

Doing business in Vietnam

2025



Table of Content

01	Foreword	03
	I. Country Profile	05
	Key Statistics and Facts	06
	Politics	07
	Economy	08
	Society	10
	Technology	12
	Environment	13
02	II. Vietnam's Economy	14
	Recent economic landscape	15
	Vietnam's strategy amid new trade pressures	20
	ESG landscape in Vietnam	24
	Capital market and M&A market	26
03	III. Key Sectors for Investment in Vietnam	29
	Manufacturing	30
	Renewable Energy	33
	Information Technology	35
04	IV. Establishing in Vietnam	37
	V. Accounting and Audit	43
	VI. Taxation	50
	Corporate Income Tax (CIT)	52
	Transfer Pricing (TP)	58
	Valued-Added Tax (VAT)	59
	Personal Income Tax (PIT)	63
	Foreign Contractor Tax (FCT)	68
	Avoidance of Double Taxation Agreement (DTA)	71
	Other taxations	72
	VII. Labour	74
05	About Grant Thornton (Vietnam) Limited	80

NOTE: This guide herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is still accurate as of the date this guide is received or will continue to be accurate in the future. When specific problems occur in practice, it will often be necessary to refer to the laws and regulations of Vietnam and to obtain appropriate professional advice. Should you require additional professional guidance, we are more than willing to provide consultancy and ascertain where we can be of assistance.

Foreword

Vietnam's economy demonstrated remarkable resilience in 2024, posting a GDP growth of 7.09% as its key growth engines - domestic consumption, exports, and foreign direct investment (FDI) - gradually recovered. This performance was supported by consistent government efforts across both policy design and implementation, helping sustain momentum despite global volatility. However, 2025 brings a more complex landscape. Rising trade tensions, particularly following the recent U.S. tariff announcement, have added new pressure on Vietnam's growth trajectory. This is a challenging moment, but also a pivotal one. It presents an opportunity for Vietnam to strengthen internal capacity through sweeping institutional reform, empower the private sector as a core growth driver, and move further up the global value chain by attracting higher-quality FDI and advancing value-added production.

For investors, Vietnam remains a dynamic and strategic destination. But as the country shifts towards deeper structural transformation, navigating the evolving business environment requires sharper insight and preparation. This guide aims to support that journey by providing practical, up-to-date information on the legal framework, regulatory procedures, and key sectors shaping Vietnam's investment landscape in 2025.

Nguyen Chi Trung

CEO and Managing Partner





We are honoured to have The Investment and Trade Promotion Centre of Ho Chi Minh City (ITPC) as our partner to bring forward this publication and provide valuable insights to those exploring opportunities in Vietnam's evolving market.

The Investment and Trade Promotion Centre of Ho Chi Minh City (ITPC)

ITPC is a government agency under Ho Chi Minh city's People's Committee, tasked with promoting trade, attracting investment, and supporting businesses in one of Vietnam's most dynamic economic hubs. With a strong network, extensive experience, and a deep understanding of both domestic and international markets, ITPC serves as a vital bridge between global investors and local opportunities.

Contact information

Address: 51 Dinh Tien Hoang, Da Kao Ward,
District 1, Ho Chi Minh City
Tel: (84-28) 38236738 - 39101304
Fax: (84-28) 38242391
Email: itpc@itpc.gov.vn

Country Profile

Key Statistics and Facts

Location

Located in Southeast Asia, bordering China, Laos, Cambodia, and the East Sea



Climate

Humid subtropical in the north and tropical in the central and south regions



Time zone

In the Indochina Time Zone (ICT), UTC +7, with no daylight-saving time



Total area
331,338 km²



Land
93.6%



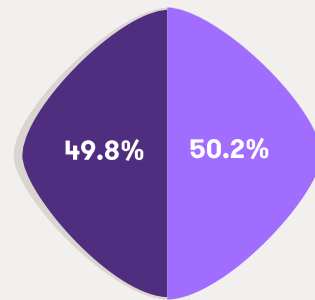
Water
6.4%



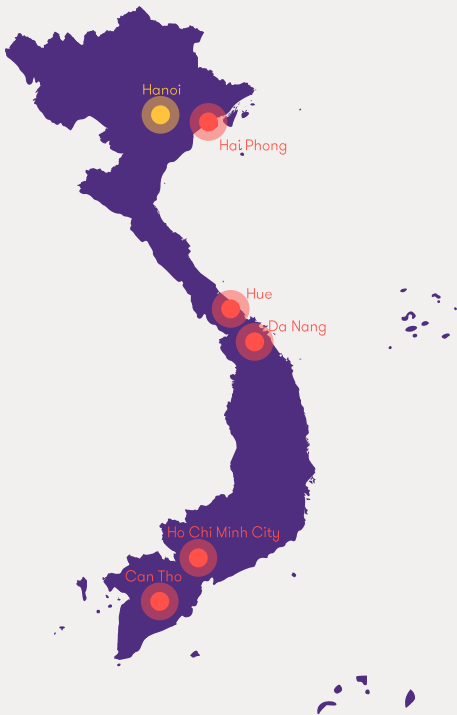
Population (2024)
101.1 million

Vietnam's population ranks 16th in the world and 3rd in Southeast Asia

- Age below 15 - 23.3%
- Age 15-64 - 67.4%
- Age above 65 - 9.3%



◀ Male ▶ Female



Under Resolution No. 60-NQ/TW dated 12 April 2025, Vietnam will reduce its number of provincial-level administrative units from 63 to 34, including six centrally governed cities.

