits
- ◆ Tax obligations for company employees

# How do I hire staff?

After setting up your business in Vietnam, the next big hurdle is actually hiring the staff that you will need to help grow your business. Hiring, and the associated legal obligations that go along with it, can be a confusing process. It is recommended that businesses take a careful look at all relevant regulations and engage with a professional services firm where appropriate to ensure proper compliance with all laws.

Vietnam is an attractive place for businesses of all types. The country has a growing consumer class and a young and dynamic workforce that is building its skill set. In fact, Vietnam's labor force is growing by more than one million people each year.

There are a number of important HR trends occurring in Vietnam. While labor costs are still low, wages are steadily increasing. Over the past five years, this increase in salaries has come without a corresponding increase in productivity. Compounding the costs of employing staff in Vietnam are the comparatively high social insurance contributions and income tax rates.

Due to the developing nature of the workforce in Vietnam, it is natural that there exists some difficulty in finding highly skilled employees. Skills and talent shortages are particularly acute in industries such as technology and banking. However, many international companies, in partnership with the Vietnamese government, are sponsoring training programs to ensure that there are a growing number of highly skilled employees to choose from.

The country has a young and growing workforce with new demands and high expectations for their futures. As the workforce continues to grow there is a resulting rise in competition in the job market.

There tends to be a high turnover rate at companies as employees are often shopping their skills around to potential employers. Higher salaries elsewhere are certainly an attraction, but money may not be the only factor that makes employees stay longer at a company – those who find ways to build employee loyalty will be particularly successful.

Companies may find it difficult to transfer employees to different cities or areas because of their strong local connections. This has the potential to put a drag on a company's expansion plans as it may struggle to relocate experienced employees. Thus, finding the right partner to aid in the recruitment process is crucial.

Many companies rely primarily on outsourced providers when it comes to HR, particularly for advice related to recruitment, training, and payroll. In fact, many multinationals report that they would like to outsource more of their operational HR practices to a regional shared services function.

Foreign companies wanting to do business in Vietnam must ensure they follow the provisions of the Labor Code, which contains the legal framework for the rights and obligations of employers and employees with respect to working hours, labor agreements, social insurance, overtime, strikes, and termination of employment contracts, to name a few.



**HONG NGUYEN**

Manager

Payroll and HR Services  
Ho Chi Minh City Office

*“The Labour Code in Vietnam has constantly changed in the last few years and requires continuous updates from employers and employees. A good HR and payroll specialist knows the importance of being always up-to-date; that is what we have been striving for at DSA Vietnam.”*

Here we discuss:

- Foreign employees;
- Contracts; and
- Compliance.

## Foreign employees

A Vietnamese entity is permitted to recruit foreign workers in order to work as managers, executive directors and experts where local hires are not yet able to meet production and business requirements. Unlike in certain other Asian countries, Vietnamese representative offices are also able to hire staff directly.

Within 60 days but no later than 10 days prior to the expected start date of employment, employers must submit applications for work permits (either directly, via public postal services, through authorized service providers, or by proxy) to the provincial Public Administration Service Center (PASC) where the foreign employee is expected to work. This report should outline the demand for foreign workers for every job position for which Vietnamese workers are believed to be underqualified.

Evidence of this announcement must be presented in the application for a work permit for a foreign employee. The other option is to recruit foreigners through a government-owned employment service center.

When hiring foreign staff in Vietnam, there are a number of procedures and legal frameworks that must be understood.

## Types of visas

In order to enter Vietnam, a foreigner needs a visa issued by the Vietnamese Embassy or Consulate. It may be possible for a Vietnamese visa to be granted while in a third-party country or from within Vietnam but this will depend on the type of visa.

Citizens of ASEAN countries receive a free entry visa to Vietnam that lasts between 15 and 30 days, while Vietnam also has an e-visa policy for 80 nationalities lasting until 30 days. However, to work in Vietnam and remain for an extended period, foreigners need to apply for a longer-term three-month single or multiple entry visa.

An e-visa for a single entry into Vietnam costs US\$25, while a multiple-entry e-visa costs US\$50.



### RELATED READING



#### VIETNAM BRIEFING

##### **Vietnam E-Visas: A Complete Guide**

*Vietnam Briefing Article*

*December 9, 2025*

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Relevant visa types include:

| Vietnam Visa Types |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |          |
|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|
| Visa type          | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Validity |
| DL                 | Tourist visa                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 90 days  |
| HN                 | Meetings/Conferences                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 90 days  |
| LD LD1             | Working in Vietnam and eligible for a work permit exemption                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 2 years  |
| LD LD2             | Working in Vietnam with a work permit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 2 years  |
| LV LV1             | Working with: <ul style="list-style-type: none"> <li>Agencies, departments, units directly under the Central Party Committee;</li> <li>Provincial Party Committee, City Party Committee, People's Council, People's Committee of province/city directly under the Central Government; and</li> <li>Government, National Assembly, Central Committee of the Fatherland Front, Supreme People's Court/Procuracy, State Audit, ministries, ministerial-level agencies, agencies under the Government.</li> </ul>                                | 1 year   |
| LV LV2             | Working with: <ul style="list-style-type: none"> <li>Social organizations;</li> <li>Socio-political organizations; and</li> <li>Vietnam Chamber of Commerce and Industry.</li> </ul>                                                                                                                                                                                                                                                                                                                                                         | 1 year   |
| LS                 | Lawyer visa                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 5 years  |
| DT DT1             | Investor visa: issued for investors with total investment capital over VND 100 billion (US\$3.94 million), or for investment into 'prioritized' sectors, professions, or geographical areas determined by the government.                                                                                                                                                                                                                                                                                                                    | 5 years  |
| DT DT2             | Investor visa: issued for investors with total investment capital between VND 50 billion (US\$1.97 million) and VND 100 billion (US\$3.94 million), or for investment into 'encouraged' sectors, professions, or geographical areas determined by the government.                                                                                                                                                                                                                                                                            | 5 years  |
| DT DT3             | Investor visa: issued for investors with total investment capital between VND 3 billion (US\$118.096) and VND 50 billion (US\$1.97 million).                                                                                                                                                                                                                                                                                                                                                                                                 | 3 years  |
| DT DT4             | Investor visa: issued for investors with total investment capital less than VND 3 billion (US\$118.096).                                                                                                                                                                                                                                                                                                                                                                                                                                     | 1 year   |
| DN DN1             | Working with entities having legal status in Vietnam                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 1 year   |
| DN DN2             | Entering to promote services, establish commercial presences, or conduct activities according to Vietnam's international agreements                                                                                                                                                                                                                                                                                                                                                                                                          | 1 year   |
| EV                 | Electronic visa                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 90 days  |
| NN NN1-2           | Chief Representative Office in Vietnam, Head of Project Office of foreign NGO                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1 year   |
| NN NN3             | NGO Staff, Representative Office                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 1 year   |
| DH                 | Student/Internship                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 1 year   |
| NG NG1-4           | Diplomatic visa                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 2 years  |
| PV PV1-2           | Press and foreign correspondents                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 1 year   |
| TT                 | <ul style="list-style-type: none"> <li>Dependents of holder of LV1-2, LS, DT1-3, NN1-2, DH, PV1, LD1-2; or</li> <li>Foreigners that are parents, spouses, or children of Vietnamese citizens.</li> </ul>                                                                                                                                                                                                                                                                                                                                     | 1 year   |
| VR                 | Expatriates visiting their relatives or for other purposes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | 180 days |
| SQ                 | Entering for the purpose of market survey, tourism, visiting relatives, or medical treatment: <ul style="list-style-type: none"> <li>Individuals doing business with an overseas visa-issuing authority of Vietnam, his/her spouse and children;</li> <li>Individuals that presents a written request by a competent agency of the Ministry of Foreign Affairs of the host country; and</li> <li>Individuals presenting a diplomatic note of sponsorship by a foreign diplomatic mission or consular mission at the host country.</li> </ul> | 30 days  |

Note: With LV1, LV2, LS, DT1, DT2, DT3, NN1, NN2, DH, PV1, LD1, LD2, and TT visas, foreigners can apply for a temporary residence card within 2 – 10 years, depending on the visa type.

# Work permit procedures and requirements

Vietnam's work permit rules are outlined in the 2019 Labor Code and specified in Decree No. 219/2025/ND-CP, dated August 7, 2025.

Generally, a work permit is required for working in Vietnam for more than three months. However, foreign workers are exempt if they enter Vietnam to serve as a manager, executive, expert, or technical worker for less than 30 days, up to three times a year. The new decree also extends the exemption to foreign workers in priority sectors recognized by central or provincial authorities.

Employers must submit applications for work permits within 60 days, but no later than 10 days before the foreign employee's expected start date. Applications can be filed directly, through public postal services, via authorized service providers, or by proxy at the provincial Public Administration Service Center where the foreign employee will work. The local authorities will then transfer the application, through the "one-stop shop" administrative process, to the appropriate authority responsible for issuing work permits.

The statutory timeline for work permit issuance is five working days from receipt of a complete application. Overall, obtaining a work permit typically takes about three weeks.

Where a work permit is not compulsory, a notice must be submitted to the competent authorities within the same timeline. Currently, work permits for foreigners are valid for a maximum of two years and can be extended once for a further two-year term. A new application must be made if the company wishes to continue employing the foreign worker.

## Requirements

To be eligible for a work permit, the applicant must comply with the following conditions:

- Is at least 18 years of age;
- In good enough health to satisfy job requirements;
- Is a manager, executive director, or expert with the technical skills and experience necessary for the job;
- Is not currently subject to criminal prosecution or any criminal sentence in Vietnam or overseas and does not have a criminal record; and
- Has a visa granted by a competent authority of Vietnam unless otherwise prescribed by laws.

