

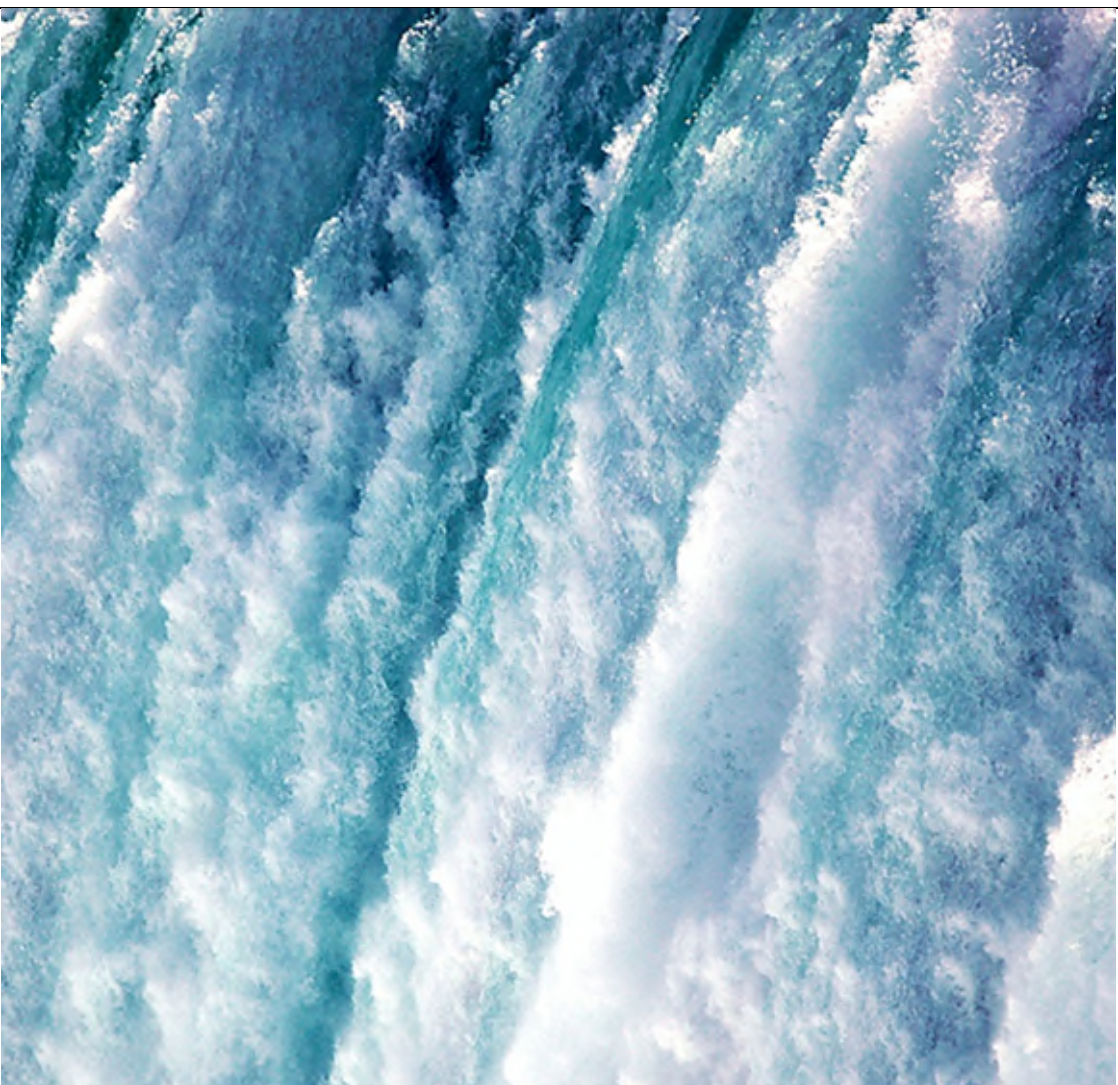
Rödl & Partner

INVESTMENT GUIDE VIETNAM

Framework for investments

2025
2026

GENERATING POWER



GENERATING POWER

“Vietnam is steadily evolving into a fully-fledged market economy. Its openness to international trade and remarkable economic growth in recent decades have made it an increasingly attractive destination for investment. With a combination of global expertise and deep local insight — all delivered from a single source — we are here to support you in seizing this exceptional opportunity and achieving success in this dynamic, fast-growing market.”

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JUNE
2025

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About Rödl & Partner

As attorneys, tax advisers, management and IT consultants and auditors, we are now present in 50 countries, with around 6,000 colleagues looking after our client's interests from 116 own offices worldwide.

The history of Rödl & Partner goes back to its foundation as a solo practice in 1977 in Nuremberg. Our aspiration to be on hand wherever our internationally active clients are led to the establishment of our first, own offices, commencing with Central and Eastern Europe in 1991. Alongside market entry in Asia in 1994, the opening of offices in further strategic locations followed, in Western and Northern Europe in 1998, USA in 2000, South America in 2005 and Africa in 2008.

Our success has always been based on the success of our German clients: Rödl & Partner is always there where its clients see the potential for their business engagement. Rather than create an artificial network of franchises or affiliates, we have chosen to set up our own offices and rely on close, multidisciplinary and cross-border collaboration among our colleagues. As a result, Rödl & Partner stands for international expertise from a single source.

Our conviction is driven by our entrepreneurial spirit that we share with many, but especially German family-owned companies. They appreciate personal service and value an advisor they see eye to eye with.

Our 'one face to the client's approach sets us apart from the rest. Our clients have a designated contact person who ensures that the complete range of Rödl & Partner services is optimally employed to the client's benefit. The 'caring partner' is always close at hand; they identify the client's needs and points to be resolved. The 'caring partner' is naturally also the main contact person in critical situations.

We also stand out through our corporate philosophy and client care, which is based on mutual trust and long-term orientation. We rely on renowned specialists who think in an interdisciplinary manner, since the needs and projects of our clients cannot be separated into individual professional disciplines. Our one-stop-shop concept is based on a balance of expertise across the individual service lines, combining them seamlessly with multidisciplinary teams.

WHAT SETS US APART

Rödl & Partner is not a collection of accountants, auditors, attorneys, management and tax consultants working in parallel. We work together, closely interlinked across all service lines. We think from a market perspective, from a client's perspective, where a project team possesses all the capabilities to be successful and to realize the client's goals.

Our interdisciplinary approach is not unique, nor is our global reach or our particularly strong presence among family businesses. It is the combination that cannot be found anywhere else – a firm that is devoted to comprehensively supporting German businesses, wherever in the world they might be.

Our Services in Vietnam

Rödl & Partner established its presence in Vietnam with the opening of its Ho Chi Minh City office in 2007, followed by the Hanoi office in 2018. As one of the pioneering European professional services firms in the country, we support foreign investors in structuring and establishing companies, representative offices, investment projects, and mergers and acquisitions. We also provide a full suite of accounting services through our dedicated accounting firm.

In addition, Rödl & Partner offers in-depth expertise in real estate and construction law, labor and social security law, as well as tax optimization, cross-border tax structuring, transfer pricing, tax compliance, and business process outsourcing.

Our team of business-oriented professionals brings a deep understanding of Vietnam's legal and investment landscape at both local and national levels. Leveraging our global network, we assemble multidisciplinary teams of local and international experts to deliver tailored, cross-border solutions that support your business success.

List of Abbreviations

CIT	Corporate income tax
DOF	Department of Finance
ERC	Enterprise Registration Certificate
IRC	Investment Registration Certificate
LOE	Law on Enterprise
LOI	Law on Investment
FOE	Foreign Owned Enterprise
JV	Joint Venture
LLC	Limited Liability Company
SLLC	Single-member Limited Liability Company
MLLC	Multi-member Limited Liability Company
JSC	Joint Stock Company
M&A Approval	Upon investment through share or capital acquisition, the foreign Investors shall be required an application for approval from the provincial DOF.
PPP	Public private partnership
RO	A Representative Office of foreign entity

Facts & Figures



Background	As a result of a long and turbulent history, marked by successive foreign occupations and wars of resistance, Vietnam has chosen to open since the late 1980s (Đổi mới), and is now one of the most dynamic economies in ASEAN.
Location	Southeast Asian country located in the eastern part of the Indochina peninsula. It borders China to the north, Laos to the northwest and Cambodia to the south-west.
Cities / Provinces	Six (06) centrally governed cities and twenty-eight (28) provinces
Area	331,212 km ²
Ethnic groups	Approximately 85 % of the population are ethnic Vietnamese, with the remainder made up of the 53 minority groups recognized by the Vietnamese government and mainly distributed in the northern, north-western and central mountainous regions.
Languages	Vietnamese (official), English (often as a second language), some French, Chinese, and Khmer, mountain area languages (Mon-Khmer and Malayo-Polynesian).
Population	Approx. 101 Million (May 2025 est.)
Government type	Socialist Republic
Legal system	Civil Law system
GDP	6.93% (Quarter 1, 2025, real growth rate est.) USD 476.3 billion (2024, current prices est.)
Labour force by occupation	Agriculture: 26.5 % Industry: 33.4 % Services: 40.1 %

Unemployment rate	2.24 % (2024)
Inflation rate (consumer prices)	3.36 % (2024)
Industries	Food processing, garments, shoes, machine-building; mining, coal, steel; cement, chemical fertilizer, glass, tires, oil, mobile phones, transportation and storage, accommodation and catering services, etc.
Export and export turn-over Exports	USD 405.53 billion (2024)
	<u>Vietnam - The World Factbook</u> <u>Web Portal Ministry of Industry and Trade</u> <u>Viet Nam / Data</u> <u>Socio-economic situation in the fourth quarter and 2024 – National Statistics Office of Vietnam</u> <u>Vietnam and The IMF</u>

Investment Climate

Vietnam has firmly established itself as one of the most attractive investment destinations in Southeast Asia. The country offers favorable investment conditions, with streamlined regulations and significantly reduced restrictions on Foreign Direct Investment (FDI). Recent reforms have simplified business registration and licensing procedures, making market entry more efficient for foreign investors.

Protectionist measures remain limited and are generally considered reasonable, especially when compared to regional peers. The legal framework, including the Investment Law 2020 and its subsequent updates, provides strong protection for investors, including safeguards against expropriation and improved dispute resolution mechanisms.

The stable social and political environment is the basis for continuing success. Investors benefit from the young and well-educated workforce as well as from the very competitive operation costs.

As Vietnam has prospered for decades, it now also offers a growing market for consumer goods. The ever faster developing Vietnamese start-up scene has already minted at least four unicorns, and overseas investment in the tech scene is expected to multiply.

Government policies have also successfully attracted sizeable investments in innovative sectors such as renewable energies and software development. While Vietnam is still - and by far the biggest - frontier market, the government has the clear intention to become an emerging market as soon as possible.

Vietnam's multinational treaties and its ASEAN membership open a large market to foreign investors, and the diversity of its export products makes Vietnam a key destination in the region.

1.1. Incentives for Investment

The most common forms of incentives usually refer to tax, customs duties, and land rental, among others. Typically, the criteria used to determine the eligibility for incentives will rely on the objectives, locations, and scale of the project. In particular, projects with high-tech activities, green energy, production of IT products/software products, etc. and having investment into R&D activities are highly encouraged in Vietnam.

As such, projects located in a social-economically disadvantaged area and projects raising investments exceeding the amount of 6,000 billion VND (together with the satisfaction of other conditions) will be eligible to benefit from incentives. Qualified investment projects are eligible for several incentives, including:

- a) CIT incentives: these include a preferential CIT rate (lower than the standard rate of 20%) for a specified period or the entire duration of the project, as well as exemptions and reductions in CIT for a defined period.
- b) Import duty incentives: exemptions from import duties on goods imported to form fixed assets, raw materials, and components necessary for the implementation of the investment project.
- c) Land rental and land use tax incentives: exemptions or reductions in land rental and land use taxes.

1.2. Investment Restrictions

The Government has identified certain sectors in which investments are highly restricted, and in some instances, prohibited. This is the case for businesses trading hazardous chemicals and minerals, as specified in the Law on Investment.

1.3. WTO Implications and Free Trade Agreements

Vietnam's accession to the World Trade Organization in 2007 and its participation in the ASEAN Economic Community ("AEC") in 2015 both had a positive impact on the country's market and economy.