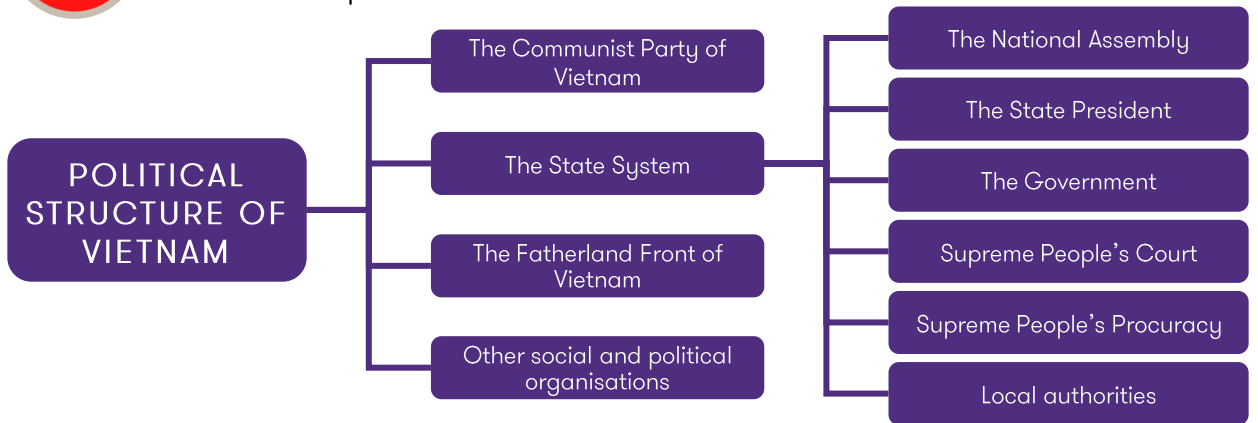
- **Hanoi (Capital)**
Population: 8.7 million
- **Hai Phong**
Population: 4.1 million
- **Hue**
Population: 1.2 million
- **Da Nang**
Population: 2.8 million
- **Ho Chi Minh City**
Population: 13.6 million
- **Can Tho**
Population: 3.2 million

(Source: Vietnam's National Statistics Office (NSO), Vietnam's Ministry of Agriculture and Environment (MAE), Vietnam Government Portal)

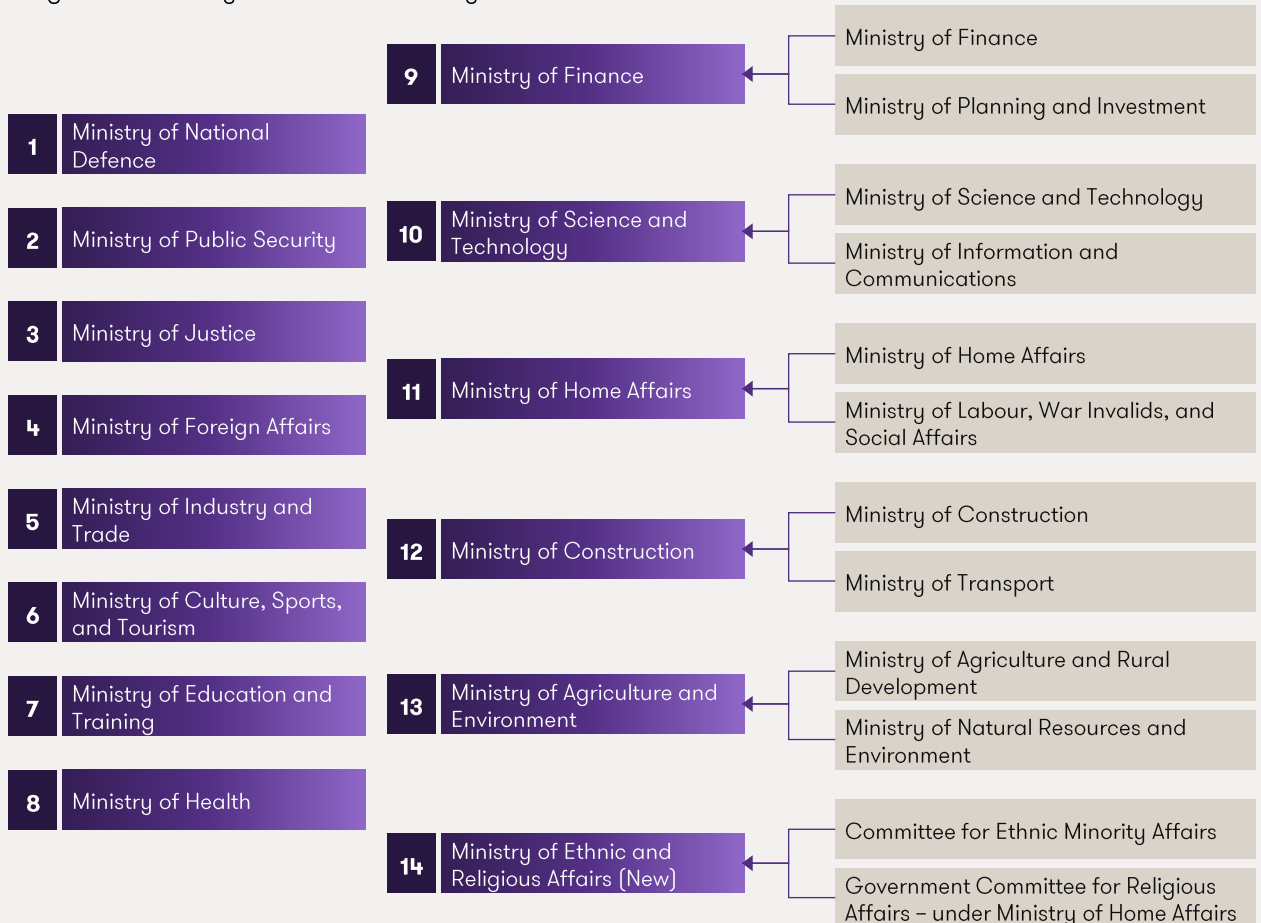
Politics



Form of Government Socialist Republic



In 2025, the **Resolution No. 176/2025/QH15** was issued, seeking to streamline the Government’s organisational structure by reducing the number of ministries to 14 and keeping only 3 ministry-level agencies. The ministry-level agencies include: the Office of the Government, the Government Inspectorate, and the State Bank of Vietnam (SBV). The 14 new ministries include some that have been merged and 1 newly established ministry.