## Termination

A work permit may be terminated in the following circumstances:

- The work permit expires because:
  - » The contents of the labor contract differ from those stated in the issued work permit;
  - » The foreign employee works in a position or capacity inconsistent with the approved



### RELATED READING



### VIETNAM BRIEFING

#### **Vietnam Work Permit Regulations: New Rules for Foreign Workers from August 2025**

*Vietnam Briefing Article  
August 15, 2025*

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- 
- work permit;
- » The contract or project serving as the basis for the work permit has expired or been terminated;
  - » The foreign party issues a written notice of termination of the employee's assignment to Vietnam; or
  - » The Vietnamese enterprise, organization, or foreign organization in Vietnam employing the foreign worker ceases operations.
- The employer or the foreign employee fails to comply with regulations on issuance, reissuance, or extension of the work permit.
  - The foreign employee violates Vietnamese laws during employment and is prosecuted for criminal liability.

## Exemption

A foreign employee is not required to have a work permit if they meet any of the following conditions:

- Owner or capital-contributing member of a limited liability company, with a contribution value that meets government requirements.
- Chairperson or member of the board of directors of a joint-stock company, with a capital contribution value compliant with government regulations.
- Head of a representative office, project manager, or person responsible for the operations of an international or foreign non-governmental organization in Vietnam.
- Entering Vietnam for less than three months to market a service.
- Entering Vietnam for less than three months to address a complex technical or technological issue that (i) affects or threatens to affect business operations and (ii) cannot be resolved by Vietnamese or other foreign experts currently in Vietnam.
- Foreign lawyer who has been granted a law practice certificate in Vietnam in accordance with the Law on Lawyers.
- Individuals exempt under international treaties to which Vietnam is a signatory.
- Foreign nationals married to Vietnamese citizens and seeking to reside in Vietnam.
- Foreign workers in finance, science, technology, innovation, digital transformation, and other priority sectors recognized by central or provincial authorities.
- Other cases as stipulated by the government.

Vietnamese authorities are making significant updates to simplify procedures, shorten processing times, and increase work permit exemptions to expand the country's labor pool. At the same time, they are maintaining stringent oversight to ensure compliance.

Individuals working in Vietnam without a valid work permit may face penalties, including possible deportation to their home countries if they do not meet the necessary requirements. Additionally, employers who violate these regulations could be fined up to VND 75 million (approximately US\$3,000) and may face a suspension of operations lasting between one and three months.

## Temporary residence cards

Foreign nationals holding a valid work permit for at least one year, or those in senior management positions, are eligible to apply for a Temporary Residence Card (TRC). The TRC is issued by the Immigration Department under the Ministry of Public Security and is valid for a period between one and five years, depending on the visa category.

TRC holders may enter and exit Vietnam multiple times without a visa during the card's validity period. Processing typically takes five working days, with fees ranging from US\$145 to US\$165, depending on the card's duration.

## Permanent residence cards

Foreign nationals who legally reside and work in Vietnam may apply for a Permanent Residence Card (PRC) if they meet one of the following conditions:

- They have contributed to Vietnam's development and been awarded a medal or honorary title by the government;
- They have resided temporarily in Vietnam for at least three consecutive years and are sponsored by a Vietnamese parent, spouse, or child who has permanent residency; or
- They are foreign scientists or experts recommended by the head of a ministerial or government agency.

Processing normally takes five working days with a fee of US\$100. PRC holders can stay in Vietnam without a visa, and the card must be renewed every 10 years.

**Note:** It is essential to highlight that all foreigners serving as legal representatives for an enterprise in Vietnam must have a Level 2 personal electronic identification (e-ID), which is applicable to foreign residents with a TRC or PRC. Since specific guidance for registering a Level 2 e-ID for this group is not yet available, those affected should closely follow any updates, especially from the Ministry of Public Security (MPS), regarding future instructions.



### RELATED READING



#### **E-ID Registration Guide for Foreign Residents in Vietnam**

*Vietnam Briefing Article  
July 8, 2025*

AVAILABLE HERE

# Employment contracts in Vietnam

As per the 2019 Labor Code, which took effect from January 2021, there are now only two types of labor contracts:

- **Indefinite term** - a contract in which two parties do not determine the term and the time for its termination.
- **Definite term** - a contract in which two parties determine the time for its termination and the duration of the contract as a period not exceeding 36 months.

If an employee continues working after the expiration of his or her definite-term labor contract, the contract must be renewed within 30 days after the expiry date, or it will become an indefinite-term labor contract. In addition, e-contracts are now officially recognized and have the same validity as those in written form. A verbal labor contract is also recognized as long as it's valid for less than one month.

A labor contract must contain provisions such as the scope of work, working hours, rest breaks, wages, job location, terms of the contract, occupational safety and hygiene conditions, and social insurance.

Both the employer and employee can unilaterally terminate a contract. However, the employer can only unilaterally terminate under certain conditions. In some cases, the employer will be required to discuss the termination with the executive committee of the trade union.

The notice period required can vary depending on the type and length of the contract.

| Type                      | Length              | Notice period    |
|---------------------------|---------------------|------------------|
| Indefinite term contracts | N/A                 | At least 45 days |
| Definite term contracts   | 12 to 36 months     | At least 30 days |
| Definite term contracts   | Less than 12 months | At least 3 days  |

Companies which employ 10 or more people must have a copy of a company rule, also called "the internal labor regulations", registered with the provincial labor department. Company working rules include contents such as working and rest hours, rules and orders in the company, labor safety, hygiene in the workplace, protection of assets, business and technology confidentiality, and sanction methods to name a few.

## Severance and payment in Vietnam

If a labor contract is terminated, employers may be liable for a severance payment to the employee in question. The nature of severance payment is dependent on the salary of a given employee, the amount of time that the employee in question has been working in their current position, and the amount of time the employee has been covered under social insurance.

Eligibility for severance payments is open to all employees who have been working for a company for 12 months or longer. Severance payments will be required in instances where an employer or employee can prove that one or more general termination triggers or unilateral termination provisions have occurred during employment.

Under the Vietnamese Labor Code, severance compensation shall amount to half a month's wages for every year that the employee has been working. For example, an employee who had been with a company for three years would be eligible for one and a half months' pay.

The working time used to calculate severance allowance is the total duration the employee has actually worked for the employer, minus the period during which the employee participated in unemployment insurance and any working time for which unemployment contributions were included in the employee's salary.

### Grounds for the Unilateral Termination of a Contract in Vietnam

| Employee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Employer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The employee shall have the right to unilaterally terminate the employment contract without reason, as long as they notify the employer in advance.</p> <p>The employee shall have the right to unilaterally terminate the employment contract without prior notice under the following conditions:</p> <ol style="list-style-type: none"><li>1. Employee is not assigned to the job or workplace or is not given the working conditions as agreed in the labor contract*.</li><li>2. Employee is not paid in full or on time as agreed in the labor contract.</li><li>3. Employee is maltreated, sexually harassed, or is subject to forced labor.</li><li>4. A female employee who is pregnant and must take leave as prescribed by a competent health establishment.</li><li>5. Having reached the prescribed retirement age, unless otherwise agreed by both parties.</li><li>6. The employer provides false information affecting the performance of the labor contract.</li></ol> | <ol style="list-style-type: none"><li>1. The employee frequently fails to perform their job as stated in the labor contract, provided that the employer has sufficient documentation as required by regulations.</li><li>2. The employee is sick or has an accident and remains unable to work after having received treatment for 12 consecutive months, in case he/she works under an indefinite-term labor contract, or for 6 consecutive months, in case he/she works under a definite-term from 12 months to 36 months labor contract, or more than half the term of the labor contract, in case he/she works under a definite-term under-12-months contract.</li><li>3. If, because of a natural disaster, fire, or another force majeure event as prescribed by law, the employer, though having applied every remedial measure, has to scale down production and cut jobs.</li><li>4. The employee is absent from the workplace after the time limit specified in Article 31* of the Code.</li><li>5. The employee reaches the prescribed retirement age unless otherwise agreed, as specified in Article 169 of the Labor Code.</li><li>6. The employee fails to attend their job without a valid reason for five consecutive working days or more.</li><li>7. The employee provided false information when entering into a labor contract, affecting the recruitment of other employees.</li></ol> |

Source: Limitations as prescribed under Law No. 45/2019/QH14

\*Article 31 allows for a 15-day grace period for all employees returning to work following a temporary suspension of their contracts.

## Compensation

In Vietnam, there are two kinds of minimum wages.

The first type is the Common Minimum Wage, which is VND 2.34 million (US\$90). It is used to calculate salaries for employees in state-owned organizations and enterprises and to determine the social contribution for all enterprises. The maximum social insurance contribution is 20 times the common minimum wage.

The second type of minimum wage is the Regional Minimum Wage, which applies to employees of all non-state enterprises based on living standards in the areas where they operate.

Vietnam's government has officially updated the regional minimum wage for contract-based workers, Decree No. 293/2025/ND-CP ("Decree 293"), effective from January 1, 2026.

| Vietnam's 2026 Minimum Regional Wage |           |        |          |      |
|--------------------------------------|-----------|--------|----------|------|
| Region                               | Per month |        | Per hour |      |
|                                      | VND       | US\$   | VND      | US\$ |
| Region I                             | 5,310,000 | 201.84 | 25,500   | 0.97 |
| Region II                            | 4,730,000 | 179.80 | 22,700   | 0.86 |
| Region III                           | 4,140,000 | 157.37 | 20,000   | 0.76 |
| Region IV                            | 3,700,000 | 140.64 | 17,800   | 0.68 |

### Key Observation

The adjustment of regional minimum wages in Vietnam starting in 2026 will affect salaries and unemployment insurance (UI) contributions, including the maximum salary base for UI. Employers should carefully review their payroll structure and adjust employees' salaries to ensure their current wages do not fall below the new regional minimum wage.

In addition, the total UI contribution will increase to 2 percent, with costs shared equally between the employer and employee. Businesses should account for the additional 1 percent cost on the wage base for UI contributions. The maximum salary base for UI will also be increased accordingly, as the regional minimum wage determines it.

These changes could impact total payroll expenses and employee benefits, so companies should plan ahead to stay compliant and manage their budgets effectively.