Vietnam's partners now benefit from the reduction of import duties on goods for domestic production for both, private and public consumption.

In addition, Vietnam's services market has been largely opened to foreign investors, as services subsectors that used to be closed or restricted to foreign investment, such as distribution, transport, telecommunications and finance, are now largely liberalized.

As such, investors from countries that are not members of the WTO (e.g., the Cayman Islands and the British Virgin Islands) may experience limitations on foreign ownership, business sector restrictions and forms of investment requirements (e.g., joint venture).

Finally, as the EU's largest partner for imports of goods among ASEAN countries, Vietnam entered into a Free Trade Agreement ("EVFTA") and an Investment Protection Agreement ("EVIPA") signed on 30 June 2019.

The EVFTA was ratified by the European Parliament, approved by the Vietnamese National Assembly, and came into force on 1 August 2020. Its dispositions virtually eliminate all tariffs on goods traded between the two sides, in addition to ensuring the respect of labor rights, environmental protection, and the Paris Agreement on climate.

The EVIPA has been ratified by the EU's members parliament which will effectively replace the 20 existing bilateral investment agreements between Vietnam and EU countries. Its focus is directed at

the liberalization of non-direct investment and the uniformization of procedures for the settlement of disputes between investors and States. As included in the EVIPA, more precise standards on investment protection mean that the government must respect five fundamental principles:

- provisions on non-discrimination;
- allowing investors to transfer or repatriate investment-related funds;
- prompt and adequate compensation in cases of expropriation;
- a commitment to fair and equitable treatment; and
- a guarantee that contractual and legal obligations towards investors will be honored.

In addition to the EVFTA and EVIPA, the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (“**CPTPP**”) officially entered into force in Vietnam on January 14, 2019. Logistics services represent a key sector of the economy, providing essential support to the manufacturing industry. Under the CPTPP, this sector is subject to notable commitments, including: (i) opening Vietnam’s market at a level beyond its WTO commitments, and (ii) establishing minimum standards for government regulation to enhance competitiveness and transparency. As a result, the CPTPP is expected to have a substantial impact on the development of Vietnam’s logistics market.

These agreements introduce a new era for both sides to further bilateral trade and investment cooperation. They are expected to play a critical part in bringing new opportunities for market diversification, to give a welcomed boost to Vietnam’s industries, such as manufacturing, and to create new motivation for post COVID-19 exports.

1.4. FDI Registration Requirements

Foreign investors must register their intention and obtain the approval to invest in Vietnam. Such approval will usually be granted on a case-by-case basis. In practice, it is the provincial DOF or the management board of the relevant industrial zone or park over the location of the project that has the power to approve foreign investment projects.

However, due to the limitations above, larger-scale projects and projects in certain sectors further require approval from higher-level government bodies, such as the National Assembly, the Prime Minister, or the provincial People's Committee.



Forms of Investment

LOI provides several forms of investment for foreign investors. The choice of investment vehicle depends on criteria such as the number of investors, the type of industry (related to ownership restrictions in single sectors), the size of the project as well as licensing and tax requirements and their implications. One of the most important investment decisions to be made beforehand is whether a local partner should be involved.

2.1. Establishing a New Enterprise

Foreign investors may set up a 100 % FOE or a JV with Vietnamese partner(s).

A 100 % FOE is the most common investment vehicle for foreign investors in Vietnam in relatively small projects with no involvement of Vietnamese partner(s). It usually takes the corporate form of LLC or in some cases a JSC. Foreign investors are in principle not subject to minimum investment capital restrictions.

Regardless of the type of enterprise, the establishment of new enterprise owned by foreign investors initially requires the registration of an investment project. To complete this formality, the foreign investor must obtain an IRC from the provincial DOF or the Management Board of special purpose zones. It is important to note that in-principle approval from the National Assembly, Prime Minister, or provincial People's Committee is required before issuing an IRC for investment projects with significant economic or social impacts. This includes, but is not limited to, projects involving the allocation, leasing, or repurposing of land use rights, as stipulated by law. Afterward, it is necessary to follow the procedures to establish an enterprise to implement the investment project by applying for an ERC with the Business Registration Office of the provincial DOF.

2.2. Acquiring an Existing Enterprise

Foreign investors may also choose to invest in Vietnam by acquiring all or part of an existing enterprise. Upon investment through share

or capital acquisition, the foreign Investors shall be required to apply for approval (“**M&A Approval**”) from the provincial DOF. If foreign investors acquire 50 % or more of shares or equity in a Vietnamese company or acquire shares or equity in a business sector subject to conditions applicable to foreign investors. To complete the share or capital acquisition, it is essential to submit applications for updating the member/shareholder register with the Business Registration Office of the provincial DOF and for updating the new investor register with the provincial DOF.

2.3. Business Cooperation Contract

A business cooperation contract (“**BCC**”) is an agreement between one or more foreigners and one or more Vietnamese parties to cooperate and share the profits in a business field without establishing a company. The Vietnamese legal framework allows parties to decide freely on the subject, content, interests, obligations and responsibilities of, and relations among the parties and to specify these in the contract.

To coordinate the daily operation of a BCC, an initial application for an IRC must be submitted to the provincial DOF or the Management Board of special purpose zones. Accordingly, for operational purposes in Vietnam, foreign investors must apply for a Certificate of Operation Registration for the project office with the provincial DOF. However, for tax purposes, the business cooperation is treated as an entity on its own.

2.4. Public and Private Partnership Contract

Foreign investors can invest in public sector projects under public private partnership (“PPP”) arrangements. The PPP Law establishes an umbrella legal framework for all PPP.

Depending on the terms of the contract and the specific PPP model, the investor is regularly entitled to receive income from the investment for a certain period. Dissimilar to investment by way of BCC, the registration process for a PPP involves obtaining various approvals and assessments from relevant authorities to complete the application for an IRC.

Additionally, an application for an ERC is also required.

The most important PPP forms are:

- BOT (Build-Operate-Transfer): The investor is fully in charge of the construction and management of a project for a specific duration, after which the project is to be transferred to the State without any compensation.
- BTO (Build-Transfer-Operate): The title has to be transferred to the State immediately upon completion of construction. However, the State will allow the investor to operate the project over the period agreed by both parties in the contract, so that the investor can recover capital and reasonable profits.

2.5. Multilayered Configuration

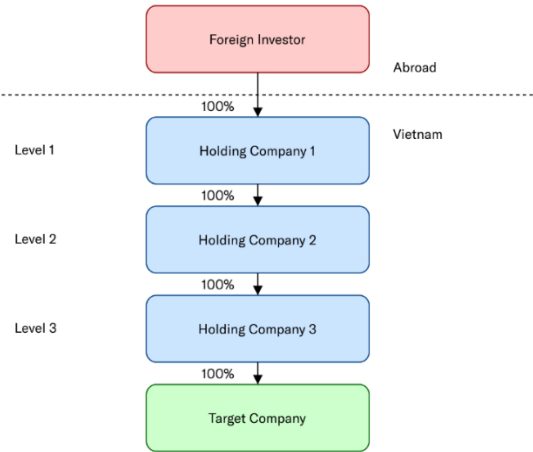
Notwithstanding the implications of WTO commitments and free trade agreements, in certain fields (e.g., education, pharma, retail distribution, etc.) where the requisite sub-licenses are difficult and extremely time-consuming to be obtained if a company is foreign owned, to avoid classification as a foreign-invested enterprise (FIE),

it is commonly observed that businesses establish multilayered ownership structures as a means of mitigating regulatory uncertainty.

A Vietnam based company will be treated as “foreign investor” and subject to foreign investment conditions and procedures when “making investments” in Vietnam if it belongs to one of the following cases:

- (i) More than 50 % of its charter capital is held by a foreign investor(s); (Level 1)
- (ii) More than 50 % of its charter capital is held by an economic organization(s) prescribed in item (i) above; (Level 2)
- (iii) More than 50 % of its charter capital is held by a foreign investor(s) and an economic organization(s) prescribed in item (i) above. (Level 2).

A multilayered ownership structure involving 100 % ownership by a single investor is illustrated as follows:



Accordingly, Holding Company 1 and Holding Company 2 (Level 1 and Level 2) will be treated as foreign investors. However, Holding Company 3 (Level 3) will be considered a local company when making investments into Target Company. As a result, the Target Company will retain its status as a local company.

We note that the use of a triple holding company structure is accepted in practice. Through this structure, the foreign investor gains control of the Target Company via three intermediate Vietnamese holding companies. It is worth noting that the regulatory approach to this structure may change in the future.



Forms of Enterprises

Foreign investors are entitled to select one of the following enterprise forms or legal presences for their establishments in Vietnam:

- Limited liability company
- Joint-stock company
- Partnership company
- Branch office
- Representative office

The first three forms are legally independent companies and the main corporate forms for foreign business. Branch and representative offices are not legally independent organizations and are assigned to the parent company.

3.1. Limited Liability Company

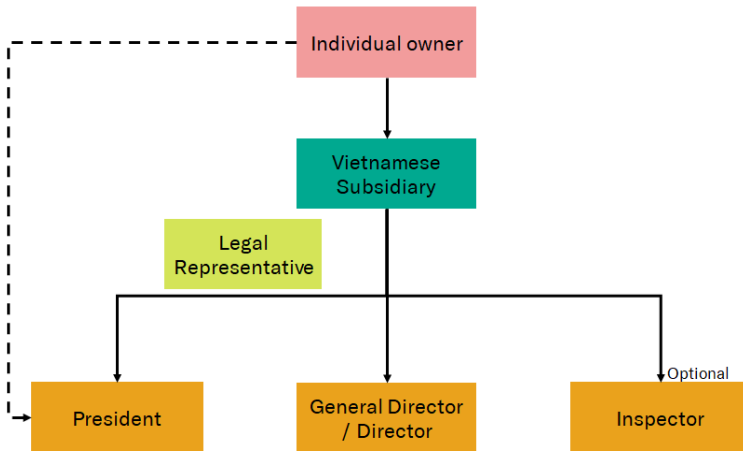
Under Vietnamese law, limited liability companies are classified into single-member and multi-member LLCs, each with a distinct management structure.

3.1.1 A Single-Member Limited Liability Company (SLLC)

SLLC is an enterprise owned by a single organization or individual (the Company Owner). The Company Owner is liable for the company's debts and other property obligations only up to the amount of charter capital. An SLLC is not permitted to issue shares, except when converting into a joint stock company, but it may issue bonds.

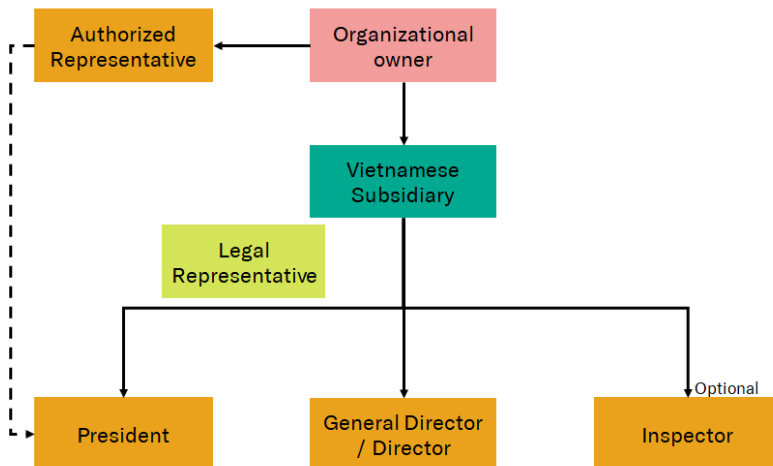
(a) Organizational structure of SLLC:

An SLLC with an **individual owner** shall have the following organizational structure:

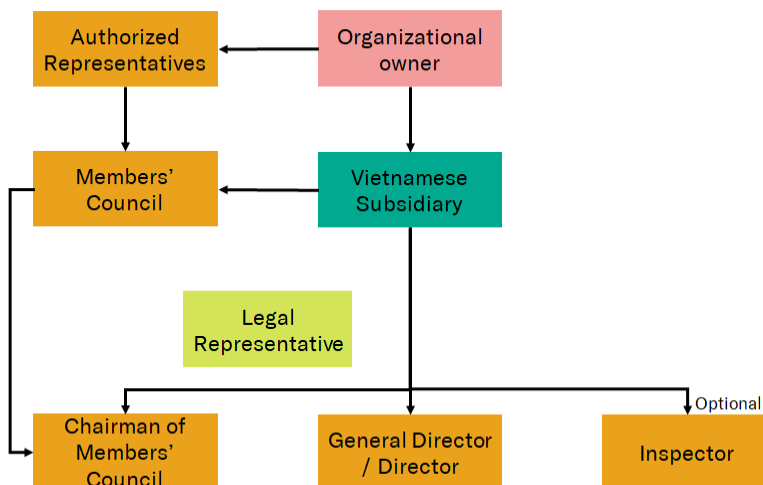


An SLLC with an **organizational owner** shall be organized in either of the following models:

1st model: President, Director or General Director:



2nd model: Members' Council, Director or General Director:



(b) Personnel in the SLLC's structure:

- (i) **Authorized Representative:**
The authorized representative of the Company Owner (organizational owner) must be an individual authorized in writing to exercise the rights and perform the obligations of the Company Owner.
- (ii) **Members' Council:**
The members are appointed and discharged by the Company Owner (organizational owner). The Members' Council consists of 3 to 7 members with a term of office of maximum five years.
- (iii) **Chairman of Members' Council:**
Appointed by the Company Owner or elected by the members of the Members' Council by simple majority. The Chairman of Members' Council may concurrently act as a General Director of the Company.