[Source: Vietnam Government Portal]

Economy

Macroeconomic overview



GDP Growth (2024)
7.09%



Income Status
Lower-middle income



Growth of Three Economic Sectors (2024)



GDP per capita (2024)
USD 4,700

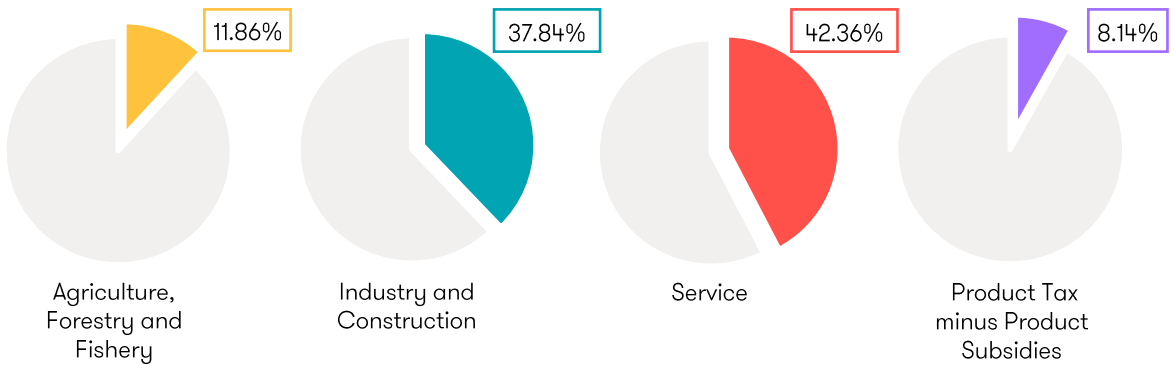


CPI Growth (2024)
3.63%

- Agriculture, Forestry and Fishery
+ 3.27%
- Industry and Construction
+ 8.32%
- Service
+ 7.38%

• Core inflation: 2.71%

Economic Structure



Foreign direct investment (2024)

USD 38.23 billion
Total registered capital

USD 25.35 billion
Disbursed capital

114 countries and territories
Invested in Vietnam

Top Invested Regions 2024



Singapore



Republic of Korea



China



Hong Kong



Japan



Taiwan

Top Invested Sectors 2024



Manufacturing and processing



Real estate



Electricity production and distribution



Wholesale and retail

[Source: NSO]

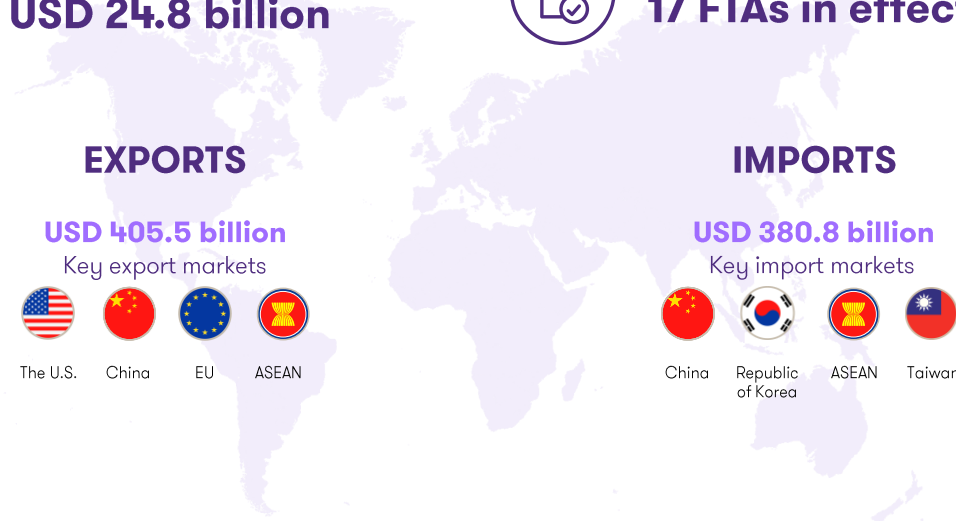
International trade



Trade Surplus (2024)
USD 24.8 billion



Free Trade Agreements (FTA)
17 FTAs in effect



EXPORTS

USD 405.5 billion

Key export markets



IMPORTS

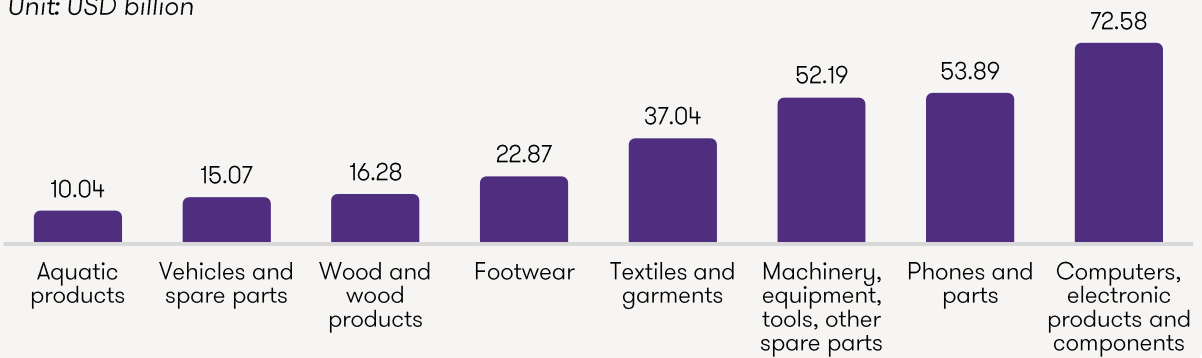
USD 380.8 billion

Key import markets



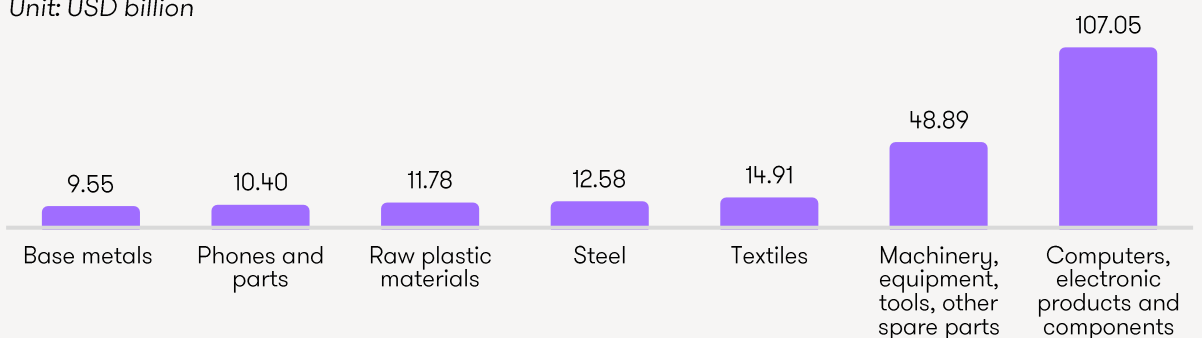
Top export products of Vietnam in 2024

Unit: USD billion



Top import products of Vietnam in 2024

Unit: USD billion



(Source: NSO, Vietnam's Ministry of Industry and Trade (MoIT))