For Vietnamese employees that work in foreign companies in Vietnam, compensation is determined through negotiations between the two parties. However, the compensation should be no lower than the Minimum Regional Minimum Wage rates as stipulated by the government.

Employees who work extra hours are also paid for those extra hours based on their current hourly wages, as indicated below. In cases where an employee works extra hours at night, they are paid extra in accordance with the applicable regulations.

| Vietnam Overtime Compensation   |                   |
|---------------------------------|-------------------|
| Overtime type                   | Compensation rate |
| Weekday, day time               | 150%              |
| Weekend, day time               | 200%              |
| Public holiday, paid leave days | 300%              |

Salaries paid to Vietnamese staff working for foreign companies must be denominated in Vietnamese dong. Foreign employers may base salary rates in either Vietnamese dong or US dollars, but salaries that are based in US dollars must be converted into Vietnamese dong.

In general, an employee's typical monthly salary package includes their gross salary and mandatory insurance contributions. Personal income taxes (PIT) will be levied on the balance after mandatory insurance contributions have been deducted.

## Types of bonuses

Bonuses are given to employees based on company earnings and performance and as a way of boosting company morale and productivity. There are various kinds of bonuses that a company may grant its employees throughout the year.

For example, a 13th month's salary is usually given as a kind of "annual bonus" by both local and foreign companies in Vietnam to employees that have worked with the company for at least one year. Employees that have worked at a company for less than one year are typically given a bonus that is prorated and based on their actual employment period.



In addition, there is also a special bonus called the “Lunar New Year” bonus (or “Tet Bonus”) that is often paid to employees prior to their leaving for the Lunar New Year holiday.

The amount of any Tet Bonus will be dependent on both company and employee performance, but the bonus typically ranges from smaller amounts of money (up to an entire month’s salary) to larger amounts of money (up to an entire year’s salary) depending on the company progress and goals.

Apart from the larger annual bonuses mentioned above, employees may also be given smaller bonuses for public holidays or other special days (for example, International Labor Day or National Day). Senior management and other valued employees may be given bonuses during these days as well, including in the form of share certificates with a vesting period, for which the corresponding stock can be sold only after the employee has worked for the company for a certain amount of time.

All salaries and bonuses are subject to PIT in Vietnam.

# Allowances and benefits

In addition to salary and bonuses, employees may be eligible for various allowances and benefits aimed at retaining staff. According to Vietnam's regulations, the benefits for employees include:

- Funeral and wedding expenses for the employee and their family;
- Vacation expenses and support for medical treatment;
- Financial assistance for additional learning at training facilities;
- Support for employees' families affected by natural disasters, wars, accidents, or illnesses;
- Rewards for employees' children who achieve academic excellence;
- Travel expense support for employees during holidays and Tet (Vietnamese Lunar New Year);
- Expenses for accident insurance, health insurance, and other voluntary insurance for employees (excluding costs for purchasing life insurance or voluntary retirement insurance); and
- Other welfare expenses.

**Note:** The total amount of these welfare expenses must not exceed one month's average actual salary for the relevant tax year

## Condition for deduction

Allowances and benefits that are deductible when calculating the Corporate Income Tax (CIT) must meet the following conditions:

- The total employee welfare expenses must not exceed one month's average actual salary for the tax year of the enterprise.
- Expenses for business purposes must be supported by sufficient legal invoices and documentation, which include:
  - » For travel-related expenses – invoices for accommodation, meals, and transportation from the travel company, hotel, or restaurant, along with a list of participating employees.
  - » For education or training expenses – a tuition invoice.
  - » For medical examination and treatment expenses – hospital invoices and medical records.
- There must be a receipt for each purchase of goods and services valued at VND 20 million or more (prices inclusive of Value-Added Tax (VAT)). Additionally, payments must be documented through non-cash payment methods.

Foreigners who work in Vietnam are also exempted from Personal Income Tax (PIT) on various benefits such as relocation allowances for moving into the country, airfare to their home country, and education fees for their children.



### SALARY AND WAGES

Company policy will be established for corresponding allowances based on the nature of work and the workplace environment. Dezan Shira & Associates helps you explore suitable types of allowances for your workplace.

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# Tax obligations for company employees

In addition to the basics of hiring contracts and monetary compensation, there are specific laws governing the levying of taxes and the paying of social security for the employee. The employer must be aware of these and be prepared to accommodate deductions made to the employee paychecks.

## Withholding personal income tax (PIT)

In general, a typical monthly salary package will include gross salary and mandatory social insurance. PIT will be levied on the balance after deducting mandatory social insurance contributions.

On December 10, 2025, Vietnam's National Assembly approved the amended PIT Law, aiming at boosting purchasing power, promoting tax fairness, and improving workforce competitiveness. The new law is expected to take effect on July 1, 2026. However, to accelerate relief for taxpayers, provisions related to income from salaries, wages, and business activities will take effect earlier, from January 1, 2026.

It recognizes 10 income categories, with a host of deductions, tax rates, and exceptions applying to each.

A tax resident is defined as someone residing in Vietnam for 183 days or more in either the calendar year or a period of 12 consecutive months from the first date of arrival for the first year entered into Vietnam.

Tax residents are subject to PIT on their worldwide employment income, regardless of where the income is paid or earned, at progressive rates from five percent to a maximum of 35 percent. Non-resident taxpayers are subject to PIT at a flat rate of 20 percent on their Vietnam-sourced income.

Companies conduct PIT finalization on behalf of their employees at the beginning of the year for taxable income arising from the previous year.

As part of efforts to achieve the 2025-2030 national fiscal modernization roadmap, Vietnam's government is revising its legislative framework for PIT management with a draft law set to be passed by the end of this year.

The new law also revises existing regimes governing taxable income, exemptions and deductions, the progressive tax brackets, and the applicable tax rates for certain irregular income. For businesses, these adjustments are manageable if tackled early, including prioritizing payroll readiness, data systems, designing equity compensation, and actively engaging with tax advisors.



### RELATED READING



#### VIETNAM BRIEFING

##### **Vietnam's Amended Personal Income Tax Law: Key Highlights and Business Implications**

*Vietnam Briefing Article  
December 10, 2025*

AVAILABLE HERE

## Tax-exempt incomes

There are 21 cases in which individuals are subject to PIT exemption, including:

1. Income from transfers, inheritances, or gifts of real estate between spouses; biological parents and children; adoptive parents and children; parents-in-law and children-in-law; grandparents and grandchildren; and between biological siblings.
2. Income from the transfer of a residential house, residential land use rights, and attached assets where the individual owns only one residential property in Vietnam.
3. Income derived from land use rights allocated directly to individuals by the State.
4. Income of households and individuals directly engaged in producing unprocessed or ordinarily pre-processed agricultural, forestry, livestock, or aquaculture products; salt production; dividends received by members of agricultural cooperatives and unions of cooperatives; and income of farmers contracting with enterprises under “large-scale field” models, forest plantation, or aquaculture activities.
5. Income from converting agricultural land that households and individuals were allocated by the State for production.
6. Interest income from government bonds, local government bonds, bank deposits, and life-insurance contracts.
7. Income from remittances.
8. Night-shift wages, overtime pay, and payments for unused statutory annual leave.
9. Pension payments from the Social Insurance Fund; income paid by supplementary retirement funds and voluntary pension schemes.
10. Income from scholarships, including:
  - a) Scholarships funded by the State budget; and
  - b) Scholarships awarded by domestic or foreign organizations under their study-promotion programs.
11. Compensation received from life-insurance and non-life-insurance contracts; compensation for occupational accidents; State compensation; and other compensation amounts as provided by law.
12. Income received from charitable organizations and funds legally established or recognized by competent authorities and operating for charitable or humanitarian purposes on a non-profit basis.
13. Income sourced from approved foreign aid—both governmental and non-governmental—provided for charitable or humanitarian purposes.
14. Wages and salaries earned by Vietnamese seafarers working for foreign shipping lines or Vietnamese shipping lines engaged in international transport.
15. Income earned by vessel owners, vessel users, and individuals working onboard from providing goods and services directly serving offshore fishing and aquaculture activities.
16. First-time transfer of greenhouse-gas emission-reduction outcomes by individuals recognized as emission-reduction result owners; income from carbon credits allocated to individuals; interest from green bonds; and first-time transfer of green bonds after issuance.
17. Wages and salaries earned from performing scientific research, technological tasks, or innovation projects.

- 
18. Royalties arising from scientific research, technological tasks, or innovation projects when their results are commercialized in accordance with laws on science, technology, innovation, and intellectual property.
  19. Income of individual investors and experts from innovative start-up projects; founders of innovative start-ups; and individual investors contributing capital to venture capital funds.
  20. Wages and salaries of foreign experts working on non-refundable ODA-funded programs and projects or foreign NGO projects in Vietnam; Vietnamese individuals working at UN system organizations in Vietnam; and individuals participating in UN peacekeeping forces.
  21. Post-CIT income of individuals who are owners of private enterprises or single-member limited liability companies.

From January 1, 2026, a resident taxpayer is allowed to deduct VND 15.5 million (US\$560) per month or VND 132 million (US\$5,000) per year from their taxable income. The yearly amount can be fully deducted, regardless of whether the taxpayer had an income every month. The taxpayer can deduct VND 6.2 million (US\$230) from their taxable income each month for each dependent.

## Tax exemptions

In Vietnam, foreign individuals can be exempted from taxation for certain employment benefits. These exemptions include:

- One-off relocation allowance for foreigners to relocate to Vietnam;
- Round-trip airfares paid once a year by employers for foreign employees who are on annual leave; and
- General education school fees or tuition paid by the employer for the expatriates' children studying in Vietnam.