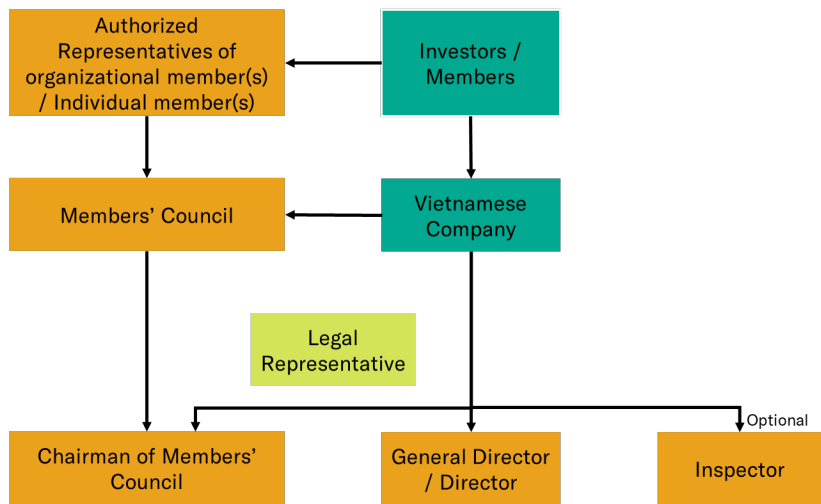
- (iv) President:
The President of the Company shall, in the name of the Company Owner, implement rights and obligations of the Company Owner; and implement rights and obligations of the Company in the name of the Company except for the rights and obligations of the Director or General Director.
- (v) General Director:
The General Director or Director takes care of the daily business but can be limited in their authorization. In principle, the General Director has executive powers similar to that of a chief executive officer in other jurisdictions. The President of the Company can simultaneously act as General Director.
- (vi) Legal Representative:
The legal representative represents the Company and signs on behalf of the Company. There is always at least one legal representative residing in Vietnam. If there remains only one legal representative residing in Vietnam, such person must, when exiting Vietnam, authorize in writing another individual residing in Vietnam to exercise the rights and perform the obligations of the legal representative.
- (vii) Inspection Committee:
The inspection committee (supervisory board)/inspector is not a statutory governance body, except for State-owned enterprises under the LOE.

3.1.2 Personnel Structure in a Multiple-Member Limited Liability Company (MLLC)

A MLLC must have at least 2 members or investors and may not have more than 50 members or investors. The main difference to an SLLC is that an MLLC must always have a Members’ Council.

A MLLC must have a Members’ Council, a Chairman of the Members Council and a General Director/Director. The exact assignment of the position of the legal representative shall be specified in the charter of the Company.

(a) Organizational structure of MLLC



(b) Personnel in the MLLC's structure:

(i) Members' Council:

It is the highest authority in the Company, including all individual members and authorized representatives of organizational members.

(ii) Chairman Of Members' Council:

The Members' Council shall elect a member as the Chairman, who may concurrently hold the position of General Director/Director of the Company.

(iii) General Director/Director:

The General Director/Director takes care of the daily business but can be limited in their authorization and is responsible to the Members' Council for the performance of his/her rights and obligations.

(iv) Legal representative and Inspection Committee: The same as SLLC's model.

3.2. Joint Stock Company (JSC)

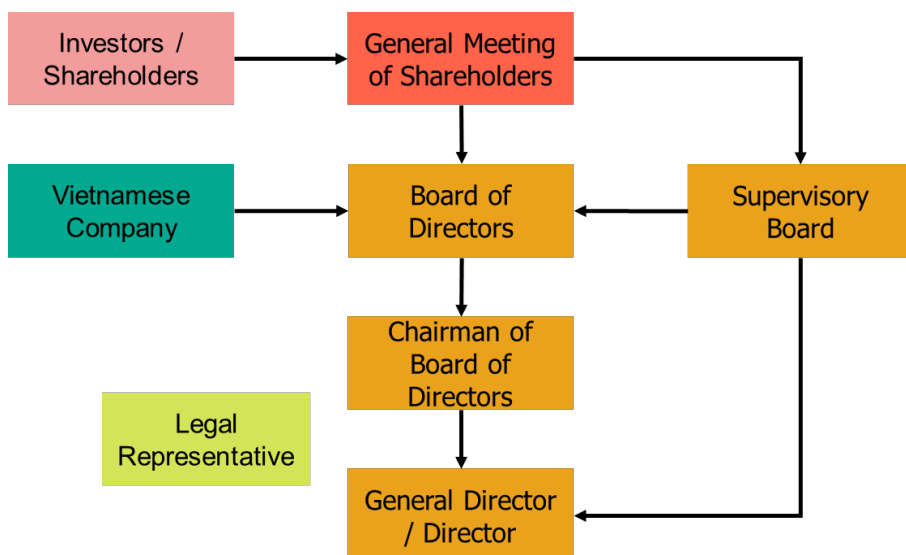
A JSC is a company in which the charter capital is divided into shares. The company is formed by subscription of the shares.

The JSC is the only form of company under Vietnamese law that can issue shares. The reason for choosing the legal form of a JSC is often the possibility of raising additional capital later by selling shares. With regard to the organizational structure, a JSC generally has the following bodies: General Meeting of Shareholders, Board of Directors, Supervisory Board and General Director.

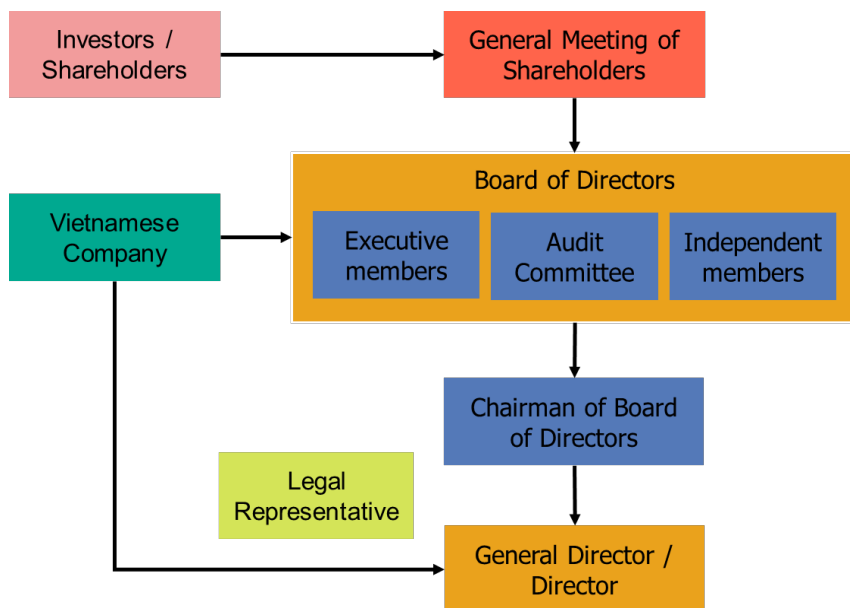
A JSC is a legal entity established by at least three investors, with no maximum requirement, regardless individual or institutional, local or foreign. A JSC protects their shareholders from liabilities incurred by the JSC. Shareholders are not liable with personal assets for the debts of the JSC.

(a) Organizational structure of JSC

1st model:



2nd model:



(b) Personnel in the JSC's structure:

- (i) General Meeting of Shareholders:
Including all shareholders with voting rights and is the highest decision-making body of the Company.
- (ii) Board of Directors:
The Board of Directors has between 3 and 11 members, being the body managing the Company and having full competence to make decisions in the name of the Company.
- (iii) General Director/Director:
Being appointed/hired by the Board of Directors to administer day-to-day business operations of the Company, submit to supervision by the Board of Directors.

- (iv) Supervisory Board:
Supervisory Board in the 1st model has 3 to 5 members. In case the JSC has fewer than 11 shareholders, and the institutional shareholders own less than 50 % of the total number of shares of the company, a Supervisory Board is not mandatory.
- (v) Audit Committee:
The Audit Committee in the 2nd model is a specialized agency of the Board of Directors having 2 or more members to monitor and review specific areas of governance such as finance and internal audit. The chairperson of the Audit Committee is an independent member of the Board of Directors. Other members of the Audit Committee must be non-executive members of the Board of Directors.
- (vi) Independent Member:
The Independent Member in the 2nd model is independent of management and operations and performs supervisory functions.

3.3. Partnership Company

A partnership is required to have at least two general partners (only individuals). The general partners are unlimitedly liable with their private assets for debts incurred by the partnership. In addition to the general partners, the partner company may have partner(s) who only pay(s) money into the capital called limited partner(s). Their liability is limited to the extent of the amount of capital they have contributed.

3.4. Branch Office

Another possible form of subsidiary in Vietnam is establishing branches. However, a branch is not an independent legal entity. The operating license of the branch expires after five years but is extendable. Unlike a representative office (see Section 3.5 below), a branch may make profits. A prerequisite for the establishment of a branch is that the parent company has been operating in its home country for at least five years. Branch is an interesting organizational form but may only be established in a limited number of sectors, such as insurance, education, banking, accounting and legal services.

3.5. Representative Office

A Representative Office of foreign entity (RO) is quite often the entry vehicle for establishing a presence in Vietnam. The rights of a RO are very limited. ROs are permitted to engage only in certain activities, without the aim of generating revenue. RO is only representing the parent company in Vietnam. Liabilities of the RO have to be borne by the foreign parent company. As a RO is prohibited from generating taxable income, it is not subject to corporate income taxation.

Despite these limitations, a RO may play an important role in facilitating operations and business objectives on behalf of the foreign parent company. The most relevant benefit of a RO is to manage contractual relations between the mother company and the partner in Vietnam as well as providing a certain level of control and act as a liaison office. Furthermore, a RO may undertake market research and promote tasks for the parent company. A RO may not engage in any direct activities to earn profits.

RO is the easiest way of establishing a presence in Vietnam. Generally, the only relevant tax scheme is the personal income tax of employees working in the RO. There is no obligation for the chief representative to reside permanently in Vietnam.

The approval for establishment of a RO of a foreign company is granted in the form of a license issued by the provincial Department of Industry and Trade. Procedures for setting up a RO are quite simple, and it normally takes 2 to 4 weeks to obtain a RO license from the date of submission of a sufficient application dossier.



Setting up a Business

4.1. Approval Process for Establishing a New Enterprise

The LOI and LOE have simplified and streamlined foreign investment in Vietnam. LOI allows any business investment that is not explicitly prohibited or restricted (please see above under 1.2.).

When establishing a new enterprise, foreign investors must prepare an investment project and apply for both an IRC and ERC. In some specific cases, the investors also need to carry out certain procedures in advance in connection with in-principle approval process from the National Assembly, the Prime Minister or the provincial People's Committee and / or selection of investors.

4.1.1. Investment Registration Certificate

The registration procedure to obtain the IRC depends on the size and type of project. In a first step, foreign investors must obtain an IRC from the licensing authorities, which may be either:

- The provincial DOF (for projects located outside of industrial zones, export processing zones, high-tech zones and economic zones); or
- The provincial industrial zone management authority or economic zone management authority (for projects located inside industrial zones, export-processing zones, high-tech zones and economic zones).