Society

Labour and employment

LABOUR FORCE (2024)



53 million

Working-age population

Labour force participation rate: 68.9%



28.3%

Trained labour with qualifications

UNEMPLOYMENT (2024)

2.24%

Unemployment rate
(▼0.04% from 2023)

7.83%

Youth unemployment rate
(15-24 years old)

Living standards

VND 7.7 million per month

Worker's average income



Urban area

VND 9.3 million per month



Rural area

VND 6.7 million per month

Cost of living

Top cities and provinces with highest spatial cost of living in Vietnam in 2024 (Hanoi = 100%)

1

Hanoi

100%

2

Quang Ninh

99.94%

3

Ho Chi Minh City

99.80%

4

Hai Phong

98.43%

5

Da Nang

98.21%

6

Dong Nai

98.13%

[Source: NSO]

Business etiquette

Greetings

- A handshake is the most common greeting in business settings
- A slight bow or nod is often combined with a handshake
- When not shaking hands, a respectful nod and smile is appropriate



Business meetings

- Schedule face-to-face or online meetings at least a week in advance
- In the first meeting, always read a business card before putting it away
- Be prepared for post-meeting gatherings



Addressing Vietnamese

- The name order in Vietnam is: family name, middle name, given name
- It is customary to address people by their given name
- Use titles like Mr., Mrs., or Ms., and professional titles if relevant



Gift giving

- Gift-giving is common during special occasions and business meetings
- Gifts need not be expensive but should be thoughtful
- Gifts are typically not opened in front of the giver to show respect

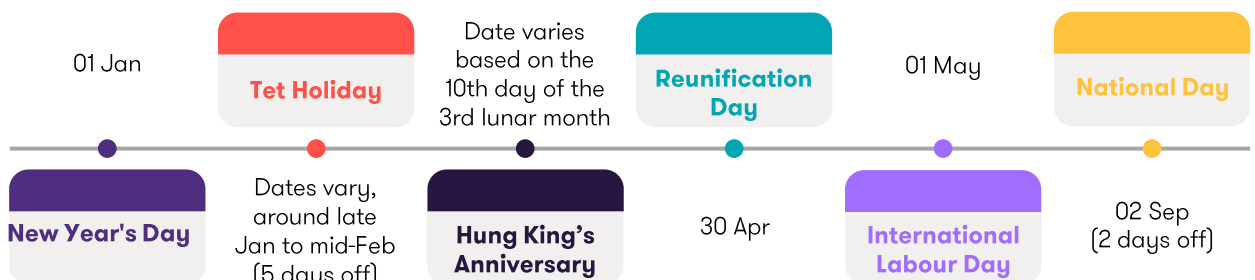


Business attire

- Business attire balances tradition and modern professionalism
- Men typically wear shirts with trousers, or suits for formal settings
- Women usually wears formal blouses with skirts or trousers, or dresses



Public holidays



Technology

Internet resources

4G coverage	5G coverage	Internet Usage Rate	Social Media Users
99% of the population is covered	Available in 34/34 provinces and cities (primarily in urban areas)	Around 78.8% of the population has Internet access	About 75.2% of the population uses social media

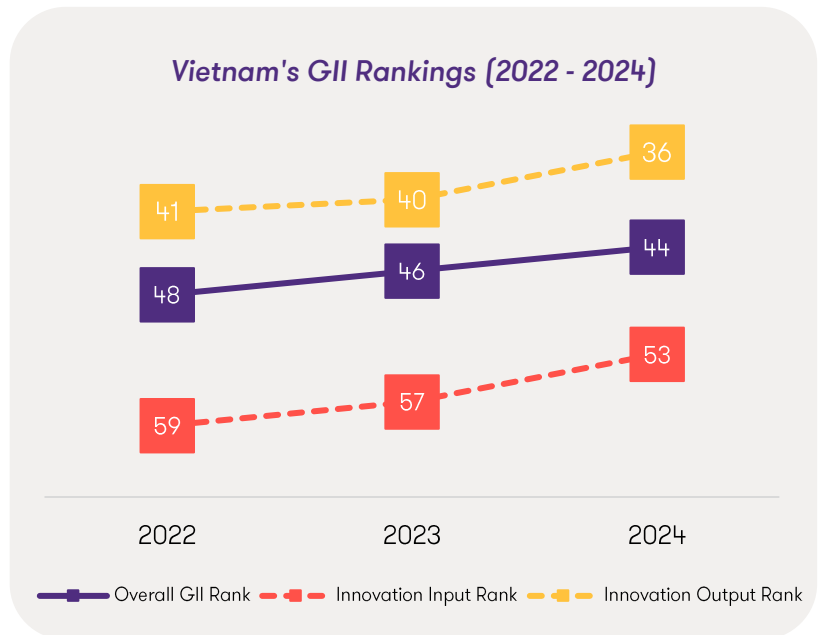
Innovation

44/133

Vietnam's Global Innovation Index (GII) Rankings (2024)

(*) The Global Innovation Index (GII) measures a country's innovation performance through two sub-indices:

- Input: innovation enablers like institutions, education, and infrastructure
- Output: results such as knowledge, technology, and creativity



Public sector technology adoption

71/193

Vietnam's E-Government Development Index (EGDI) Ranking (2024)

In the 2024 UN E-Government Development Index (EGDI), Vietnam ranked 71 / 193, rising 15 places since 2022 – the country's highest-ever position, and the first time reaching the "Very High" EGDI group. Vietnam's EGDI score was 0.7709, above the global (0.6382), Asian (0.6990), and Southeast Asian (0.6928) averages.