Other benefits can be treated as non-taxable income if certain conditions are met. These include:

- Employee housing support provided by the employer – the portion exceeding 15 percent of the employee's monthly taxable income (excluding the housing support itself) is considered non-taxable income.
- Expenditure on shuttling employees.
- Training fee for employees relevant to employees' profession and/or in accordance with the employer's plan.
- The employer-provided funds for mid-shift meals and lunches, which must be implemented according to the collective labor agreement or the company's internal labor regulations or policies, in compliance with the Labor Code.
- Presumptive expenditures for telephone, stationery, per diem, work clothes, etc. are not subject to tax if the amounts are within the levels set out under relevant regulations.
- From time to time, an employer may provide their employees with additional bonus payments for special occasions. For example, weddings or holidays. This must not exceed one month's

- 
- average salary in the tax year of the enterprise. It must also be documented in the employee's labor contract, collective bargaining agreement, and financial regulations of the enterprise.
- If the employer buys an employee an optional insurance product that does not have an accumulation of premiums and the premium for this insurance product is not included in the insurance tax.

Under the new PIT Law, Vietnam also offers tax reductions and exemptions as relief for hardships, along with preferred incentives for priority technology talent and specific investment activities:

- Taxpayers facing losses from natural disasters, epidemics, fires, accidents, or serious illness may receive a tax reduction, capped at the amount of tax payable.
- A five-year PIT exemption applies to high-quality digital-technology personnel earning income from projects in concentrated digital-technology zones, from R&D and production of key digital products such as semiconductors and AI systems, or from training activities for the digital-technology industry.
- A five-year PIT exemption also applies to high-tech personnel engaged in R&D in high technologies or strategic technologies listed under the Law on High Technology.
- Transfers of open-ended fund certificates are exempt from PIT where the certificates are held for at least two years.
- Individual investors are eligible for a 50 percent PIT reduction on dividends distributed by securities investment funds or real estate investment funds for the period prescribed by the Government.

## Tax payment

Foreign invested enterprises (FIEs) must conduct PIT finalization on behalf of their employees at the beginning of the year for taxable incomes arising from the previous year.

If an employee has more than one source of income and wishes to conduct tax finalization on their own, FIEs can issue a certificate of deduction at the request of the employee. If an expatriate's labor contract in Vietnam expires before the end of a calendar year, they should conduct tax finalization before their departure.

The taxpayer pays PIT to the state treasury in one of two ways: cash or bank transfer. The taxpayer can pay cash directly to the state treasury to receive the voucher from state officials. Otherwise, they can transfer money to a tax office bank account at the state treasury.

The deadline for submitting tax declaration dossiers and payments for monthly and quarterly tax declarations is prescribed as follows:

- a. No later than the 20th day of the month following the month in which the tax liability arises, in the case of monthly declaration and payment.
- b. No later than the last day of the first month of the quarter following the quarter in which the



tax liability arises, in the case of quarterly declaration and payment.

The deadline for submitting tax declaration dossiers according to the year (PIT Finalization) is prescribed as follows:

- a. No later than the last day of the 3rd month from the end of the calendar year or fiscal year for the annual tax finalization dossier and payment.
- b. No later than the last day of the 4th month from the end of the calendar year for personal income tax finalization records of individuals who directly finalize tax.

## Social insurance funds

There are three types of mandatory social security in Vietnam that must be covered by foreign enterprises seeking to hire local staff:

- Social insurance;
- Health insurance; and
- Unemployment insurance.

Mandatory minimum contributions are required of both employer and employee. All domestic and foreign companies operating in Vietnam are required to pay these social insurances for all employees under labor contracts from one month and beyond.

Employers register and pay insurance contributions monthly on behalf of their employees at the Social Insurance Department where the enterprise registers its business activities.

## Social insurance contribution

Social insurance covers employee benefits including sick leave, maternity leave, allowances for work-related accidents and occupational diseases, pension allowance, and mortality allowance. Health insurance entitles employees to a medical examination and inpatient and outpatient treatments at authorized medical establishments.

Unemployment insurance, which takes the place of severance pay, is paid out to employees in quantities depending on the period of time for which they and their previous employers contributed. The monthly unemployment allowance is equal to 60 percent of the person's average salary of the last six months of employment.

Social insurance contribution was made mandatory for all working foreigners as of December 1, 2018, under Decree 143/2018/ND-CP.

| Types of Compulsory Insurance for Local Employees |            |                |              |                  |                            |        |
|---------------------------------------------------|------------|----------------|--------------|------------------|----------------------------|--------|
| Social insurance                                  |            |                |              |                  |                            |        |
| Portions of contributions                         | Retirement | Sick/Maternity | Occupational | Health insurance | Unemployment insurance (*) | Total  |
| Employers                                         | 14.00%     | 3.00%          | 0.50%        | 3.00%            | 1.00%                      | 21.50% |
| Employees                                         | 8.00%      | 0.00%          | 0.00%        | 1.50%            | 1.00%                      | 10.50% |

Source: Decree 143/2018/ND-CP

| Types of Compulsory Insurance for Expatriate Employees |            |                |              |                  |                            |        |
|--------------------------------------------------------|------------|----------------|--------------|------------------|----------------------------|--------|
| Social insurance                                       |            |                |              |                  |                            |        |
| Portions of contributions                              | Retirement | Sick/Maternity | Occupational | Health insurance | Unemployment insurance (*) | Total  |
| Employers                                              | 14.00%     | 3.00%          | 0.50%        | 3.00%            | 0.00%                      | 20.50% |
| Employees                                              | 8.00%      | 0.00%          | 0.00%        | 1.50%            | 0.00%                      | 9.50%  |

(\*) Expatriate employees are not eligible for unemployment benefits in Vietnam

Source: Decree 143/2018/ND-CP

Contributions are determined based on an employee's monthly salary or wage. While payable amounts will differ depending on the compensation of an employee, it should be noted that a wage ceiling for the calculation of contributions is imposed at 20 times the common minimum wage for social and health insurance (VND 46.8 million (US\$1,770)) and 20 times the regional minimum wage for unemployment insurance (VND 106.2 million (US\$4,000)) depending on the region.

Once a foreign worker's employment in Vietnam expires, the foreign worker can claim a one-off payment on the contributed amount from the social insurance agency depending on the following circumstances.

- Reaches retirement age, but have not contributed social insurance for the full 20 years according to Social insurance law;
- Suffers from a fatal disease such as cancer, polio, HIV or other diseases regulated by the Ministry of Health;
- Satisfied conditions for pension, but are not living in Vietnam anymore; and
- Their employment contract is terminated or work permit expires without renewal.

## The 2024 Social Insurance Law

Following its passage in June 2024, Vietnam's revised 2024 Social Insurance Law took effect on July 1, 2025. The law introduces amendments designed to enhance social insurance coverage and adequacy, which are expected to significantly impact the structure of Vietnam's social insurance system.

The key legal changes implemented under the revised law include:

- State-ensured social pension: The social pension will be partly ensured by the State, building on existing regulations for monthly social subsidies for the elderly.
- Interconnection in the system: There will be a monthly subsidy for the period before reaching the age of social pension allowance, during which the state provides healthcare insurance.
- Expanded coverage: The mandatory social insurance participation is expanded, especially to include part-time workers.
- Enhanced benefits: The minimum contribution years for pensions and maternity benefits for voluntary participants will be lower.
- Clarity on premium collection: A whole new chapter will regulate collecting and managing social insurance premiums, addressing delays and evasion.
- New calculation reference: The "statutory pay rate" will be replaced with a "reference level," a government-prescribed monetary amount for calculating SI premiums and benefits.
- Investment regulations: The law provides clear rules for investing and managing the social insurance fund, including the approval and appraisal of organizational expenditure and social insurance operations.
- Simplified procedures: The law streamlines administrative processes and promotes electronic transactions, focusing on user satisfaction with social insurance policies.

In addition, foreign employees in Vietnam must participate in mandatory social insurance if they have a labor contract of at least 12 months, regardless of their work permit status. Previously, this requirement applied only to those with work permits or relevant licenses.

Further guidance and more specific regulations are detailed in Decree No. 158/2025/ND-CP. Businesses are advised to carefully review the decree and stay informed about future government directives to ensure compliance and avoid incompliance.



### HR AND PAYROLL

Dezan Shira & Associates appreciates and understands that HR and payroll processing in emerging economies can be challenging due to ever-changing regulations and dynamic local practices. Our certified HR and payroll specialists are able to find constructive solutions for our clients in a time and cost efficient manner.

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# Data Protection Compliance Regime

- ◆ Vietnam's evolving data protection framework
- ◆ Provisions of Vietnam's Personal Data Law
- ◆ Provisions of Vietnam's Data Law

# Vietnam's evolving data protection framework

Vietnam's Constitution recognizes and protects individuals' rights to privacy and the confidentiality of personal information. However, until the early 2020s, personal data protection in Vietnam was governed by a patchwork of general and sector-specific regulations rather than a unified legal framework. Key instruments included the Civil Code 2015, the Law on Cyber Information Security (No. 86/2015/QH13), and various industry-specific laws and decrees. This fragmented regime created uncertainty and compliance challenges for businesses, particularly multinational companies managing cross-border data flows and digital operations.

A significant shift occurred in 2023 with the introduction of Decree No. 13/2023/ND-CP, commonly referred to as the Personal Data Protection Decree (PDPD). The PDPD marked Vietnam's first comprehensive attempt to regulate the collection, processing, storage, and transfer of personal data. It introduced core data protection principles, such as lawfulness, transparency, purpose limitation, data minimization, accuracy, security, and accountability, and imposed clear obligations on data controllers and data processors operating in Vietnam.

Under the PDPD, organizations are required to notify data subjects about how their personal data is collected and used, obtain valid consent in most cases, and respect data subject rights, including the right to access and review personal data. The decree also restricts the unauthorized collection, transfer, or commercial use of personal data, laying the foundation for a more structured data governance regime.

Vietnam's data protection framework was further strengthened through two major legislative developments. In November 2024, the National Assembly passed the Law on Data, which took effect on July 1, 2025. While broader in scope than personal data protection alone, this law provides an overarching legal foundation for Vietnam's digital infrastructure and data governance architecture, supporting the country's digital economy, public administration modernization, and national security objectives.