Statutorily, this process should take about 15 working days as from the submission date, provided that the investment project is not subject to the in-principle approval process and selection of the investor).

4.1.2. Enterprise Registration Certificate

In a second step, foreign investors must conduct procedures with the licensing authorities to obtain an ERC. The necessary application documents include, besides the application itself, the charter of the company and the list of authorized representatives and legal representatives. Documents issued outside of Vietnam (such as business registration certificate or articles of association or audited financial statements of the parent company) have to be legalized. Legalization is a procedure to certify the authenticity of foreign documents.

In practice, most applicants make a copy of the original, have a notary in their home jurisdiction certify that the copy corresponds to the original, have a competent body certify that the notary acted within his or her powers and finally obtain a statement from a Vietnamese mission to their home country that the procedure was followed correctly. All documents in a foreign language must be translated into Vietnamese; the translation must be certified correctly by a Vietnamese notary. Sometimes, Vietnamese translation is completed by the Vietnamese diplomatic mission that has legalized the document.

Under the regulations, the licensing process for setting up a new business may take around 15 to 18 working days. In practice, it usually takes longer. Within 90 days after the issuance of the ERC, the charter capital has to be contributed. Failing to do so will lead to a reduction of the capital and monetary fine imposed to the Company.

4.1.3. Investment Capital

When applying for an IRC, the applicant must specify what is known as investment capital, which comprises the following items:

Contributed capital	The amount actually contributed or will be contributed by the owner of a company (the subsidiary's registered equity). Typically, the contributed capital is the same as the charter capital stated in the ERC and must be fully contributed within 90 days from the date of issuance of the ERC.
Loan capital	Loans granted to the subsidiary by its parent company, group companies or third parties.
Profits retained by the investor for reinvestment (if any).	The retained profits from business operations may be used for reinvestment and shall be included in the total investment capital of the project.

In common practice, nevertheless, the authorities will review the viability of an investment project under the angle whether, in their opinion, the subsidiary has sufficient funds. Except for conditional business lines, the capital has to be reasonable to support the FDI project. However, there are no official guidelines. Generally, the higher the investment capital, the easier it is to obtain the IRC.

4.2. Post-Licensing Procedures

Once the IRC and ERC have been issued, the following additional steps have to be taken to complete the procedure and start business operations, in particular:

- Seal engraving
- Bank account opening
- Tax filing
- Labor registration

Vietnamese law also requires foreign investor who invests to participate directly in the management of the Company to set up a so-called direct investment capital account (DICA). Charter capital and loans provided by the parent company must be paid into a DICA of the subsidiary. DICA is governed by special foreign exchange control provisions aimed to enable the government to supervise the inflow and outflow of cash.

4.3. Land and Lease Options for Investors

In Vietnam, constructions and assets annexed to the land are heavily regulated and safeguarded under Vietnamese laws. Land is considered to collectively belong to the Vietnamese people, and it is the State who is solely responsible for the management of the land on their behalf.

In general, the rights of a foreign individual or a FOE on using land and owning assets annexed to the land, are restricted by certain conditions. There is no “ownership” on the land but rather “rights to use land”, while the FOE can own assets annexed to the land. As such, no one is permitted to ‘own’ land, instead, the land users can only have the “rights to use land”.

In principle, business lines impacting the environment (e.g. production, mechanical engineering, metallurgical, textile-garment industry, etc.) are required to operate in an Industrial Park, Economic Zone. For other business lines (i.e., IT, trading, services, etc.), the investor can register his business in any other location. In such cases, the investor can lease the office downtown or uptown to run their business. Nevertheless, restrictions apply, as habitable apartments are not allowed. Concerning the term of the leasing office, it is usually flexible as per the agreement of the parties.

In case the business lines of an investor require to operate in an industrial park, it is possible to either decide to lease a brownfield factory, a factory built by the property owner and ready to use, or to opt for a greenfield factory, effectively leasing the land and carrying out the construction of the factory themselves.

When leasing a brownfield factory, an investor can consider leasing a Ready-Built-Factory, a Build-to-Suit-Factory, or a High-Rise-Factory. Leasing such factories is very advantageous as it saves both, time and money; the investor can start operating their project upon obtaining the necessary IRC and ERC. However, the factory is usually built as per the standard of the property owner, and it is normally of a small or medium size. The term of the lease depends upon the agreement reached, although, in practice, it lasts from 3 to 5 years.

With the greenfield factory, the investor designs and constructs the factory themselves. Here, the investor shall lease the land use right from the property owner and make a one-time payment for the whole term. However, the factory will then be entirely owned by the investor and will perfectly suit the specific needs of the business line. Nevertheless, it must be stressed out that this option is time and money consuming and thus increases the initial investment costs. The term of the lease is subject to the term of the investor's IRC, granted for a period of up to fifty years, and the term of the land use right certificate of the property owner.

Taxation

The major taxes, which are relevant for companies and foreign investors, are as follows:

- Corporate Income tax (CIT)
- Value-added tax (VAT)
- Foreign Contractor Withholding Tax (FCWT)
- Special consumption tax (SCT)
- Business license tax (BLT)
- Stamp duty
- Personal Income Tax (PIT)
- Transfer Pricing (TP)

As far as goods are imported or exported, customs duties must of course also be observed. All taxes in Vietnam are levied at national level. There are no local or provincial taxes. However, there are several other types of national tax that may be applicable to a particular business

5.1. Corporate Taxation

5.1.1. The Corporate Income Tax

Since 1 January 2016, the standard Corporate Income Tax (CIT) rate in Vietnam is 20 %, which is levied on the taxable profit. Foreign-invested companies must adopt Vietnamese accounting standards.

The taxable income comprises the total proceeds from the sale of goods, remuneration for processing and charges for provided services, whether domestic or foreign sourced. CIT exempt income include income from cultivation, husbandry and aquaculture, income from the application of technical services directly for agriculture, transfer of Certified Emissions Reductions (CERs), dividends etc.

In general, expenses are tax deductible if they are related to business operations, sufficiently supported by supporting documentation (including but not limited to contracts, legitimate invoices, non-cash payment vouchers where the invoice value is VND20 million or above) and not specifically included in the statutory list of non-deductible expenses.

Taxpayers may carry forward tax losses fully and consecutively for a maximum of five years, starting from the year following the loss-making year.

Vietnam has a self-assessment tax system where taxpayers self-assess their tax liabilities, declare and pay tax under relevant tax regulations. Tax authority shall check the tax compliance status of taxpayers by performing tax audits/tax inspection on risk-based mechanisms.

Taxpayers are only required to make quarterly provisional CIT payments not later than the 30th day of the following quarter without filing the provisional tax returns. From tax year 2022, the new Decree on tax management mandates that the total amount of provisional CIT paid in 04 quarters shall be at least 80 % of the CIT payable under the annual tax finalization dossier, otherwise, the shortfall amount shall be imposed a late payment interest at 0.03 %/day. The finalized CIT return is filed on the basis of the company's audited financial statements. The annual CIT return must be filed and submitted no later than the last day of the first quarter in the following fiscal year and the outstanding tax payable (if any) must be paid by the same deadline.

5.1.2. Tax Incentives

In certain areas, regions, sectors and at certain scales of a project it is possible to receive investment incentives for new investments, e.g. preferential tax rates, tax holidays, tax reductions or import tax exemptions.

Business expansion projects which meet certain conditions are also entitled to CIT incentives. These possibilities should be carefully examined in advance to optimize the tax cost of the project.

The following investment incentives can be granted within the framework of CIT:

CIT Incentives for Business Sectors:

INCENTIVIZED BUSINESS SECTORS	PREFERENTIAL TAX RATE	TAX HOLIDAY TAX REDUCTION
Hi-tech fields, software production, renewable energy / biotechnology, certain infrastructure development, manufacture of certain materials.	10 % for 15 years	Tax holiday, tax reduction - CIT exemption for 4 years; and - 50 % CIT reduction for the subsequent 9 years
Environmental protection		
High-tech enterprises, agriculture enterprises applying high technologies		
Large-scale projects (initial capital is at least VND 6,000 billion being disbursed in 3 years, and total revenue is at least VND 10,000 billion per year/more than 3,000 employees)		
Large-scale projects (initial capital is at least VND 12,000 billion being disbursed in 5 years		
Prioritized ancillary products		

INCENTIVIZED BUSINESS SECTORS	PREFERENTIAL TAX RATE	TAX HOLIDAY TAX REDUCTION
Socialized enterprises (education – training, vocational training, healthcare, culture, sports, environment)	10 % for the whole project life	Established in areas with particularly difficult or difficult socio-economic conditions - CIT exemption for 4 years; and - 50 % CIT reduction for the subsequent 9 years
		Established in areas with favorable socio-economic conditions - CIT exemption for 4 years; and - 50 % CIT reduction for the subsequent 5 years
Publishing houses from publication activities, press agencies, social houses, certain activities related to forest / agriculture in areas with difficult socio-economic conditions, salt production	10 % for the whole project life	n / a
Farming, husbandry, processing of agriculture and aquaculture products in areas with favorable socio-economic conditions	15 % for the whole project life	n / a
People's credit funds, cooperative banks and microfinance institutions	17 % for the whole project life	n / a
Production of hi-class steel, energy-conserving products, machinery and equipment for agriculture, forestry, fisheries and salt production, irrigation and drainage equipment, livestock and aquatic animal feed; and development of traditional crafts and trades.	17 % for 10 years	- CIT exemption for 2 years; and - 50 % CIT reduction for the subsequent 4 years

The tax exemption and reduction period shall be continuously calculated from the first year the enterprise has taxable income from the new investment project eligible for tax incentives. In case the enterprise does not have taxable income within the first three years from the first year of revenue generation from the new investment project, the tax exemption and reduction period shall be calculated from the fourth year the new investment project generates revenue.

In a tax period, if an income is eligible for different preferential CIT rates and tax holiday and reduction incentives, taxpayers are allowed to apply the most favorable incentive.

CIT incentives are not applicable for the following income: incomes from transfer of contributed capital or right to contribute capital; incomes from real estate transfer; incomes from transfer of investment project or the right to participate in investment project, incomes from overseas business operation.

In addition, other incentives may be used in individual cases, for example:

- Exemption from import duty on goods imported to form fixed assets, raw materials, supplies and components for implementation of an investment project.
- Exemption from and reduction of land rent, land use fees and land use tax for specifically encouraged investment sectors.

Vietnam has adopted the Global Minimum Tax (GMT) regime, effective from the fiscal year 2024. Accordingly Constitute Entities (CEs) that are members of a Multinational Company (MNC) Group that has annual revenue of EUR 750 million or more in the consolidated financial statements of the Ultimate Parent Company (UPC) in at least two of the four Fiscal Years immediately preceding the reviewed Fiscal Year, except for some special Entities (e.g. Government organization, International organization, Pension Fund, Non-profit organization,

Investment Fund which is UPC, Real estate organization which is UPC, organizations which at least 85 % of asset value belong to above mentioned organizations) will subject to GMT regulations.

The GMT regulation provide that Vietnam will adopt Qualified Domestic Minimum Top-up Tax (“QDMTT”) and Income inclusion rule (“IIR”). Specifically:

- Qualified Domestic Minimum Top-up Tax (“QDMTT”): applicable to the CEs or a group of CEs of MNC who are within the scope of GMT and have business activities in Vietnam during the fiscal year must apply the QDMTT regulations.
- Income inclusion rule (“IIR”): ultimate parent company, partially owned parent company, and intermediate parent company in Vietnam under GMT regulations, holding direct or indirect ownership of a CE subject to a low tax rate abroad under GMT regulations at any time during the fiscal year, must declare and pay tax in accordance with the regulations on aggregating minimum taxable income by the portion of tax allocated from the supplementary tax under the GMT regulations of the CEs subject to a low tax rate abroad during the fiscal year, except in cases where this supplementary tax is paid in another country where the regulations on aggregating minimum taxable income meet the standards prioritized for application according to the GMT regulation on the order of tax priority.

5.1.3. Value Added Tax

The Value-added-tax (VAT) is imposed on the added value of goods or services arising in the process from production, circulation to consumption. Taxpayers include organizations and individuals producing or trading / importing of goods or services subject to VAT, while the cost of VAT is absorbed by the final consumers of goods and services.