[Source: NSO, Vietnam's Ministry of Science and Technology (MoST), DataReportal]

Environment

Natural resources

Forest resources

Nationwide forest coverage rate (2024)



Forest area (including forest area not meeting the criteria for calculating the coverage ratio): 14,860,309 hectares (ha)

- Natural forest: 10,129,751 ha
- Planted forest: 4,730,557 ha

Mineral resources



Energy minerals

- Petroleum and gas
- Coal
- Geothermal



Industrial minerals

- Apatite, barite, graphite
- Kaolin, quartz



Metallic minerals

- Bauxite, rare earths
- Titanium, tungsten
- Chromite



Construction materials

- Limestone, clay, sand
- Decorative stones

Water resources

3,450 rivers and streams

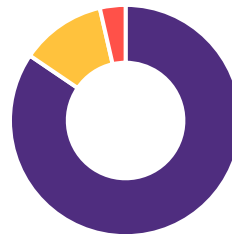
Two most important river basins are the Mekong Delta in the south and the Red River Delta in the north

935.9 billion m³/year

Estimated total amount of freshwater Vietnam naturally has access to each year on average, from both surface and underground sources

Land resources

Breakdown of land use in Vietnam



Agricultural land (84.49%)

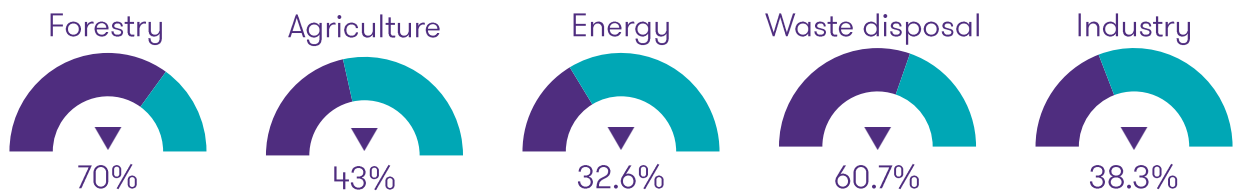
Non-agricultural land (11.92%)

Unused land in Vietnam (3.59%)

Vietnam's commitment to Net Zero - key goals by 2030

Set out in the National Climate Change Strategy to 2050 (NCCS) of Vietnam

By 2030, Vietnam aims to reduce total greenhouse gas emissions by 43.5% compared to the business-as-usual scenario. This national target is broken down by sector as follows:



[Source: MAE, Vietnam Government Portal]

A high-angle photograph of a lush green tea plantation. The tea bushes are arranged in neat, curved rows that follow the contours of a hillside. Three workers, wearing traditional conical hats and green shirts, are seen tending to the plants. The background shows more of the plantation stretching into the distance under a clear sky.

Vietnam's Economy

Recent economic landscape

2024 overview: Rebuilding momentum after a tough year

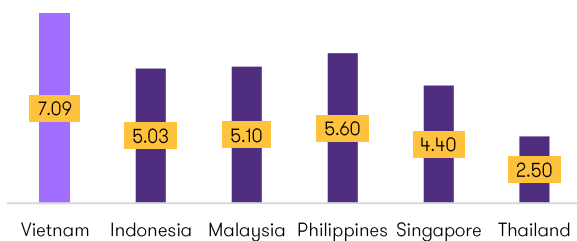
Despite facing significant challenges, including global economic slowdown and geopolitical tensions, coupled with domestic hurdles such as the stagnant real estate sector and natural disasters like typhoon Yagi, Vietnam's economy has continuously proven its resilience, showcasing a strong rebound with GDP growth reaching 7.09% in 2024, a notable improvement from the 5.05% recorded in 2023. This figure not only surpasses the target set by the National Assembly at 6.0-6.5% but also marks a strong performance during the period from 2020-2024, second only to the 8.02% growth in 2022.

In nominal terms, Vietnam's GDP reached around USD 476.3 billion, with GDP per capita rising to around USD 4,700, increasing by USD 377 over the previous year. With this, Vietnam reinforced its position among the top 40 largest economies globally, continuing its steady climb in global economic rankings.



2024 GDP growth rate of ASEAN-6 countries

Unit: %



Vietnam's growth was underpinned by the contribution of all three economic sectors:

- Industry and construction grew by 8.24%, contributing 45.17% to overall GDP growth
- Services expanded by 7.38%, contributing the largest share at 49.46%
- Agriculture, forestry, and fishery grew by 3.27%, contributing 5.37%

Behind the remarkable growth figure in 2024 are two key forces, which are (1) the gradual recovery of traditional growth pillars and (2) the proactive role of the Vietnamese government through public investment and strong support policies.

The three pillars of resilience: consumption, exports, and foreign investment

Firstly, domestic consumption played a significant part in driving Vietnam's economy in 2024. It was reported that total retail sales of goods and consumer services at current prices recorded VND 6,391 trillion, marking a 9% increase compared to 2023. This positive performance is largely driven by rising household incomes, the value-added tax (VAT) reduction policy, and various discount and consumer stimulus programmes, which effectively boosted personal spending, particularly during festive seasons and the year-end period. The significant rise of e-commerce in Vietnam also positively impacted overall consumption. According to YouNet ECI, Vietnam's e-commerce market expanded by an impressive 40% in 2024. This growth outpaced that of traditional retail, reflecting the increasing preference for online shopping. The growth of e-commerce is a promising indicator, as the convenience of online shopping is likely to drive higher consumer spending by offering greater flexibility in purchasing.

The tourism sector's recovery was also a major force in boosting consumption. Tourism revenue in 2024 reached VND 62.5 trillion, growing by 16% year-on-year. International tourist arrivals to Vietnam exceeded 17.5 million, a surge of 39.5% from 2023. This rebound in tourism had a spillover effect on several domestic service sectors, including accommodation and catering, transportation, retail, and other services, further benefiting the overall economic recovery.