Most significantly for businesses, Vietnam enacted its first standalone Personal Data Protection Law (PDPL) on June 26, 2025, which will come in effect from January 1, 2026. The PDPL consolidates and elevates personal data protection obligations into primary legislation, strengthening enforcement mechanisms and aligning Vietnam more closely with international data protection standards. The law applies to both domestic and foreign entities that process personal data in Vietnam or process the personal data of Vietnamese individuals, regardless of where the processing activities physically take place.



**KENTA DIEP**

Manager  
Group Information  
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Ho Chi Minh City Office

*“Vietnam's new data laws turn privacy and consent from compliance obligations into core IT design principles that every enterprise system must now be built around.”*

# Provisions of Vietnam's Personal Data Law

Vietnam's new Personal Data Protection Law (PDPL) clarifies the rights and duties of data subjects, strictly prohibits a range of harmful processing activities, sets out when and how personal data may be transferred, and creates stronger requirements and penalties for organizations that process personal data.

## Scope

Vietnam's PDPL divides personal data into two categories, setting the basis for how each type is managed and protected. They include:

- **Basic personal data:** Information such as full name, date of birth, gender, address, contact details, identification numbers, and other personally identifiable information; and
- **Sensitive personal data:** Includes biometric data, health and genetic information, financial and credit records, location data, beliefs (political, religious), social relationships, and data related to children.

Data subjects are individuals, and entities are reflected and identifiable through personal data. The law states that once personal data is de-identified, it is no longer considered personal data.

Consent remains a cornerstone of lawful data processing under the new legislation. The PDP Law requires:

- Explicit consent for each distinct processing purpose;
- No use of pre-ticked boxes, silence, or inactivity as valid forms of consent; and
- Written or digitally authenticated consent for processing sensitive personal data.

## Roles in processing personal data

The PDPL defines "processing personal data" as a range of activities, including collecting, recording, analyzing, storing, modifying, disclosing, combining, accessing, retrieving, encrypting, sharing, transmitting, providing, transferring, deleting, and destroying data, among other related actions.

It has established clear distinctions among the various roles involved in data processing, assigning specific responsibilities to each participant. It is crucial for businesses to accurately identify their roles in the data processing framework to define and fulfill their respective responsibilities effectively.

## Data Controller

This role is critical, encompassing either an organization or an individual with the authority to define the purpose and methodology for processing personal data. The Data Controller is responsible for ensuring compliance with data protection regulations, which includes obtaining consent from data subjects before initiating any processing activities and promptly notifying the Ministry of Public Security (MPS) of any personal data breaches.

## Data Processor

This refers to an entity or individual that processes personal data on behalf of the Data Controller, governed by a contractual agreement. The Data Processor's responsibilities include alerting the Data Controller to any breaches and ensuring that all data processing is conducted in accordance with the terms specified in the contract.

## Data Controlling and Processing Party

This is a hybrid role that amalgamates responsibilities from both the Data Controller and Data Processor positions, tasked with overseeing and executing data processing activities.

## Third Party

This term encompasses individuals or entities that are distinct from the Data Subject, Data Controller, Data Processor, or Data Controlling and Processing Party but are authorized to process personal data under specific conditions. Third parties must appropriately archive personal data and implement necessary protection measures in compliance with legal requirements.

## Data transfer activities

The PDPD differentiates between basic and sensitive personal data, resulting in different treatments to each category. Accordingly, sensitive personal data refers to information associated with an individual's privacy that could significantly impact their legitimate rights and interests if violated.

## Domestic data transfer

Permitted transfers include:

- With the data subject's consent;
- Internal sharing across departments within the same entity for the established processing purpose;

- 
- Corporate reorganizations, including transfers needed for mergers, splits, reorganisations, changes in ownership, or when one organization takes over another's operations;
  - Between controllers and processors or to third-party processors under lawful arrangements;
  - At the request of competent state agencies; and
  - Other cases expressly provided for by the Law.

## Cross-border data transfers

The PDP Law defines a cross-border data transfer as belonging to one of the following cases:

- Transfer of personal data stored in Vietnam to storage systems outside of the territory of the Socialist Republic of Vietnam;
- Agencies, organizations, or individuals in Vietnam transferring personal data to overseas organizations or individuals; and
- Agencies, organizations, and individuals in Vietnam or overseas using specific platforms outside the territory of the Socialist Republic of Vietnam to process personal data collected in Vietnam.

To transfer personal data out of Vietnam, entities must follow several procedural requirements, including:

- Entities that transfer personal data abroad must prepare a cross-border transfer impact assessment file and submit one original to the specialised data-protection authority within 60 days from the first transfer (exceptions may apply);
- The impact assessment is performed once for the entity's entire operating life and updated according to the Law; and
- The competent authority may inspect transfers up to once a year or carry out ad-hoc inspections when violations or incidents occur.

## Data protection impact assessments (DPIAs)

The PDP Law introduces a clear requirement for organizations to conduct data protection impact assessments (DPIAs) in the following scenarios:

- When processing sensitive personal data;
- When transferring personal data across borders; and
- When using personal data for high-risk activities, including profiling, automated decision-making, AI, or facial recognition.

DPIAs must include the type and purpose of data processing, risks and mitigation measures, and plans for data retention. These assessments must be submitted to the MPS and updated when there are material changes to processing activities.

## Prohibited acts

The law forbids actions including, but not limited to:

- Processing personal data to oppose the Socialist Republic of Vietnam or harm national defense, security, public order, or legitimate rights and interests of entities or individuals;
- Obstructing data-protection activities;
- Exploiting data-protection processes to commit other legal violations;
- Processing personal data contrary to legal requirements;
- Allowing others to use someone's personal data for unlawful acts;
- Buying or selling personal data (unless another law permits it); and
- Stealing, intentionally leaking, or causing loss of personal data.

Organizations or individuals who breach these rules may face administrative penalties, criminal prosecution depending on severity, and civil liability to compensate victims for damage.

## Permissible cases of personal data processing without consent

There are specific situations in which personal data can be processed without obtaining the data subject's consent. These situations include:

- Processing personal data to protect the life and health of the data subject or others during an emergency. The Personal Data Controller, Personal Data Controller-cum-Processor, Personal Data Processor, and Third Parties are responsible for demonstrating that such a situation exists.
- Disclosing personal data in accordance with legal requirements.
- Processing personal data by competent regulatory authorities during emergencies related to national defense, security, social order and safety, significant disasters, or dangerous epidemics. This also applies when there is a security threat to national defense that does not warrant declaring a state of emergency, as well as efforts to prevent and combat riots, terrorism, and other criminal activities in accordance with the law.
- Processing personal data to fulfill contractual obligations that data subjects have with relevant agencies, organizations, and individuals as prescribed by law.
- Processing personal data to support the operations of regulatory authorities as required by relevant laws.

| Rights of Data Subjects under Vietnam's PDPL          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                               |
|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
|                                                       | PDPL on data subjects' rights                                                                                                                                                                                                                                                                                                                                                                                                                                               | How to comply                                                                                                                                 |
| Right to be informed                                  | Be informed of his/her personal data processing.                                                                                                                                                                                                                                                                                                                                                                                                                            | Clearly communicate on how their data is collected, processed, and used, including details on data types, purposes, and any parties involved. |
| Right to consent                                      | Give consent to the processing of his/her personal data.                                                                                                                                                                                                                                                                                                                                                                                                                    | Maintain clear documentation of this consent to demonstrate compliance.                                                                       |
| Right to access                                       | Access their personal data in order to look at, rectify, or request rectification of their personal data.                                                                                                                                                                                                                                                                                                                                                                   | Prepare in advance to provide the information promptly upon request.                                                                          |
| Right to withdraw consent                             | Withdraw their previous consent to personal data processing.                                                                                                                                                                                                                                                                                                                                                                                                                | Ensure systems facilitate easy withdrawal of consent.                                                                                         |
| Right to data deletion                                | Delete or request deletion of their personal data.                                                                                                                                                                                                                                                                                                                                                                                                                          | Establish efficient procedures for processing deletion requests quickly and securely.                                                         |
| Right to restrict processing                          | Obtain restrictions on the processing of their personal data, which shall be implemented within 72 hours after request submission.                                                                                                                                                                                                                                                                                                                                          | Ensure your systems can accommodate these restrictions.                                                                                       |
| Right to obtain personal data                         | Request the Data Controller and the Data Controller-cum-Processor to provide them with their personal data.                                                                                                                                                                                                                                                                                                                                                                 | Set up protocols for secure and efficient data transfer upon request.                                                                         |
| Right to object                                       | <ul style="list-style-type: none"> <li>Object to the Personal Data Controller and the Personal Data Controller-cum-Processor processing their personal data in order to prevent or restrict the disclosure of personal data or the use of personal data for advertising and marketing purposes; and</li> <li>The Data Controller and the Data Controller-cum-Processor shall comply with the data subject's request within 72 hours after receiving the request.</li> </ul> | Have a clear process in place to manage and respond to such objections appropriately                                                          |
| Right to file complaints, denunciations, and lawsuits | File complaints, denunciations, and lawsuits when afraid of right infringement.                                                                                                                                                                                                                                                                                                                                                                                             | Keep open lines of communication to address concerns and complaints effectively to avoid risks of legal actions.                              |
| Right to claim damage                                 | Claim damage as prescribed by law when there are violations against regulations on protection of their personal data.                                                                                                                                                                                                                                                                                                                                                       | Adhere to data protection practices diligently and document your compliance efforts to mitigate legal risks.                                  |
| Right to self-protection                              | Take measures to protect their own data, including requesting competent agencies and organizations to implement civil rights protection methods.                                                                                                                                                                                                                                                                                                                            | Ensure that your practices honor this right and safeguard individuals' privacy.                                                               |

# Provisions of Vietnam's Data Law

Effective July 1, 2025, Vietnam's Data Law establishes a strong legal framework for managing data in Vietnam's growing digital environment. It addresses the creation, development, protection, management, processing, and utilization of digital data. The law also details the rights, obligations, and responsibilities of agencies, organizations, and individuals involved in digital data activities.