Under the new VAT law effective from 01 July 2025, the scope of taxpayers has been expanded to foreign suppliers without a permanent establishment in Vietnam conducting e-commerce business activities, business activities based on digital platforms with organizations and individuals in Vietnam (hereinafter referred to as foreign suppliers); organizations that are managers of foreign digital platforms shall withhold and pay tax obligations on behalf of foreign suppliers; business organizations in Vietnam apply VAT deduction method on purchased services from foreign suppliers without a permanent establishment in Vietnam through e-commerce channels or digital platforms to withhold and pay on behalf of the foreign suppliers' tax obligations.

In Vietnam, the common VAT rate is 10 %, certain goods and services are entitled to 0 % and 5 % VAT. Additionally, a reduced VAT rate of 8 % applies to certain goods and services for a specific period under specific regulations. There are also several goods and services not subject VAT or exempt from VAT declaration and payment.

VAT RATE	GOODS AND SERVICES
5 %	Supply of certain goods and services being basic necessities (clean water, social houses, etc.), agriculture-related supplies, social welfare related (medical equipment, medicine, teaching equipment, etc.), technology supportive activities
0 %	Export of goods and services (with certain exceptions in relation to transfer of technology/intellectual properties, trading of imported wines/beer/cigarettes, services provided in relation to goods sold, distributed, consumed in Vietnam, etc.)
10 %	The standard VAT rate of 10% applies to goods and services that are not eligible for the 0% or 5% rates and are not subject to VAT or not subject to VAT declaration and payment.

Goods and services not subject to VAT are mainly agricultural products or services provided directly to agricultural production, social welfare related (human-related insurance, medical services, educational services, publishing,...), certain financial services in accordance with international practices, transfer of land use right, technology transfer, machines and equipment not yet produced domestically imported for the purpose of scientific research and development.

Transactions not subject to VAT declaration and payment include non-commercial activities (compensation, bonus, unconditional supports, etc....), services performed outside of Vietnam by foreign service providers, sale of assets by non-business individuals and organizations, intra-group assignment of assets, capital contribution by assets, payment and collection on behalf, etc.

There are two VAT declaration methods, including credit method and direct method, depending on the size, the capability to keep track of expenses and revenues as well as of the maintenance of relevant supporting documents. Specifically:

- VAT deduction method applies to business establishments (except for business households and individuals) that comply with the regime for accounting and invoicing according to the laws on accounting and invoicing, with an annual revenue of at least 1 billion VND from goods sale, or voluntarily applying the tax credit method.
- Direct VAT declaration method is applicable to business establishments of which the annual revenue is less than 1 billion VND; household businesses and individual businesses; foreign organizations and individuals conducting business without a permanent establishment in Vietnam but generating revenue in Vietnam have not fully implemented accounting, invoicing, and documentation procedures.

For taxpayers declaring VAT under credit method, input VAT of expenses is creditable provided that the requirements on supporting documents are qualified. Input VAT is refundable in certain cases, notably production of exported goods/services; investment projects; ODA projects, etc. A tax audit for VAT refund will be performed by the tax authority either before or after a VAT refund, depending on the tax risk assessed by the tax authority.

For more information on VAT refund, please refer to section 9 on Customs below.

Taxpayers must file VAT returns monthly by the 20th day of the subsequent month, or on a quarterly basis by the last day of the first month in the following quarter.

5.1.4. Foreign Contractor Withholding Tax

FCT is applicable to foreign business organizations doing business in Vietnam or earning income in Vietnam under contracts, agreements or commitments between the foreign contractor (“**FC**”) and a Vietnamese entity. Payments to a FC by the Vietnamese party are subject to FCT which consists of VAT and CIT. VAT is generally creditable for the Vietnamese party. CIT may be exempt under a relevant Double Tax Agreement if certain conditions are satisfied. Other cases are excluded from the scope of FCT, such as pure supply of goods and services performed and consumed outside Vietnam.

There are three methods for calculating and paying the corporate income tax (“**CIT**”) and value-added tax (“**VAT**”) for foreign contractors. The specific method to be applied depends on various conditions, e.g. on the status of the foreign contractual partner (permanent establishment or resident status) in Vietnam and the question of the application of the Vietnamese accounting system in the specific company.

- (i) Withholding method, in which deemed VAT and CIT rates apply and all administration and tax payment responsibilities rest with the Vietnamese party. This is the most adopted method;
- (ii) The credit method entails the FC registering for VAT and paying CIT based on actual net profits. There are certain requirements on compliance to apply this method.
- (iii) The third method is the hybrid method, which is a combination of the two methods above, whereby the FC registers for VAT but is subject to CIT based on deemed rates. Generally, a FC applies this method where they will incur significant input VAT on local purchases, which would not otherwise be claimable.

Under the Withholding method, the applicable deemed VAT and CIT rates would vary based on the nature of business activities performed, specifically:

NO.	GOODS AND SERVICES	VAT
1.	Services, rental of machinery and equipment, insurance; construction, installation exclusive of raw materials, machinery and equipment.	5 %
2.	Production, transportation, services attached to goods;construction, installation inclusive of raw materials, machinery and equipment	3 %
3.	Others	2 %
4.	Distribution of goods, raw materials, supplies, machinery and equipment attached to services in Vietnam (including those provided in the form of domestic exports, except for goods processed under processing contracts with foreign entities); supply of goods into Vietnam under Incoterms DAP, DDU, DDP, etc.	1 %

NO.	GOODS AND SERVICES	CIT
5.	Service, lease of machinery and equipment, insurance, lease of an oilrig.	5 %
	Specifically: - Restaurant, hotel, casino management services;	10 %
	- Derivative financial services.	2 %
6.	Lease of aircraft, aircraft engines, parts of aircrafts and ships	2 %
7.	Construction, installation, whether or not inclusive of raw materials, machinery and equipment	2 %
8.	Loan interest	5 %
9.	Income from royalty	10 %
10.	Transfer of securities, certificates of deposit, cedingreinsurance abroad, reinsurance commission	0.1 %

Notably, under the new Laws on Tax management effective from July 2020, there is withholding tax imposed on income derived from cross border e-commerce and digital transactions conducted by offshore e-commerce suppliers and digital platform-based service providers into Vietnam (collectively referred to as “**offshore e-suppliers**”), including both B2B and B2C business conducted by foreign contractors in Vietnam.

5.1.5. Business License Tax

Business license tax (“**BLT**”) is an indirect tax. The tax is paid on an annual basis by entities. The BLT-rates are fixed in Circular 302/2016/TT-BTC, in effect since 1 January 2017. The amount of the BLT-rate for companies is between 1 and 3 million, depending on the corporate structure and the amount of registered capital.

5.1.6. Special Consumption Tax

A special sales tax (special consumption tax or luxury tax) applies to the production, distribution or import of special/luxury goods and services, in addition to VAT. These goods are in particular:

- Cigarettes, cigars and other tobacco preparations used for smoking, inhaling, chewing, sniffing or keeping in mouth;
- Liquor;
- Beer;
- Under-24 seat cars;
- Two- and three-wheeled motorcycles of a cylinder capacity of over 125 cm³;
- Aircraft and yachts (used for civil purposes);
- Gasoline of all kinds;
- Air-conditioners of 90,000 BTU or less;
- Playing cards;

Special sales tax is also applicable to certain services, notably casinos, price-winning video games, golf business, lottery business, massage parlors, karaoke bars, dance halls and betting.

5.1.7. Stamp Duty

This tax applies for the necessary registration of ownership of specified assets, e.g. buildings and transportation. The tax rate is between 0,5 % and 10 %.

5.2. Personal Income Taxation and Social Insurance

5.2.1. Compulsory Social Insurance, Health Insurance and Unemployment Insurance

Vietnam has a compulsory social, health and unemployment insurance scheme. Contributions are to be made by both, the employer

and the employee. The basis for calculating the contributions is the monthly salary as stipulated in the labor contract. The salary level used for the calculation of social insurance is capped at VND 46.8 million (twentyfold of the basic salary).

Compulsory unemployment insurance applies to all employee of enterprises. Foreigners seconded to Vietnam by the parent company do not have to contribute to the compulsory insurance schemes. Seasonal workers are not subject to social insurance contributions either.

An employer is obliged to withhold the employee’s portion of the insurance contribution from the salary of the employee, and to transfer the amount together with the employer’s portion to the insurance authority.

	VIETNAMESE EMPLOYEES		FOREIGN EMPLOYEES	
	EMPLOYEE	EMPLOYER	FOREIGN EMPLOYEE	EMPLOYER
Social insurance	8 %	17.5 %	8 %	17.5 %
Health insurance	1.5 %	3 %	1.5 %	3 %
Unemployment insurance	1 %	1 %	-	-
Union Fee	-	2 %	-	-
Total	10.5 %	23.5 %	9.5 %	20.5 %

For a more comprehensive overview of the labor law in Vietnam, please refer to our brochure “Labor Law in Vietnam”.

5.2.2. Personal Income Tax

Vietnamese and foreigners working in Vietnam are subject to personal income tax (“PIT”). The tax base depends on the residence status of the individual. Tax residents are those individuals who meet one of the following criteria:

- Residing in Vietnam for 183 days or more in either the calendar year or the period of 12 consecutive months from the date of first arrival; or
- Having a permanent residence in Vietnam and unable to prove tax residence in another country in the case where the actual residing days in Vietnam is less than 183 days.

Tax residents are subject to Vietnamese PIT on their worldwide income including both, employment and non-employment income. Foreign tax credit is only applicable to income sourced from overseas and is conditional upon satisfaction of supporting documents.

Individuals not meeting the conditions for being tax resident are considered tax non-residents. Tax non-residents are subject to PIT on the income paid for the work relating to Vietnam, irrespective of their presence in Vietnam. While the PIT rates vary for non-employment income, employment income is taxed at progressive PIT rates of up to 35% for tax residents, and at a flat rate of 20% for non-tax residents. Double taxation agreements between Vietnam and the respective countries have to be observed.

In general, organizations established and operating in Vietnam who pay employment income on which PIT is incurred are required to withhold, declare and make PIT payments on behalf of the individual income earners. Income payers are required to file PIT on either a monthly or quarterly basis depending on their respective VAT declaration period.

At year end, organizations that pay taxable employment incomes shall make a PIT finalization declaration if they are authorized by the employees, regardless of whether tax has been withheld or not.

PIT finalization is only required for tax residents who earn employment income. Direct PIT filing cases (i.e. not allowed to authorize income payers to conduct PIT finalization on their behalf) include:

- Residents earning income from salaries from two or more sources, and who do not meet the conditions for authorizing the PIT finalization to their income payers are required to directly declare a PIT finalization with the tax authorities if they have additional tax payable or an overpaid tax amount to be refunded or offset in the next tax period;
- For individuals present in Vietnam for less than 183 days in the first calendar year, but for 183 days or more in 12 consecutive months from the first day of presence in Vietnam, the first tax finalization year is 12 consecutive months as of the first day of presence in Vietnam;
- Individuals who are foreigners terminating their working contracts in Vietnam shall conduct a PIT finalization declaration with the tax authorities before leaving Vietnam. If these individuals have not completed a PIT finalization with the tax authorities, they shall authorize the income payer or another organization or individual to conduct the PIT finalization;
- Residents earning incomes from salaries paid from overseas and from international organizations, Embassies and Consulates without tax withholding during the tax year must conduct a PIT finalization with the tax authorities directly if they have additional tax payable or overpaid tax amount to be refunded or offset in the next tax period.

- Residents earning incomes from salaries and who are eligible for a tax reduction due to natural disasters, fires, accidents, or fatal diseases that affect their ability to pay tax, shall directly conduct a PIT finalization with tax authorities.

5.3. DTA

Vietnam has entered into an extensive network of double tax treaties. Double taxation arises when two or more countries impose taxes on the same taxpayer in respect of the same taxable income or capital. To relieve taxpayers from the burden of double taxation, Vietnam has concluded comprehensive Double Taxation Agreements with approximately 80 countries, including Germany.

The system in place prevents foreign investors from facing redundant taxes on their income (e.g., in their country of residence and the countries where they raise income through foreign investments). In this regard, the agreements apply to both, individual and corporate residents of Vietnam or the signatory country of the DTA for their corporate and personal income taxes.