Retail sales of goods and consumer service revenue 2024

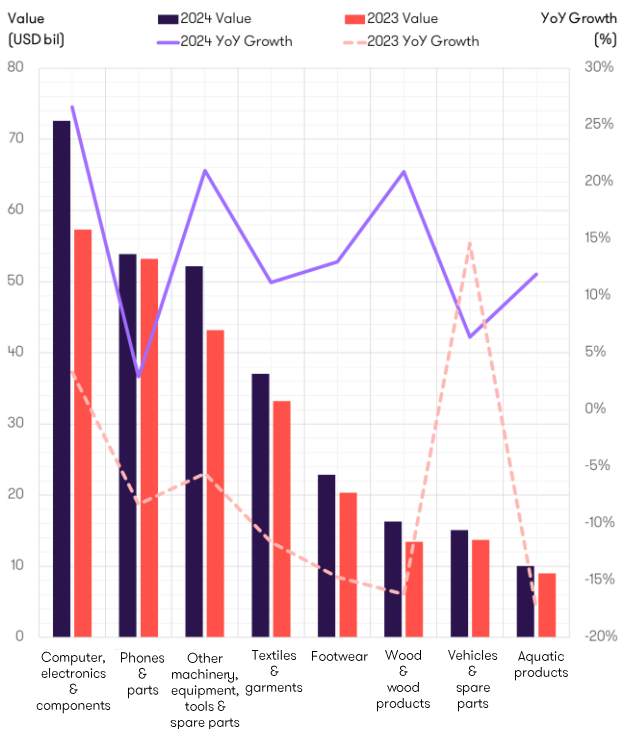


(Source: NSO, Indonesia's Badan Pusat Statistik (BPS), Department of Statistics Malaysia (DOSM), Philippine Statistics Authority (PSA), Singapore's Ministry of Trade and Industry (MTI), Thailand's National Economic and Social Development Council (NESDC), YouNet ECI)

Secondly, exports, after a challenging 2023, saw a gradual improvement in 2024, continuing to play a key role in the country's economy. Vietnam's total trade turnover in 2024 reached USD 786.29 billion, in which export turnover recorded a rise of 14.3% year-on-year to USD 405.53 billion. Exports continued to outperform imports, resulting in a trade surplus of USD 24.77 billion for Vietnam. Moreover, despite the headwinds carried over from 2023, Vietnam's exports reached a significant milestone last year, as the total value of goods surpassed the USD 400 billion mark for the first time.

The rebound in exports was broad-based. Key products of Vietnam, such as electronics, machinery, garments, footwear, wood products, and aquatic products all witnessed positive growth after a difficult 2023, when many of these sectors suffered declines due to weak global demand. The recovery in 2024 reflected both an improvement in the external market conditions and Vietnam's proactive efforts to overcome hurdles and strengthen its export industries.

Performance of Vietnam's key exports in 2023 and 2024

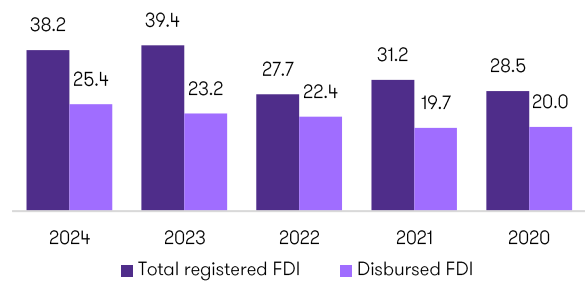


[Source: NSO, MoIT]

Foreign direct investment (FDI) inflows in 2024 continued to highlight Vietnam's appeal as a business destination. The country recorded a total of USD 38.23 billion in registered FDI, a 3% decline year-on-year. While this drop points to a slowdown in investment flows in the latter part of the year, the figure remains impressive by historical levels, especially when compared to the past five years. In addition, disbursed FDI reached USD 25.35 billion, up 9.4% year-on-year, which is the highest figure ever recorded.

FDI into Vietnam from 2020-2024

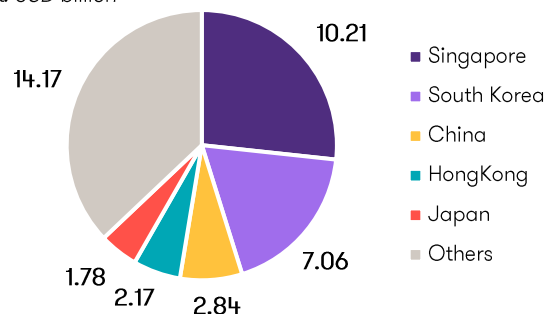
Unit: USD billion



Throughout the year, Vietnam attracted investments from 114 countries and territories, with Asian nations remaining the primary sources of capital. By sector, the manufacturing industry continued to dominate, attracting USD 25.58 billion, accounting for nearly 70% of the total registered capital. The highlight of the FDI attraction scene last year was Vietnam's assertive efforts in engaging with semiconductor and high-tech companies, such as Nvidia, Intel, Synopsys, Qualcomm, Infineon, Amkor, etc. These companies have announced plans for investment and expansion. In December, the Chairman of Nvidia officially signed a cooperation agreement with Vietnam to establish an AI Research and Development centre (R&D) and an AI data centre.

Top sources of FDI into Vietnam in 2024

Unit: USD billion

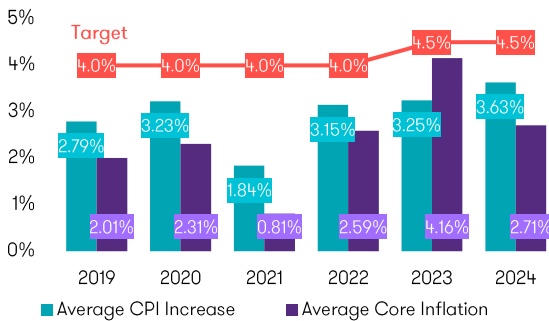


Public investment and strong support policies

Aside from the recovery of Vietnam's traditional growth drivers, the economy was also actively shaped by a government that pursued a flexible and coordinated policy response across monetary, fiscal, and structural reform fronts.