## Key objectives of the Data Law

The Data Law aims to provide a clear legal foundation for personal data protection, enhancing the capacity of domestic organizations and individuals to safeguard personal data in line with international and regional standards. It promotes the lawful utilization of personal data, contributing to economic and social development. To accomplish these targets, the Data Law is constructed in accordance with four key missions:

- Unifying legal regulations on legal terms related to personal data and personal data protection;
- Specifying the rights and obligations of data subjects;
- Improving regulations on personal data protection during data processing; and
- Enhancing regulations to ensure conditions and measures for personal data protection.

The new law covers regulations on:

- Digital data;
- Construction, development, protection, administration, processing, and use of digital data;
- National Data Center;
- National Database;
- Digital data products and services;
- State management of digital data; and
- Rights, obligations, and responsibilities of agencies, organizations, and individuals related to digital data activities.

## Core data and critical data

Under Vietnam's Data Law, "critical data" refers to information that may affect national defense, security, foreign affairs, macroeconomic stability, social order, and public health and safety, as listed by the Prime Minister. "Core data" is defined as a subset of critical data that directly impacts these areas. The lists of critical data and core data are provided under Decision 20/2025/QĐ-TTg, dated July 1, 2025.

Transferring core data or critical data overseas must comply with requirements relating to national defense and security, public interests, and the lawful rights of data subjects.

## Conditional business lines

The Data Law introduces new restrictions on data-related business activities:

- Data marketplace services may be restricted to state-owned enterprises and public service providers, potentially excluding private-sector operators.
- Data analytics and aggregation services fall under conditional market-entry rules only when such services could affect national defense, security, social order, public morality, or public health – criteria detailed in the draft Decree on Data Products and Services.

## Prohibited data transfer

The Data Law prohibits transactions involving:

- Data harmful to national defense, security, foreign affairs, or cryptography;
- Data traded without the data subject's consent (except where otherwise allowed by law); and
- Other data types prohibited from trading under relevant legislation.

### How Vietnam's Regulations Impact ERP Applications

As Enterprise Sourcing Planning (ERP) systems integrate data and processes across all enterprise functions, their implementation and operation in Vietnam are governed by specific regulatory requirements designed to protect data security and ensure compliance for all stakeholders.

In line with Vietnam's evolving data legislation, ERP implementation must be carried out with the following considerations in mind:

- **PDPL:** ERP systems must comply with strict rules on the collection, processing, storage, and transfer of personal data, including identifiers, biographical and demographic information, financial data, and health- and medical-related information.
- **Data Law:** ERP architectures must incorporate enhanced data governance, classification, localization, and security controls to ensure compliant handling of business-critical, important, and regulated data across integrated modules.

ERP systems must also comply with sectoral regulations, such as electronic transactions, data protection, cybersecurity, taxation, and accounting standards. In particular, Vietnam's cybersecurity law requires data localization, cooperation with authorities, removal of threats, and stricter privacy. Cloud ERP users might need local data storage or offshore processing approval.

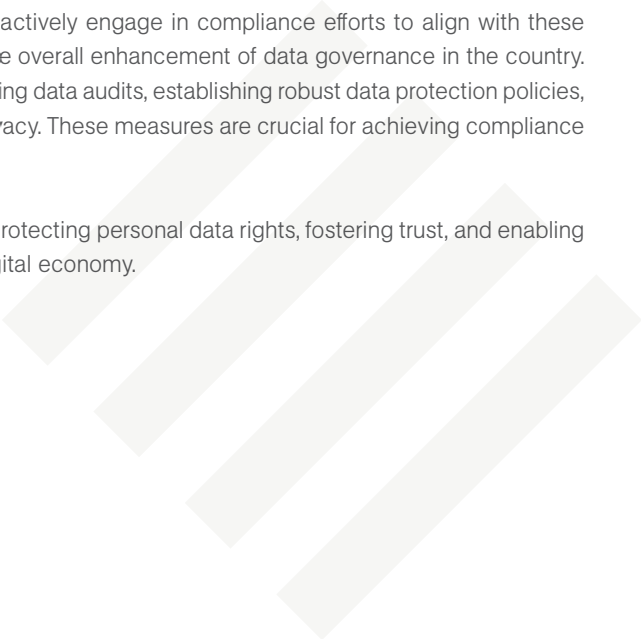


Vietnam's recent advancements in data protection, marked by the PDPL and Data Law, represent a next step toward establishing a strong framework for managing personal data rights in the digital age. Additionally, the PDPL has clarified data subjects' rights and outline measures for addressing violations.

These regulations underscore the importance of compliance and accountability for businesses and prioritize individuals' rights regarding their personal data.

For organizations, it is essential to actively engage in compliance efforts to align with these new standards and contribute to the overall enhancement of data governance in the country. Businesses can prepare by conducting data audits, establishing robust data protection policies, and training employees on data privacy. These measures are crucial for achieving compliance and maintaining trust.

Ultimately, these steps are vital for protecting personal data rights, fostering trust, and enabling sustainable growth in Vietnam's digital economy.



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# Import-Export Regulations and FTA Network

- ◆ Legal frameworks
- ◆ Competent government agencies
- ◆ Export and import procedures
- ◆ Vietnam customs procedures
- ◆ Export and import duties in Vietnam
- ◆ Tax exemption and refund
- ◆ On-spot export and import regime
- ◆ Vietnam's free trade agreement network



Vietnam is experiencing significant growth as a global manufacturing hub, largely due to the China+1 strategy, making it an attractive destination for businesses considering relocation. According to the World Trade Organization (WTO), Vietnam was the 21st largest merchandise exporter and the 19th largest importer globally in 2024. With positive growth forecasts for its import-export sector, the country is poised to thrive as the global economy recovers. However, importing and exporting products can be a challenge for businesses in Vietnam.



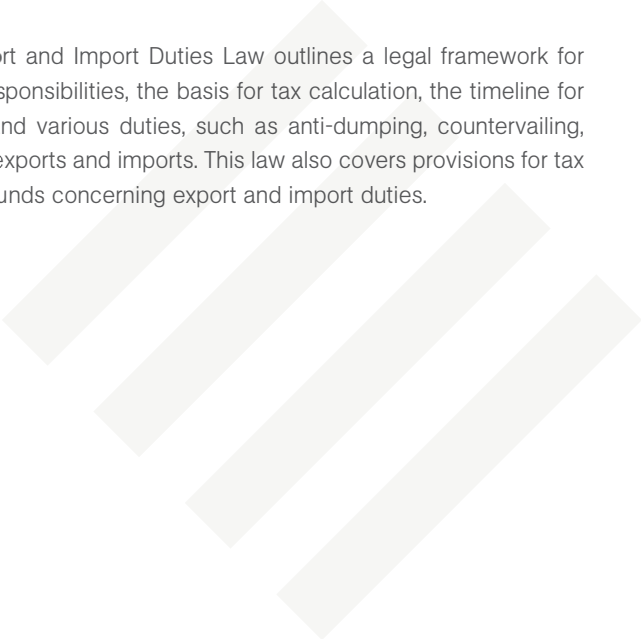


# Legal frameworks

Vietnam's import-export regulations are dictated by the Export and Import Duties Law 107/2016/QH13 and Customs Law 54/2014/QH13, supported by various guiding decrees, circulars and explicit instructions.

The 2014 Customs Law establishes the state management of customs concerning goods that are allowed to be imported, exported, or transited, as well as vehicles belonging to domestic and foreign entities entering, exiting, or in transit within the customs territory. Additionally, it outlines the organization and operation of the customs service.

On the other hand, the 2016 Export and Import Duties Law outlines a legal framework for taxed goods, including taxpayer responsibilities, the basis for tax calculation, the timeline for tax assessment, tariff schedules, and various duties, such as anti-dumping, countervailing, and safeguard duties, imposed on exports and imports. This law also covers provisions for tax exemptions, tax reductions, and refunds concerning export and import duties.



# Competent government agencies

In Vietnam, several ministries and agencies are responsible for implementing import-export regulations. The primary government agency overseeing most activities in this area is Vietnam Customs. Its key responsibilities include:

- Inspecting and supervising goods and vehicles;
- Tackling smuggling and illegal cross-border trafficking of goods;
- Implementing laws on taxation applied to imported and exported goods;
- Releasing statistics on imported and exported goods in conformity with the laws; and
- Proposing policies and administrative measures for customs applicable to the import, export, exit, entry, and transit operation, as well as tax policies applicable to imported and exported goods.

The Ministry of Industry and Trade (MOIT) decides the application of anti-dumping, countervailing, and safeguard duties. The Ministry of Finance (MOF) provides for the declaration, collection, payment, and refund of anti-dumping, countervailing, and safeguard duties.

## Restricted imported goods

With Decree 69/2018/ND-CP, Vietnam enforces strict regulations on the import of specific goods, whether for commercial or personal use. The following categories of items are not permitted for import:

- Weapons, explosives, military gear, and ammunition;
- Publications that are restricted from circulation in Vietnam;
- Items like sky lanterns, various firecrackers, and devices that interfere with road speed measurement equipment;
- Second-hand goods, including cars and electronics;
- Tobacco products, cigars, and petroleum oils;
- Radio equipment and devices that emit radio waves that do not adhere to the Law on Radio Frequencies;
- Postal stamps that cannot be displayed, exchanged, or distributed;
- Cultural products that are not allowed for circulation in Vietnam;
- Waste, scrap materials, and refrigeration equipment containing CFCs (chlorofluorocarbons);
- Chemicals identified in Appendix III of the Rotterdam Convention and banned plant protection agents; and
- Raw materials and products containing amphibole asbestos.

Circular No. 12/2018/TT-BCT from the MOIT includes a specific list of used consumer goods, medical devices, and vehicles that cannot be imported, complete with their respective HS codes.