However, tax relief under the DTA is not automatically applied in Vietnam but requires a formal request to be submitted to tax authority under local tax procedures. From 1 January 2022, Vietnamese tax authority will issue the Decision on approval/rejection of DTA application within 30 days from the date on which the full dossier is received by tax authority. If there is a tax audit, approval will be issued within 40 days.



Transfer Pricing

In recent years, the Vietnamese tax authorities have increased their scrutiny on Transfer Pricing (“TP”) matters. In an effort to tackle tax avoidance and to ensure a more transparent tax environment the Vietnamese Government prescribes tax administration for enterprises engaging in related party transactions (“RPTs”).

Current Vietnamese TP regulation aligns Vietnam's TP framework more closely with international standards, introducing key revisions and enhancements. Notably, it broadens the definition of related-party relationships to cover entities under common management or control by individuals with close familial ties. This expansion reflects a more inclusive and substance-based approach to identifying RPTs.

The below table summarizes the main points about the TP compliance requirements which shall be obliged by the taxpayers engaged in RPTs under the current Vietnamese TP regulations:

	ANNUAL TP DECLARATION FORMS	ANNUAL TP DOCUMENTATION REPORTS
TP Compliance Requirements	– APPENDIX I – Declaration of the taxpayer’s related party relations and transactions; – APPENDIX II – Declaration of the content of the taxpayer’s Local File; – APPENDIX III – Declaration of the content of the Master File; – APPENDIX IV – Country-by- country report (“CbCR”) for the taxpayer having the Vietnamese ultimate parent company.	– LOCAL FILE – including the taxpayer’s information about RPTs, TP policies and methodologies; – MASTER FILE – containing information about business activities of multinational groups, TP policies and methodologies of the global group, and policies on allocation of profits, decentralization of operations and functions in value chains of the group; – CbCR - reporting certain information relating to the global allocation of income, taxes paid together, and certain indicators of the location of economic activity within the group.

	ANNUAL TP DECLARATION FORMS	ANNUAL TP DOCUMENTATION REPORTS
Statutory Dead- lines	Submitted by the deadline set for submission of the CIT finalization return.	TP DOCUMENTATION should be prepared by the time of filing CIT finalization returns each year, and submitted on the tax authorities' request with deadlines as follows: – TAX AUDIT/INSPECTIONS: In accordance with the Law on Inspection from the date of receiving the request to provide information. – CONSULTATION PERIOD PRIOR TO TAX AUDIT/INSPECTIONS: No later than 30 working days from the date of receiving the written request to provide information to the tax authorities; can be extended once for no longer than 15 working days from the expiry date with valid reasons.

Accounting

The Accounting Law and the Law on Independent Audit constitute the statutory framework for accounting and auditing.

With the aim to improve the transparency and efficiency of financial information, enhance the accountability of enterprises, protect the business environment as well as legitimate interests of investors and integrate the Vietnam economy with the region and the world, it is expected that the adoption of IFRS will become compulsory from financial year 2026.

All companies registered and operating in Vietnam with needs, abilities and resources are allowed to choose International Financial Reporting Standards or Vietnam Accounting Standards to prepare and present financial statements and consolidated financial statements but must fully comply with the provisions of Accounting Law of Vietnam:

- The standard fiscal year applicable is the calendar year, commencing from 1 January and ending on 31 December. However, foreign invested companies may seek an alternative fiscal year starting on the first of any quarter of the calendar year.
- Annual Financial Statements have to be filed with the relevant authorities within 90 days after the closure of the fiscal year.
- The preservation period of documents depends on the type of document and varies between 5 years, 10 years and indefinite.

For the companies that choose to apply the Vietnam Accounting Standard:

While the VAS are in principle based on the International Financial Reporting Standards (“IFRS”), there are notable differences as to terminology, applied methods and presentation scope which must be observed.

For example, accounting must be undertaken in Vietnamese language.

The Ministry of Finance provides fixed tables of accounts which must be adhered to.

The default currency is VND. Under certain circumstances, the use of other currencies is permitted, but requires prior registration with the tax authorities.

The financial statements must be submitted in Vietnamese language.

For the companies choose to apply the International Financial Reporting Standards:

The companies applying to IFRS who prepare consolidated financial statements or stand-alone financial statements are not required to prepare financial statements according to VAS.

For the companies other than State enterprises, the owners shall decide on the application of the international reporting standards (“**IFRS**”) and should apply consistently for at least one accounting period.

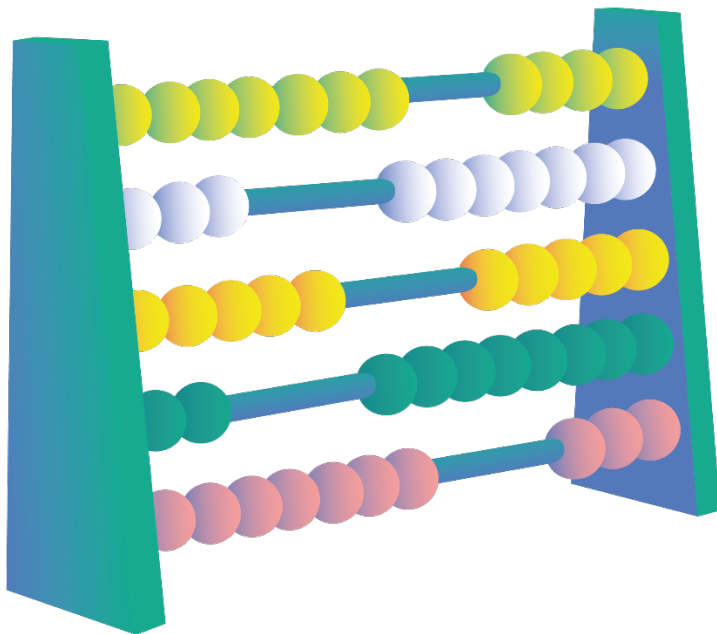
The companies must apply prototypes of all IFRS in force at the time of reporting to prepare and present financial statements also consolidated financial statements. The determination of compliance with IFRS requirements must be based on the origin of the English language.

At the first year applying IFRS, the companies should present comparative information and other content in accordance with the requirements of IFRS 01.

The companies shall decide by themselves the chart of accounting account, name of account, recording method and all accounting templates used included the financial statements template.

Besides the annual report, companies applying to IFRS must prepare financial statements, consolidated interim financial statements including quarterly and semi-annual reports, either in full or summarized form - as decided by the owner if they do not violate legal regulations.

The financial statements and consolidated financial statements must be publicly disclosed on the company's website and other appropriate information channels, ensuring that all users of the financial statements have access.



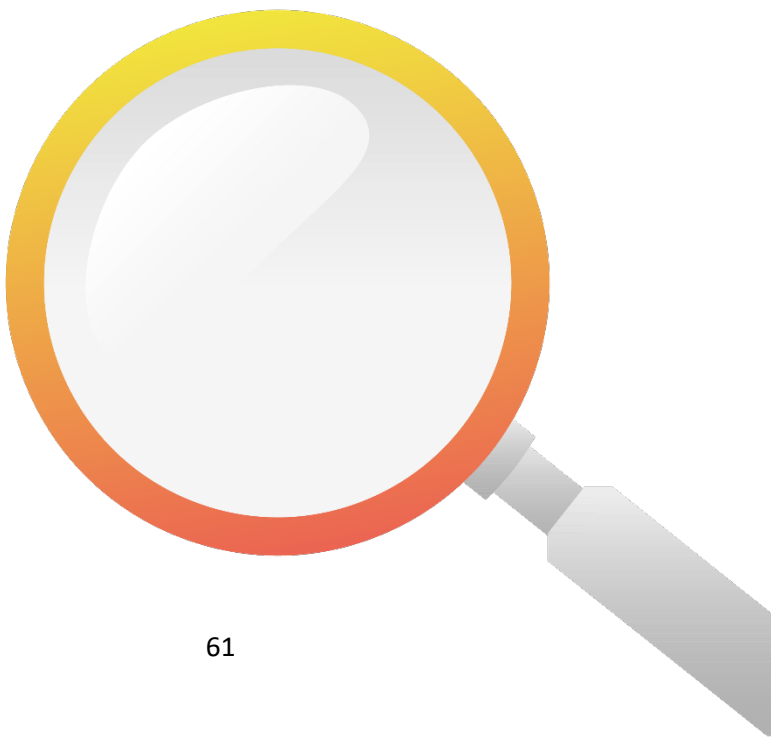
Audit

In principle, all foreign invested entities in Vietnam as well as all representative offices are required to have their annual financial statements audited. In comparison, the reporting requirements for representative offices are less extensive.

The audit must be conducted by an independent auditor based in Vietnam.

The audited Annual Financial Statements must be filed with the relevant authorities within 90 days after closure of the fiscal year.

According to the current Penal Code, non-compliance could be considered a criminal offence.



To import or export goods into or out of Vietnam, it is essential to understand the relevant customs procedures in place. At present, the clearance standards are set under Law No. 54/2014/QH13 on Customs supplemented by various decrees for implementation and guiding circulars.

9.1. Import Duties

In general, any goods imported to Vietnam will be subject to import duties. Nonetheless, as a large trade partner within the ASEAN and with the EU, Vietnam also provides for several preferential rates in addition to exemptions. Typically, import duty exemptions are granted on goods necessitated by projects in encouraged sectors or locations. As such, there are three import duty rates, namely the ordinary rate, the preferential rate, and the special preferential rate.

The SPECIAL PREFERENTIAL RATE concerns goods imported from countries or regions that entered into a free trade agreement with Vietnam (e.g., the EU, India, etc.).

The PREFERENTIAL RATE refers to goods imported from countries entitled to a most favorable treatment in their trade relation with Vietnam under the WTO's qualification.

The ORDINARY TAX RATE is applied to goods coming from countries not falling into either of these categories. The rates in place will be no more than 70 % higher than the preferential tax rates specified by the government.

Therefore, the relevant import duty rate depends on the type of goods imported (i.e., the HS codes of the goods) and the originating country.

Concerning export duties, Vietnam's customs framework exempts most goods from an export tax.

9.2. Exemption of Import Tax

The most common exemptions among many others are:

- Goods exempt from export and import duties under international treaties to which Vietnam is a signatory;
- Imported raw material, supplies, components serving the processing of exports; finished products imported to be fixed on processed products; outward processing products;
- Material, supplies, components imported for the manufacture of export products;
- Goods manufactured, processed, recycled, assembled in a free trade zone without using imported raw material; or components when they are imported into the domestic market;
- Goods temporarily imported for re-export, or goods temporarily exported for re-import within a certain period of time;
- Imports as fixed assets of an entity eligible for investment incentives as prescribed by regulations of law on investment;
- Raw material and components which cannot be domestically manufactured of investment projects for the manufacture or assembly of medical equipment given priority shall be exempt from import duties for 5 years from the commencement of manufacture;
- Certain imports serving environmental protection, including imported machinery, equipment, tools, supplies that cannot be domestically produced serving the collection, transport, treatment

of wastewater, wastes, exhaust gases, environmental monitoring and analysis, production of renewable energy, treatment of environmental pollution, response to environmental emergencies.

9.3. VAT Refund

From July 2016, the monthly or quarterly amount of input VAT which has not been fully deducted from the VAT paid by a business taxpayer adopting the invoice credit method in the period, shall be deducted from the VAT incurred in the subsequent period. VAT refund is only applicable in the following cases:

- Refund of VAT for investment when the remaining deductible VAT is VND 300 million or higher. If the remaining deductible VAT is inferior to VND 300 million, it shall be carried forward to the next tax period of the project;
- Refund of tax on exported goods and services when the amount of remaining deductible input VAT is at least VND 300 million on the exported goods and services in a tax period.

A business that both exports and domestically sells their goods and services in a month or quarter shall record the input VAT on their exported goods and services separately in accounting entries.

The input VAT on the exported goods and services, if not feasibly recorded in separate accounting entries, shall be determined according to the proportion of the revenue of exported goods and services in relation to the total revenue of goods and services through tax periods starting from the period that succeeds the latest tax period in which tax has been refunded to the current period in which tax refund is requested.

If the amount of input VAT on exported goods and services (the amount of input VAT separately recorded and the amount of input VAT determined through the said proportion) remains at least VND 300 million after having been deducted from VAT on goods and services sold domestically, the business shall receive a refund of VAT on exported goods and services. The refunded amount of VAT on exported goods and services shall not exceed the revenue from such exported goods and services multiplied by 10 %.