With businesses being faced with difficulties in the previous year, the State Bank of Vietnam (SBV) moved proactively to support firms while maintaining inflation stability. After a series of rate cuts in 2023, the SBV kept an accommodative stance throughout 2024, maintaining the refinancing rate at 4.5%. Credit growth reached 15.08% year-on-year in 2024, a pace that supported business activity without fuelling asset bubbles, aligning with the central bank's target. Importantly, despite the easing in monetary conditions, inflation was kept under control. The consumer price index (CPI) rose by 3.63% in 2024, comfortably within the National Assembly's ceiling of 4.5%, reflecting the government's effort to keep inflation in check amid ongoing cost pressures.

Vietnam's average CPI increase and core inflation (2019-2024)



On the fiscal side, Vietnam pursued a balanced approach, combining targeted stimulus with fiscal prudence. A key measure was the extension of the VAT reduction policy through 2024, aimed at lowering consumer costs and stimulating demand. Selective tax deferrals and reductions were also offered to businesses, especially small and medium-sized enterprises and exporters affected by the global slowdown. Despite these support measures, fiscal discipline was maintained. Vietnam's budget deficit in 2024 was estimated at 3.4% of GDP, slightly below the approved target of 3.6%. Public debt remained low at around 36-37% of GDP, giving Vietnam continued fiscal space for future policy actions if needed.

(Source: NSO, SBV, Vietnam's Ministry of Finance (MoF))

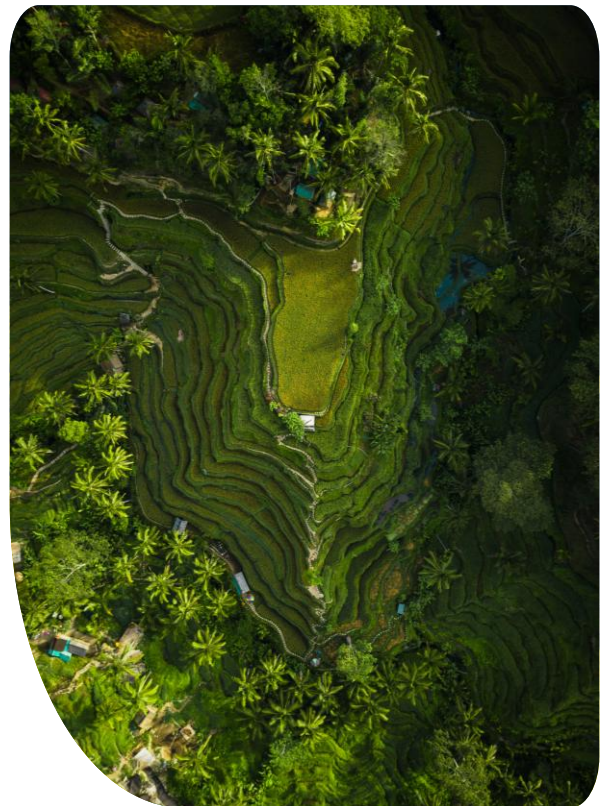
In addition to the stimulus policies, the Vietnamese government placed strong emphasis on public investment to support economic growth and improve long-term infrastructure. By the end of 2024, a total of around VND 550 trillion, which is 72.9% of the target set by the government. Spending was directed towards strategic projects, including major segments of the North-South Expressway Phase 2, the expansion of Long Thanh International Airport, and new expressways in the Mekong Delta and northern highlands. These projects enhanced regional connectivity and supported the government's broader growth agenda.



72.9%

Public investment capital disbursement rate in 2024

At the same time, important institutional reforms continued to be accelerated. The amended Land Law aimed to streamline land use and investment processes, while e-government efforts and updates to investment regulations improved transparency and helped create a more business-friendly environment.



2025 outlook: Testing resilience and seizing opportunities

The global economy in 2025 remains under pressure, with slower growth being projected. The IMF forecasts global GDP growth at 2.8%, down from 3.1% in 2024, citing persistent inflation in advanced economies and delayed interest rate cuts. Meanwhile, the World Bank and OECD also released gloomy projections at 2.7% and 3.1%. In addition, trade tensions have resurfaced, as the U.S. announced sweeping tariffs on multiple countries in early 2025, including a proposed 46% tariff on Vietnamese exports, posing risks to global trade and Vietnam’s export outlook.

In this context, the road ahead presents several tests for Vietnam’s economic growth in 2025. External risks are mounting while domestic challenges remain substantial. Many businesses are still operating in “survival” mode, and capital absorption, especially among domestic firms, remains weak. The residential real estate sector is recovering slowly, and the stock market continues to underperform relative to its potential. Meanwhile, only 72.9% of allocated public investment was disbursed in 2024, reflecting ongoing issues with local execution and administrative bottlenecks. Institutional reforms are underway but remain slow, with overlapping and inconsistent policies still hindering the business environment.

But Vietnam is not entering 2025 passively. The government has revised its own GDP growth target upward, from an already ambitious 7-7.5% to 8%, signalling not only confidence but strategic intent. 2025 is a pivotal year as it is seen as a springboard for the next five-year socio-economic plan 2026-2030, during which Vietnam aspires to sustain double-digit growth annually to achieve high-income status by the early 2040s. The inflation ceiling for 2025 is set at 4.5-5.0%.

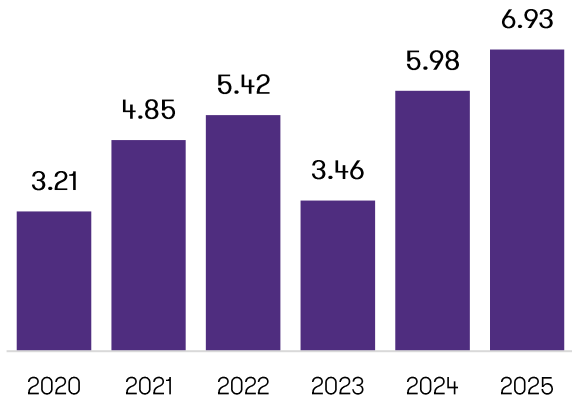
Currently, international institutions remain cautiously optimistic about Vietnam’s 2025 growth prospects, but their forecasts fall short of the government’s 8% target. While recognizing Vietnam’s strong domestic demand and ongoing reforms, these institutions also highlight significant risks from global economic uncertainties, especially the escalating trade tensions. The projections suggest Vietnam will remain among the region’s faster-growing economies, but achieving higher growth will depend on how effectively the country addresses the external challenges.