Moreover, Circular No. 34/2013/TT-BCT details the specific goods that foreign-invested enterprises are forbidden from importing. This extensive regulatory framework is designed to ensure tight control over imports into Vietnam and ensure compliance with both national and international regulations.

# Export and import procedures

Vietnam does not require a company to obtain a separate import or export license to engage in export and import activities.

Establishing a trading company is the most common option for investors interested in both import/export activities and domestic goods distribution. This is a cost-effective choice, as there is no minimum capital contribution requirement.

However, if an importer wishes to sell imported products to Vietnamese consumers, they must obtain an additional trading license to legalize this process. Establishing a trading company typically takes about three months, while acquiring a trading license can take one to three months.

In practice, companies that want to import into Vietnam without establishing a local legal entity can use an importer of record to facilitate the process. This strategy is beneficial for foreign businesses that have time constraints, want to test the market or plan to import only a few times, as it helps them navigate logistical, regulatory, and language barriers.

# Vietnam customs procedures

All goods imported into or exported from Vietnam must comply with customs clearance standards, which verify the products' quality, specifications, quantity, and volume. Certain items, like pharmaceuticals, require specific inspections, including testing and documentation in Vietnamese for usage, dosage, and expiration dates.

## Required documents

Companies must submit a set of documents to customs authorities, including an enterprise registration certificate and an import/export business code. The additional required documents may vary depending on the goods.

Export shipments can usually be completed on the same day, while imports may take one to three days. Companies that frequently import or export the same goods can use a single customs declaration form if the goods are listed under the same purchase contract and delivered within the specified timeframe. Declarations can be filed electronically.

## Timeline of customs procedures

A customs declaration must be registered with the customs office within 30 days of the arrival of imported goods at Vietnam's checkpoints.

For exported goods, the customs declaration must be registered after the goods are ready for export, but at least four hours before the transport means departs, or at least two hours before the departure of an aircraft if the goods are sent via courier. In practice, it is advised to register export customs declarations with the customs office at least one day prior to the departure of the transport means.

## Priority customs treatment

Companies in Vietnam seeking to reduce customs compliance costs can apply for priority treatment, which provides benefits such as exemptions from the examination of supplementary customs documents and physical inspection of goods. Additionally, companies can submit incomplete customs declarations, provided that complete declarations are filed within 30 days. They also receive prioritized access for tax formalities related to goods.

Companies must meet several conditions outlined in Decree No. 08/2015/ND-CP to qualify for this preferential treatment. These include maintaining customs and tax compliance, adhering to accounting and auditing standards, and having an effective system for managing supply chains. The assessment period for this condition is two consecutive years (24 months), measured up to the date the company submits the written request to apply the priority regime. Furthermore, companies must meet specific annual turnover requirements: US\$100 million for general trading, US\$40 million for goods produced in Vietnam, and US\$30 million for agricultural exports.

## Documentation Requirements and Managing Customs Procedures

|               | Required documents                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | Customs process                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Imports       | <ul style="list-style-type: none"> <li>• Bill of lading;</li> <li>• Import declaration form;</li> <li>• Import permit (for restricted goods);</li> <li>• Certificate of origin;</li> <li>• Cargo release order;</li> <li>• Commercial invoice;</li> <li>• Contract;</li> <li>• Customs import declaration form;</li> <li>• Inspection report;</li> <li>• Packing list;</li> <li>• Delivery Order (for seaport imports); and</li> <li>• Technical standard/health certificate.</li> </ul> | <p><b>Step 1 - Submitting customs declaration:</b></p> <ul style="list-style-type: none"> <li>• Registration: Importers submit the customs declaration, which can be modified for up to 7 days.</li> <li>• Information Change: Any changes must be processed through the IDB.</li> <li>• Final Submission: The final declaration is submitted through IDC.</li> </ul> <p><b>Step 2 - Receiving feedback from the customs system:</b></p> <ul style="list-style-type: none"> <li>• Green Channel: Pay duties and receive clearance.</li> <li>• Yellow Channel: Present documents for verification.</li> <li>• Red Channel: Submit documents and cargo for physical inspection.</li> </ul> <p><b>Step 3 - Receiving customs clearance:</b><br/>After completing the necessary steps, importers receive customs clearance.</p>                                                                                                                     |
| Exports       | <ul style="list-style-type: none"> <li>• Electronic Export Customs Declaration (E-Form HQ/2015/XK);</li> <li>• Bill of lading;</li> <li>• Contract;</li> <li>• Certificate of origin;</li> <li>• Commercial invoice;</li> <li>• Customs export declaration form;</li> <li>• Export permit;</li> <li>• Cargo insurance certificate;</li> <li>• Packing list; and</li> <li>• Technical standard/health certificate.</li> </ul>                                                             | <p><b>Step 1 - Submitting customs declaration:</b></p> <ul style="list-style-type: none"> <li>• Registration: The exporter submits the customs declaration via the VNACCS System using the EDA procedure. Registered information can be modified for up to 7 days.</li> <li>• Information Change: The exporter uses the EDB procedure if changes are needed.</li> <li>• Final Submission: The final customs declaration is submitted through the EDC procedure.</li> </ul> <p><b>Step 2 - Receiving feedback from the VNACCS System:</b></p> <ul style="list-style-type: none"> <li>• Green Channel: Pay duties and receive clearance.</li> <li>• Yellow Channel: Present documents for verification.</li> <li>• Red Channel: Submit documents and cargo for physical inspection.</li> </ul> <p><b>Step 3 - Receiving Customs Clearance:</b><br/>Upon completing the necessary steps, the exporter receives approval for customs clearance.</p> |
| Transit goods | <ul style="list-style-type: none"> <li>• Written Request for Goods Transit; and</li> <li>• Bill of Lading.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                    | <p><b>Step 1 - Document Submission:</b><br/>The set of required documents must be submitted to the Customs Division at the checkpoint where the goods are imported or transited.</p> <p><b>Step 2 - Customs Division Actions:</b></p> <ul style="list-style-type: none"> <li>• Document Examination: Customs will review the submitted documents.</li> <li>• Certification: A customs official will certify the import with a seal and signature on the request.</li> <li>• Shipment Monitoring: Goods will be monitored until exported from Vietnam.</li> <li>• Exit Certification: Goods are certified for exit after passing through customs.</li> <li>• Alternate Checkpoints: Export through different checkpoints will be supervised per Article 52 of Circular 38/2015/TT-BTC.</li> <li>• Violation Inspection: The Director may order a physical inspection if violations are suspected.</li> </ul>                                     |

# Export and import duties in Vietnam

## Export duties

Most goods and services exported from Vietnam are exempt from tax. Export duties (ranging from zero percent to 40 percent and computed on free-on-board (FOB) price) are only charged on a few items, mainly natural resources, such as minerals, forest products, and scrap metal.

For exported goods or services, a 0-percent VAT rate typically applies if the company retains sufficient documentation as required by VAT regulations. If not, VAT will be imposed. In addition, the Law on Special Consumption Tax (SCT) stipulates that those exporters who purchase SCT tax-liable goods for export but instead sell the products domestically are liable for SCT. Export duty declarations are also required upon registration of customs declarations with the customs offices.

## Import duties

Vietnam levies taxes on nearly all imported products, including import tax, VAT, and, for some items, SCT. Import tax rates vary by product type and origin, with higher rates for consumer and luxury goods, while machinery and raw materials may enjoy lower taxes or exemptions.

### Proof of origin

Import duty rates based on product origin are categorized as follows:

- **Preferential rates**, which apply to goods from countries that grant most favored nation treatment to Vietnam.
- **Special preferential rates** for goods from countries that provide special tariff preferences to Vietnam, mainly applicable to ASEAN nations under the Common Effective Preferential Tariff (CEPT).
- **Standard rates**, which apply to goods from countries that do not offer either the 'Most Favored Nation' treatment or special preferences.

Import tariff rates are available on the official Vietnam Customs portal. When registering customs declarations with the customs offices, import duty must be declared and paid before receiving consumer goods.

# Tax exemption and refund

Vietnam's VAT exemption and refund regime remained largely unchanged through the first half of 2025. However, the regulatory framework shifted with the entry into force of Law No. 48/2024/QH15 on Value Added Tax, which was approved by the National Assembly in November 2024 and became effective on July 1, 2025.

As of 2026, the revised VAT Law forms the governing basis for the application of VAT exemptions and refund mechanisms in Vietnam, requiring businesses to assess their tax positions, compliance processes, and cash-flow planning under the updated rules.

## Eligibility for zero VAT

According to the 2024 VAT Law, a 0 percent VAT rate applies to the following:

- Exported goods and services, including on-spot import-export transactions;
- Construction and installation activities conducted abroad and in non-tariff zones;
- International transportation; and
- Goods and services not subject to VAT upon export, unless the 0 percent tax rate specified in the law does not apply.

To implement the 2024 VAT Law, the government introduced Decree 181/2025/ND-CP and Circular 69/2025/TT-BTC, which established requirements for zero VAT application.

## VAT refund

Under the 2024 VAT law, significant updates impacting VAT refunds include:

- Allowing VAT refunds for business expansion investments during the investment stage, where the accumulated input VAT is VND 300 million (US\$11400) or more.
- Businesses with goods and services subject to a 5 percent VAT rate, if undeducted input VAT reaches VND 300 million or more after 12 months or four quarters, can get a VAT refund. For multiple VAT rates, the refund is based on the revenue ratio.
- Removing VAT refunds with respect to change of ownership, change of enterprise types, merger, consolidation, separation, and de-merger.

From July 1, 2025, there are certain cases where a taxpayer applying the VAT deduction method can apply for a VAT refund, including

- Qualified new projects of taxpayers applying the VAT deduction method that are in the pre-operational investment phase and have accumulated creditable input VAT exceeding VND 300 million.
- Business expansion investments in the investment phase with accumulated creditable input VAT of VND 300 million or more.