- Projects and programs financed by grant ODA, grant aids or humanitarian aids shall be eligible for VAT refund;
- Entities granted diplomatic immunities and privileges as per relevant laws shall receive a refund of VAT paid, according to the VAT invoice or the receipt stating the VAT-included price on the goods and services that they purchase in Vietnam for consumption.

9.4. Export-Processing Enterprise (EPE)

Some foreign investors who specialize in commercial manufacturing to export and trade overseas without consumption in the local market, exercise their business activities under this model to benefit from tax incentives on import and export taxes as well as on value added tax of Vietnam.

However, since the EPE is entitled to tax incentives in accordance with regulations applied to free trade zones as prescribed in laws on import and export duties, the Government increasingly tightened the criteria for this enterprise model.

In order to be granted an IRC and a subsequent EPE certification, investors first need to obtain a “pre-approval” of the customs authorities confirming their compliance with the requirements with regard to a fixed fence, the installation of CCTV.

Furthermore, besides manufacturing to export and trade overseas, EPEs are entitled to sell the liquidated assets of the enterprise and other goods to the local market, in accordance with laws on investment and commerce. However, import duties, customs procedures and further requirements apply for local sales.

Due to the increasingly strict requirements for the establishment and operation of an EPE, in common practice, most investors prefer an alternative and register their project company as a “Type of export production”.

Once the project company has successfully passed the inspection of the Customs Authority, it may be entitled to tax incentives (i.e. import duties and VAT exemption for imported material, VAT refund for material purchased from the local market that are used for the production for export) similar to an EPE but without the burden of the administrative works in relation to the customs procedures required in the case of an EPE.



Employment

This chapter provides a short overview of the regulatory and practical requirements on labor regulations in Vietnam. Vietnam’s labor legislation and its implementation in practice are well developed. It covers almost all aspects of labor relations in the workplace, from the right to work to the worker’s right to organizes, from labor contracts to collective bargaining agreements, from minimum working ages to minimum wages, etc.

10.1. Working Hours, Rest Breaks During Working Hours, Holidays, Overtime

Maximum Working Hours	– 8 hours a day – 48 hours per week The State encourages employers to apply 40-hour workweeks.
Rest breaks during working hours	– At least 30 minutes break; OR – At least 45 minutes of break during nighttime – If an employee works a continuous shift of at least six consecutive hours or more, the rest of the break shall be included in the working hours. – The continuous shift working under the Labor Code is an employment practice designed for at least two people or two groups of people taking turns to work on the same working position, calculated for a period of 24 consecutive hours, and the transition time between two shifts does not exceed 45 minutes.
Paid leave (Annual leave / public holidays)	– 12 days’ paid leave; one additional day for every five years of employment – 11 public holidays; foreign employees are additionally entitled to a day off with pay on 1 traditional public holiday and 1 national day of their country – Additional days off for special occasions (marriage, death, etc.)
Overtime	– Not more than 12 working hours/day, 40 hours overtime/month and 200 hours overtime/year (in some sectors 300 hours/year with permission from DIA)

Overtime payment	– The overtime pay is at least 150 % of actual hourly wage on a normal working day, at least 200 % on a weekly day off and at least 300 % on a public holiday or paid days off (exclusive of wages of public holidays and paid days off prescribed by the Labor Code).
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10.2. Termination of Employment

The rights employees have when their labor contract is terminated depend upon the reason for termination and the type of labor contract. This affects the notice period and possible severance payments. The Labor Code is largely oriented towards the needs of the workforce and, in the case of labor disputes, is usually interpreted in favor of the employee.

The employment relationship ends in the following cases:

Basis	Prior Notice Requirement ¹	Separation Benefit	Other Requirements
Expiry of labor contract	None	Severance allowance of 0.5 months' salary for each year of employment, excluding periods covered by the statutory unemployment insurance scheme ² ("Severance Allowance")	None
Work completion			
Mutual termination			
Employees are sentenced to serve a jail term, capital punishment or is prevented from performing the job by judgement or decision of a court			
Employee dies or is declared missing or lacking legal capacity for civil acts by a court			

Basis	Prior Notice Requirement ¹	Separation Benefit	Other Requirements
Employer terminates its operation or no longer has a legal representative or an authorized person.	None		None
Foreign employee who is expelled due to judgments or decisions of courts and competent authorities in Vietnam		None	
Foreign employees whose work permit has been invalidated			
Expiry of probation without concluding a labor contract			
Unilateral termination of the Employee or the Employer	Please refer to Unilateral Termination below.		

¹This requirement means that termination must be notified a certain period ahead of it being implemented as prescribed by Vietnamese labor regulations. For bases that are not subject to the prior notice requirement, the termination can be communicated at any time that the party having the right to terminate considers appropriate and reasonable.

²Compulsory unemployment insurance has been introduced with effect as of 1 January 2009.

10.2.1. Unilateral Termination

As the regulatory framework favors the employee, terminating a labor contract is often challenging. A unilateral termination of the labor contract by the employer is only possible in very few cases after a long and burdensome procedure.

In principle, an employment relationship can only be terminated if such termination is supported by a legitimate reason and by observing the applicable notice period.

The statutory minimum notice periods depend on the type of labor contract:

- Definite-term contracts of less than 12 months: 3 working days
- Definite-term contracts: 30 calendar days
- Indefinite-term contracts: 45 calendar days
(“Normal Notice Period”)

In some special industries and trades as well as for special jobs (e.g., enterprise manager), the statutory minimum notice periods shall be as follows:

- Definite-term contracts of less than 12 months:
At least equal to a quarter of the term of the labor contract
- Definite-term contract and Indefinite-term contract: 120 days
(“Special Notice Period”)

TERMINATION BY EMPLOYER³

Basis	Lawful reason triggering the unilateral termination of the Employee: – Poor performance of the employee; – Prolonged illness of the employee; – Force Majeure events that lead to the reduction of labor force due to a scale-down of business; – Employee reaches the retirement age; – Employee provided untruthful information;	– Employer conducts restructuring; – Technological change; – Economic reasons; – Merger; – Acquisition; – Consolidation or – Division
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Basis	– Employee is absent from the workplace following a temporary suspension of labor contract; – Employee is absent from the workplace without legitimate reason for 5 consecutive working days or more	
Prior Notice Requirement ⁴	Applicable notice period required	Notice to the trade union and the DIA where the employer is located
Separation Benefit	Severance Allowance ⁵	Job-loss allowance of one month' salary for each year of employment, excluding periods covered by the statutory unemployment insurance scheme, and in any case not less than two months' salary
Other Requirements	In case of termination due to the poor performance of the employee: Criteria for assessing the work, completion should be provided in a separate performance assessment policy issued by the employer, consulting the Organization representing the employees at grassroots level (if any) in advance.	A labor usage plan must be developed, consulting the Organization representing the employees at grassroots level (if any) in advance and giving prior notice of 30 days to the People's Committee of the province and to the employees.

³ Termination by an employer is not allowed in any of the following situations:

- Employees have been on leave for treatment due to sickness or accident;
- Employees are on leave as permitted by the employer.
- Pregnant employee; or
- Employee is on maternity leave or is raising a child under 12 months old.

⁴ This requirement means that termination must be notified a certain period of time ahead of it being implemented as prescribed by Vietnamese labor regulations. For bases that are not subject to the prior notice requirement, the termination can be communicated at any time that the party having the right to terminate considers appropriate and reasonable.

⁵ Except for the cases in which the employee is entitled to receive retirement pension as prescribed by social insurance laws, and the cases in which the employee is absent from the workplace without legitimate reason for five consecutive working days or more.

TERMINATION BY EMPLOYEE

Basis	At employee' s discretion	Lawful event triggering the unilateral termination of the Employee.
Prior Notice Requirement ⁴	Normal Notice Period	None
Separation Benefit	Severance Allowance	Severance Allowance
Other Requirements	None	None

10.2.2. Bilateral Termination

Finally, an employment relationship can be terminated by a termination agreement. In contrast to dismissal, the termination contract is the most common and most viable option for terminating the employment relationship.

In practice, unilateral termination of employment may be troublesome and time consuming. A mutual termination agreement between the employer and the employee is often used. This helps to avoid any dispute that may arise or any shortcoming of the termination procedure. The employer and employees may reach agreements on the date of termination, severance payments, etc. The time required to comply with termination procedures is reduced significantly when resolved through mutual agreement.

10.3. Minimum Wage and Reference Level

Vietnam currently applies two different wage regimes simultaneously, the BASIC MINIMUM WAGE and the REGIONAL MINIMUM WAGES. While currently Basic Minimum Wage sets the base for calculation for the cap of social insurance and health insurance and the salary for state-employees, the regional minimum wages play an important role in setting the minimum wage of non-state employees as well as the base for the cap of unemployment insurance.

From 01 July 2025, REFERENCE LEVEL will replace the Basic Minimum Wage to be applied for the calculation for the cap of social insurance and health insurance.

- Basic Minimum Wage: The Basic Minimum Wage is 2,340,000 VND per month and applied across the country.
- Reference Level: Until the "basic minimum wage" is officially phased out, the "reference level" will match the current base salary rate, which has already been increased to 2,340,000 VND.
- Regional Minimum Wages: As the cost of living varies, the Vietnam government divides the Regional Minimum wages into four groups to reflect the economic realities.

From 01 July 2024, regional minimum wages are between minimums of 3.54 million VND (approx. 137 US Dollars) to 4.96 million VND (approx. 192 US Dollars), as follows:

REGION	Cities	MINIMUM WAGE/MONTH
Region I	Parts of Hanoi and HCMC, Dong Nai Province, Vung Tau Province, Binh Duong Province, ...*	4,960,000 VND
Region II	Remaining districts of Hanoi and HCMC, Da Nang, Hung Yen Province, Hue province, Can Tho, Rach Gia, ...*	4,410,000 VND
Region III	Remaining provincial cities, ...*	3,860,000 VND
Region IV	Covers the remaining administrative divisions	3,450,000 VND

*For more detailed information cf. appendix Decree No. 74/2024/ND-CP; defined as per July 01, 2024

The Government is proposing a draft decree to amend and replace the regulation on Regional Minimum Wage in Decree 74/2024/ND-CP. The draft decree is expected to be effective from 01 July 2025 with new arrangement on Regions and Regional Minimum Wage.

10.4. Compulsory Social Insurance, Health Insurance, Unemployment Insurance and Trade Union Fees

Vietnam has a compulsory social, health and unemployment insurance scheme. Contributions are to be borne by both, the employer and the employee. From 01 July 2025, the basis for calculating the contributions is the reference level (capped at 20 times the reference level at the time of payment for social insurance / health insurance, and 20 times the minimum regional wage for unemployment insurance).

An employer is obliged to withhold the employee's portion of the insurance contribution from the salary of the employee, and to transfer the amount together with the employer's portion to the insurance carrier.

The contribution rate to the Trade Union funds is set at 2 % of the salary funds for Social Insurance contributions for employees. This fee must be paid into the Trade Union funds once per month.

10.5. Internal Labor Rules (ILR's)

An enterprise with 10 employees or more must provide written Internal Labor Rules (“**ILR**”) covering all important items of the working environment. The written ILR comes into effect through registration with DOLISA. In case there is an organization representing the employees at the grassroots level (i.e., internal labor union and/or any organization established on a voluntary basis by the employees at the company), the employer must consult with such organizations.

If an employer employs less than 10 employees, it is not required to register a written ILR, but the regulations regarding labor discipline and material responsibility need to be comprised in the labor contracts.

Well-worded ILRs are important for the employer to be able to take disciplinary actions against employees, or to terminate labor contracts in case of poor performance. It is difficult for an enterprise to dismiss an employee for an offense if this offense is not specified in the ILR, or if the enterprise does not have duly registered ILR.

An employee who breaches the ILR may, depending on the seriousness of the breach, be disciplined. The limitation period for dealing with a breach of labor discipline is 6 to 12 months, depending on the violation.

10.6. Trade Union

There is a multilevel system of trade unions in Vietnam, which ranges from the Vietnam General Confederation of Labor (VGCL) as an umbrella Organization, to the unions at grassroots level.

Apart from collective negotiations, trade unions fulfill such tasks at company level which are taken over by the works council in other countries. Unlike in some European countries, trade unions in Vietnam are not entitled to participate in management decisions and presently have no right to be informed about the economic performance of the enterprise.

Employers are not obliged to establish a trade union, but they assume the responsibility of creating a favorable environment for their establishment. In order for a trade union at enterprise level to be established, five or more employees must unite and request for a voluntary participation in the Vietnamese union. Employers must provide the union in their enterprise with a suitable workplace and adequate facilities. Union officers are entitled to a certain paid time off, in order to fulfill their functions.

The compulsory trade union fee equals 2 % of the total salary volume for the social insurance contribution of all employees per month and has to be paid to the trade union's account, in which 75 % of the trade union fee will be returned to the grassroots union of the company.

Employees who joined the grassroots union of the company are also obliged to pay the trade union member fee, equivalent to 1 % of the salary volume taken as a basis for social insurance contribution.

70 % of the trade union member fee will be returned to the grassroots union of the company.

Arbitration

Recently, arbitration has increasingly emerged in Vietnam as an appealing legal technique to settle foreign and domestic disputes. Specifically, arbitration is a preferred dispute resolution mechanism for its confidentiality and time-saving advantages compared to court litigation.

Arbitrators in Vietnam have a high degree of experience as they are chosen from a group of professionals with specialized knowledge of a certain trade or business, strengthening businessmen's confidence and trust in the procedures and the ultimate award. Arbitration award also has a high chance to be enforced in practice as it is legally binding upon the disputing parties and can only be annulled or set aside under very limited circumstances.

As of November 2024, the Ministry of Justice of Vietnam reported that after nearly 15 years, based on the Commercial Arbitration Law of 2010 and Resolution 01/2014/NQ-HĐTP dated March 20, 2014, the arbitration institution in Vietnam had developed quite strongly in terms of quantity with nearly 50 arbitration centers nationwide. The first and most prominent institution is the Vietnam International Arbitration Center (VIAC) located at the Vietnam Chamber of Commerce and Industry since 1993, with offices both in Hanoi and Ho-Chi-Minh- City.

According to the 2023 statistics revealed by the VIAC, the number of new arbitration cases administered by the VIA had grown by 46.2 % from 2022. By the end of 2023, VIAC has handled 2,940 cases. In which, the proportion of domestic disputes is 46.12 %, disputes with at least one FDI enterprise account for 31.45%, and disputes with foreign elements constitute 22.43 %. In 2023, parties filed claims across a wide range of sectors, with the Real Estate and Sale of Goods sectors taking the lead with 26.2 % and 21.2 % respectively.

11.1. Drafting an Arbitration Clause

To submit a dispute to arbitration in Vietnam, the disputing parties must enter into an arbitration agreement. According to the Law on Commercial Arbitration 2010, an arbitration agreement must be in writing and must clearly reflect the parties' mutual consent to resolve their dispute through arbitration. The agreement can take the form of an arbitration clause within a contract or as a separate agreement, and it may be concluded either before or after a dispute arises.

Written form is broadly defined and includes agreements made via traditional written contracts, as well as those formed through exchanges of telegrams, faxes, emails, or other means permitted by law. References to documents containing an arbitration clause, or exchanges of petitions and statements acknowledging the existence of an arbitration agreement, are also recognized as valid written forms.

Where the parties to an agreement have included an arbitration clause, the Vietnamese courts are generally required to decline jurisdiction over disputes covered by that agreement. In other words, if the parties have chosen arbitration as their method of dispute resolution, the court must respect this choice and refrain from intervening, except in specific circumstances as provided by law. Such exceptions include, for example, where the arbitration agreement is invalid, the designated arbitration center has ceased operation, or the arbitral award has been set aside by the court.

To avoid unnecessary court intervention and ensure the effectiveness of the arbitral process, it is essential to draft a clear and comprehensive arbitration clause in the contract.

Failure to do so may result in procedural complications, and, in some cases, an arbitral award may be set aside or refused enforcement if it contravenes fundamental principles of Vietnamese law or if the arbitration agreement is deemed invalid. Most arbitral institutions provide model arbitration clauses, which parties may adapt to suit their specific needs.

11.2. Conduct of Arbitration

A party wishing to initiate arbitration at an arbitration center must submit a Request for Arbitration along with all relevant supporting documents to the arbitration center. Upon receipt, the arbitration center is required to promptly send copies of the claimant's petition and enclosed documents to the respondent.

The respondent must then submit a Statement of Defense to the arbitration center within the time frame prescribed by the applicable arbitration rules or the arbitration agreement. Additionally, the respondent may file a counterclaim against the claimant. The counterclaim may be submitted together with the Statement of Defense either to the arbitration center or directly to the arbitral tribunal.

Following an initial review and verification of the submitted documents, the arbitral tribunal may proceed to conduct hearings. When the tribunal determines that no further relevant documents or evidence remain to be submitted, it shall declare the hearing to be the final hearing.

The arbitral award must be rendered within 30 days from the date of the final hearing, in accordance with the Commercial Arbitration Law. Furthermore, the Law on Commercial Arbitration allows the parties to negotiate and mutually agree to terminate the dispute settlement process at any time prior to the issuance of the arbitral award.

11.3. Applicable Law

Under the Commercial Arbitration Law 2010, the arbitration tribunal determines the applicable law primarily based on the parties' choice and the nature of the dispute. For disputes without any foreign element, Vietnamese law will apply by default to resolve the matter. In contrast, for disputes involving foreign elements—such as when a party is foreign, or the relationship's formation, modification, performance, or termination occurs abroad, the law chosen by the parties will govern the dispute.

If the parties have not agreed on the applicable law, the arbitral tribunal has the authority to select the law that it deems most appropriate to settle the dispute. Additionally, if the chosen law or Vietnamese law lacks specific provisions relevant to the dispute, the tribunal may apply international practices, provided that such application does not violate the fundamental principles of Vietnamese law.

This approach balances party autonomy with the tribunal's discretion, ensuring that disputes are resolved under a legal framework suitable to the circumstances while respecting Vietnamese legal principles

11.4. Recognition and Enforcement of an Arbitral Award

In Vietnam, the recognition and enforcement of foreign arbitral awards are governed by the 2010 Commercial Arbitration Law (LCA), the 2015 Civil Procedure Code (CPC), and Vietnam's accession to the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards.

11.4.1. Recognition and Enforcement Process

Foreign arbitral awards must be recognized by a provincial People's Court in Vietnam before enforcement, typically where the debtor is based or assets are located.

Vietnam acceded to the New York Convention in 1995, and its provisions are reflected in CPC. Thus, awards from Convention member countries are recognized and enforced under its terms.

For non-member countries, enforcement is based on reciprocity. Applications must be filed within three years from when the award becomes final, with exceptions for force majeure or objective obstacles.

11.4.2. Grounds for Refusal

The grounds for refusing recognition and enforcement under Vietnamese law closely mirror those under the New York Convention (Article V) such as invalidity of the arbitration agreement under the applicable law, recognition or enforcement would be contrary to Vietnam's public policy or fundamental principles of Vietnamese law, the award deals with matters beyond the scope of the arbitration agreement, etc.

11.4.3. Effect of Recognition

Once recognized by a provincial People's Court, a foreign arbitral award has the same legal effect as a Vietnamese court judgment and can be enforced by the civil judgment enforcement authority.

11.4.4. Non-Foreign Arbitral Awards

Domestic arbitral awards (non-foreign) are fully enforceable unless there are valid grounds for cancellation.

The award creditor may request enforcement through the provincial civil judgment enforcement authority, which will verify whether any cancellation requests have been filed before proceedings.

This framework ensures broad recognition and enforcement of arbitral awards in Vietnam, aligned with international standards and subject to procedural safe.



Public Procurement

Vietnam's legal framework for public procurement and investment bidding has undergone significant reforms in recent years, culminating in the implementation of the **Law on Bidding 2023**, effective from **January 1, 2024**, and further amended in 2025. The transformation will make it more transparent, efficient, and digitalized, making it easier than ever for foreign participants to engage in projects funded by the state budget, official development assistance (ODA), or carried out through Public-Private Partnerships (PPP).

12.1. Foreign Participation in Bidding

Foreign entities are permitted to participate in international bidding under the new law except for certain cases such as sectors with limited market access for foreign investors under Vietnamese law, projects with total investment under VND 800 billion.

When eligible, foreign investors can participate through (i) wholly foreign-owned enterprises, (ii) joint ventures with local partners or (iii) public-private partnerships (PPP).

12.2. Preparation for Contractor Selection

A bidder may participate in the tender if they are legally eligible under both Vietnamese law and the law of their home country. Specifically, a foreign bidder without a local presence is required to either form a joint venture with a local bidder or subcontract to local bidders, unless no qualified local bidders are available.

In addition, foreign bidders that win the bid or are selected to perform construction activities may be required to obtain a contractor license, depending on the requirements of the relevant specialized sector.

12.3. Conduct of Contractor Selection

Bidding activities are increasingly conducted through the NEPS - a centralized platform for managing procurement data and bidding procedures.

Open bidding and competitive offers are the most commonly used selection methods in Vietnam. Open bidding is open to all qualified bidders, while competitive offers are typically applied to simpler packages with a value of less than VND 5 billion. Other methods are used only in specific or exceptional circumstances.

12.4. Bid Evaluation

Depending on bidding package requirements, bidders submit both technical and financial proposals using one of the following bidding procedures: Single-envelope, Single-stage Two-envelope, Two-stage Single-envelope, or Two-stage Two-envelope.

The procuring entity evaluates and ranks bidders (if multiple bidders qualify) based on the criteria and requirements set out in the bidding documents, considering submitted bids and any clarifications provided.

12.5. Contract Negotiation and Signing

Contract negotiations are first conducted with the top-ranked bidder. If no agreement is reached, the next in line may be invited. The result is published on the NEPS and sent in writing to all participants. The selected contractor proceeds to sign the official contract and implement the package.

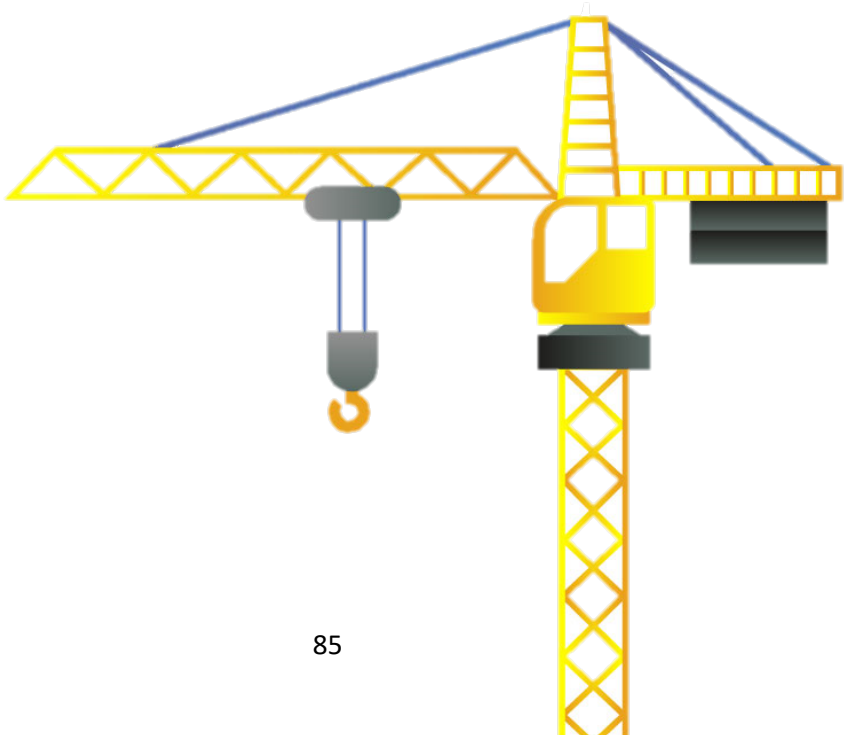
12.6. Subcontractors

A foreign bidder may participate in a bidding in Vietnam as a subcontractor, subject to approval by the project owner. Vietnamese law classifies subcontractors into two categories:

Specified subcontractors: Proposed by the main contractor to handle key tasks and must meet qualification requirements in the bidding documents; replacement requires the project owner's approval.

Ordinary subcontractors: Selected and contracted by the main contractor based on appropriate capacity and experience for the assigned work.

There is no legal cap on subcontracted work, but it must follow the scope and maximum value in the relevant bidding documents.



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