### RELATED READING



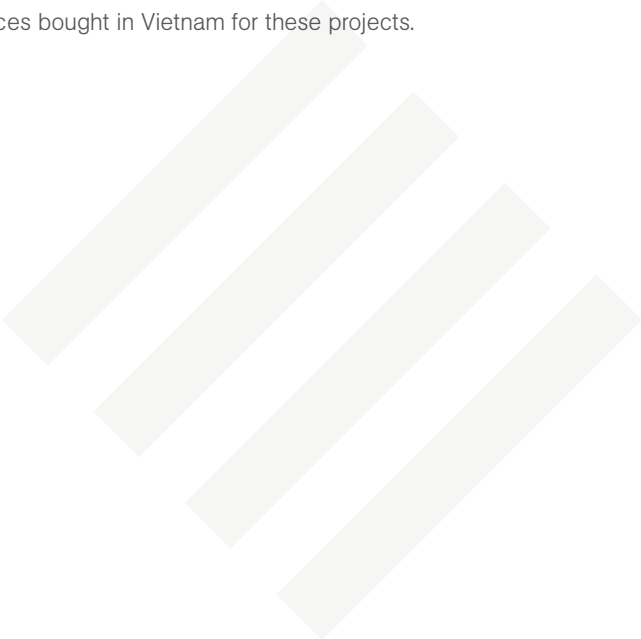
#### VIETNAM BRIEFING

##### **Vietnam VAT Rates and Applicability in 2025: A Brief Guide**

*Vietnam Briefing Article  
December 1, 2025*

The revised VAT framework in Vietnam for 2025 introduces specific eligibility criteria for each VAT rate. This update aims to enhance clarity and compliance, promote economic activity, and define the tax landscape more effectively.

[AVAILABLE HERE](#)

- 
- Exporters having excess input VAT creditable over VND 300 million (subject to conditions and the capped refundable amount).
  - In cases of dissolution, businesses applying the deduction method can claim a VAT refund if they have overpaid VAT or have input VAT amounts that have not been fully credited.
  - Businesses solely producing goods and services with a 5 percent VAT, and with unclaimed input VAT of VND 300 million or more after 12 months or four quarters, can get a VAT refund. For businesses with multiple VAT rates, the refund is based on revenue allocation.
  - Businesses involved in receiving non-refundable ODA projects or humanitarian aid can get VAT refunds on goods and services bought in Vietnam for these projects.
- 

# On-spot export and import regime

On-spot or on-the-spot (OTS) export and import procedures help businesses streamline manufacturing and reduce cargo delivery times, ultimately lowering costs. In this model, export and import processes occur within the same country.

Essentially, goods are produced for export to a foreign trader but are then delivered back to the country of manufacture.

Under Vietnam's laws, OTS transactions are determined as "goods delivered and received in Vietnam as designated by a foreign trader under contracts for sale, processing, leasing, or borrowing between Vietnamese enterprises and the foreign trader."

Vietnam has formalized on-site import and export activities by requiring firms to submit customs declarations for both import and export, complete customs clearance procedures in full, and undergo customs supervision, as with regular cross-border goods.

Since July 1, 2025, on-spot export and import activities are governed under the VAT law and qualify for a 0 percent VAT rate in Vietnam. Businesses should follow best practices to maximize this benefit. However, for previous transactions where the 0 percent VAT rate has been challenged, this will require further work and discussion.

Businesses engaging in on-spot export and import must first verify that their goods meet all regulatory requirements, including type, quantity, and value, and prepare the necessary documents such as sales contracts, invoices, and transport records. They must also register their export–import codes with customs authorities and, depending on the nature of the goods, complete additional registrations with bodies such as quarantine or tax authorities.

Once documentation and registrations are in place, goods can be transported to the designated import point, where companies must complete customs clearance by submitting accurate dossiers and complying with inspection requirements. The process concludes with the payment of all applicable customs taxes and fees.

On a side note, the on-spot export and import regime in Vietnam will continue to undergo significant changes as the government is determined to patch loopholes in its legislation. In this context, firms are advised to closely monitor potential amendments while complying with the current regulations.

# Vietnam's free trade agreement network

Free trade agreements (FTAs) are when two or more countries agree on the terms of trade between them. They determine the value of tariffs and duties that countries impose on imports and exports. In 2007, Vietnam joined the World Trade Organization (WTO), a significant step toward integrating with world trade.

Over the past few years, Vietnam has been active in signing bilateral trade agreements with countries worldwide. Additionally, due to its membership in the Association of Southeast Asian Nations (ASEAN), Vietnam has become a party to several FTAs that the regional trade bloc has signed.

## The benefits of FTAs

The benefits of free trade agreements are poised to drive Vietnam's economic development away from exporting low-tech manufacturing products and primary goods toward more complex, high-tech goods, such as electronics, machinery, vehicles, and medical devices.

This transformation can be achieved through two key mechanisms. First, expanded trade networks and reduced costs for importing intermediate goods from partner countries will foster more diversified sourcing and enhance Vietnam's export competitiveness. Second, partnerships with foreign firms will facilitate the transfer of knowledge and technology essential for transitioning to higher value-added production.

Vietnam's reputation as a low-cost manufacturing hub has attracted global corporations like Samsung, Apple, and Nike, which manufacture in the country and export to markets worldwide. Their advanced business practices and technologies are expected to boost Vietnamese labor productivity and increase the country's export capacity.

Participation in free trade agreements also necessitates improvements in Vietnam's labor and environmental standards. Agreements like the CPTPP and EVFTA require compliance with International Labor Organization (ILO) standards, providing Vietnam with a valuable opportunity to modernize its labor laws and industrial relations systems.

According to Vietnam's Ministry of Planning and Investment, the CPTPP could boost Vietnam's GDP by 1.3 percentage points by 2035, while the EVFTA is projected to increase GDP by 15 percent. These trade agreements, along with other existing and upcoming FTAs, are expected to help Vietnam maintain its competitiveness in the short to medium term.



### RELATED READING



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##### **Transshipment and Origin Risks: How Vietnam-Based Businesses Can Stay Compliant**

*Vietnam Briefing Article  
October 15, 2025*

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## Challenges posed by FTAs

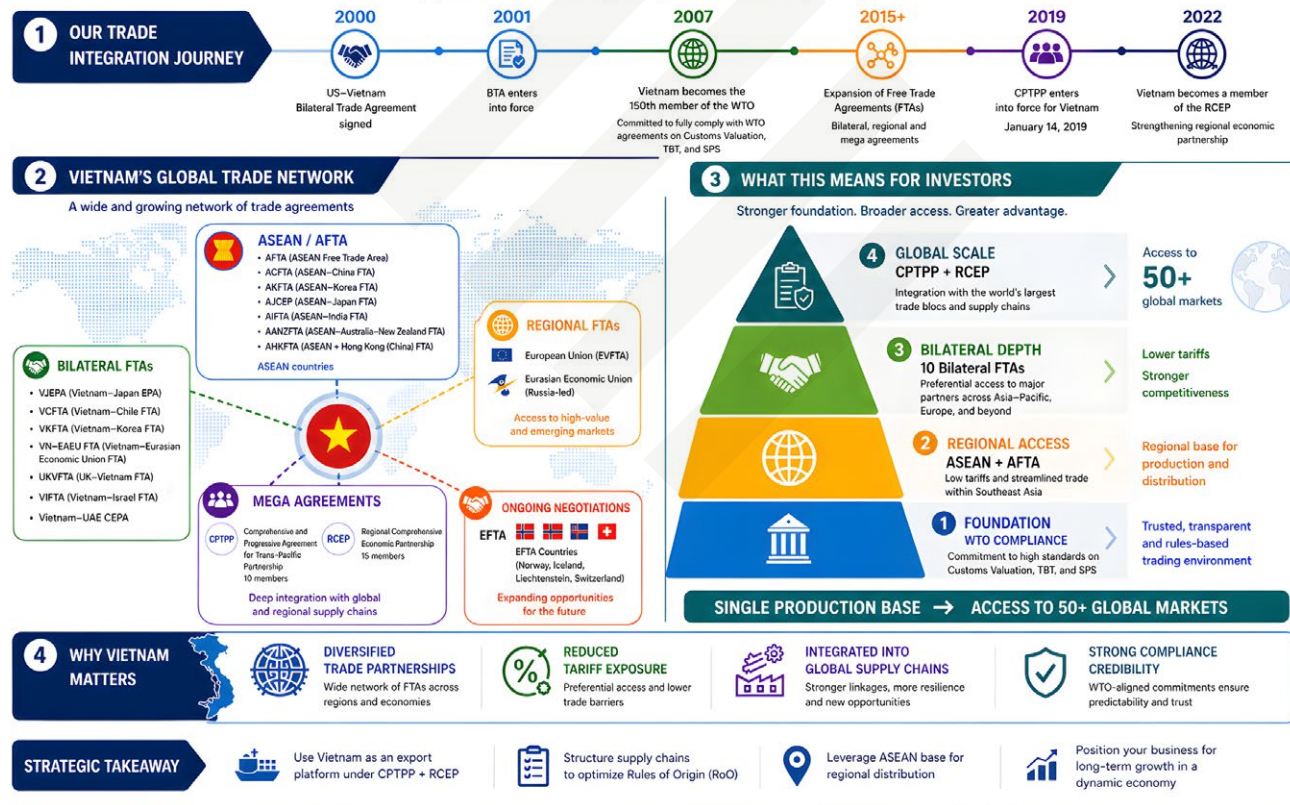
While FTAs offer significant opportunities, they also present notable challenges. These agreements are likely to intensify competition from foreign rivals in specific sectors. For instance, Vietnam's agriculture sector will face strong competition from producers in the EU, Australia, and Canada.

If local firms fail to adapt and capitalize on new market opportunities or establish strategic partnerships with foreign companies, they may struggle to remain competitive in an increasingly globalized market.

Additionally, the Vietnamese government must persist in implementing critical reforms. This includes strengthening the banking sector, combating corruption, refining legal and tax frameworks, and enhancing trade facilitation measures to support businesses and attract foreign investment.

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