Institution	Forecast (%)
World Bank (04/2025)	5.8
ADB (04/2025)	6.6
AMRO (04/2025)	6.5
OECD (06/2025)	6.2

Early signals from 2025 are still encouraging. Vietnam’s GDP grew by 6.93% in the first quarter, which is the highest growth rate for the first quarter between 2020 and 2025. Economic expansion in early months was driven by robust domestic demand, particularly accelerated during the Tet holiday period, and the resilient manufacturing industry. The CPI stayed within the target at 3.22%. These indicators suggest that Vietnam’s economy retains its underlying dynamism even as it adapts to a tougher global environment.

Vietnam’s Q1 GDP growth (2020-2025)

Unit: %



8.0%
2025 economic growth target

4.5-5.0%
2025 CPI increase target

[Source: IMF, OECD, World Bank, Vietnam Government Portal, Asian Development Bank (ADB), ASEAN+3 Macroeconomic Research Office (AMRO), NSO]

Strengthening internal capacity will be key to how the rest of 2025 unfolds, with continued government support playing an important role. On the external side, Vietnam is tackling export challenges through strategies to diversify export markets. Regarding FDI attraction, there is also a clear push to move up the value chain, particularly in electronics and green manufacturing, to reduce dependence on low-margin goods and enhance the investment appeal of the country. Moreover, public investment is being scaled up significantly. As 2025 marks the final year of the 2021-2025 medium-term investment cycle, a record VND 791 trillion (about 6.4% of GDP) has been allocated to upgrade critical logistics and industrial infrastructure. Major expansions of ports, expressways, and economic zones are underway to bolster Vietnam's economic resilience and long-term competitiveness.

Moreover, Vietnam's economic strategy in 2025 rests on a deeper, more structural pivot: institutional reform. The Vietnam Institutional Reform Programme 2024-2025 is the most sweeping reorganisation of the country's governance apparatus in decades. It is not just about streamlining bureaucracy, but about redefining how the state functions at every level. Key measures include merging administrative units, reducing overlapping layers of government, and redrawing provincial boundaries to better reflect economic and demographic realities. The programme also involves downsizing and restructuring civil service bodies, including Party organisations and mass associations, to build a more agile, accountable, and responsive public sector. This reform reflects a recognition that without meaningful reform, institutional inefficiencies could become a long-term constraint on growth.

In parallel with institutional reform, Vietnam is reinforcing the private sector as a key engine of growth. Resolution No. 68/NQ-CP, issued in May 2024, sets ambitious goals to elevate the private sector's role in Vietnam's economy. By 2030, the country aims to have 2 million registered businesses, with the private sector contributing 55-58% of GDP, accounting for 84-85% of total employment, and generating 35-40% of state budget revenue. To support this, the government will improve the business environment by simplifying market entry, expanding credit access, ensuring fair competition, and promoting innovation. The resolution reflects a shift towards a more dynamic, innovation-driven private sector that can help lead Vietnam's next phase of structural transformation.

Overall, despite a complex global environment, Vietnam steps into 2025 with clarity and determination. The focus on accelerating reforms, enhancing international integration, and strengthening domestic foundations is laying the groundwork for the next phase of high-quality growth. This momentum is backed by firm policy commitment and revolutionary institutional upgrade. If this trajectory is sustained, Vietnam is well-placed to turn the current foundations into meaningful economic success in the future.

[Source: Vietnam Government Portal]

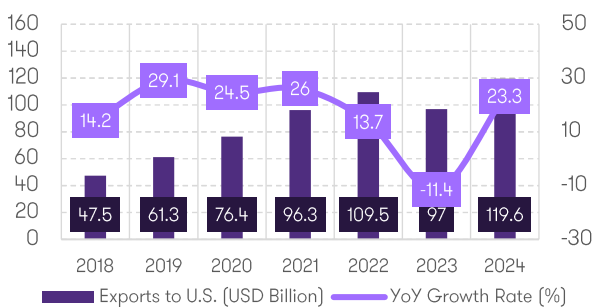


Vietnam's Strategy Amid New Trade Pressures

The U.S. recently announced a proposed 46% tariff on a broad range of Vietnamese exports, one of the most aggressive trade measures ever directed at Vietnam. The tariff, scheduled to take effect in July 2025, targets key export sectors such as electronics, garment, footwear, furniture, and agricultural products. In 2024, Vietnam exported around USD 136.6 billion to the U.S., equivalent to nearly 30% of its GDP. The move of the U.S. has raised serious concerns over Vietnam's 2025 growth target of 8%.

Vietnam's exports to the U.S. (2018-2024)

Unit: %



The motivation

One of the factors behind the U.S. move is concern over transshipment, particularly involving Chinese firms. Many Vietnamese export sectors depend heavily on imported inputs from China, including Vietnam's key strength such as electronics and garment. According to the NSO, in 2024, production materials made up 93.6% of Vietnam's total imports, while China was the largest supplier, accounting for 38% of total import value. These figures have amplified U.S. concerns that Chinese-origin goods may be entering the U.S. under the guise of Vietnamese origin.

6.4% consumer goods

Vietnam's imports

93.6% production materials

The situation, while challenging, is motivating Vietnam's to accelerate internal reforms. The country is motivated to push forward with measures to improve trade transparency, strengthen the industrial base, upgrade investment quality, and broaden its export reach.

[Source: NSO, MoIT, Vietnam Government Portal]

A push for strengthening internal resilience

1. Tighter origin verification and traceability: In response to the proposed 46% tariff and intensifying U.S. scrutiny over transshipment, Vietnam has stepped up its enforcement against origin fraud. Recently, the Ministry of Industry and Trade (MoIT) issued an official directive requiring firms to strengthen controls over imported inputs used in export production, aiming to prevent goods from other countries from being minimally processed in Vietnam and falsely labelled to benefit from preferential trade terms. The MoIT has also enhanced coordination with foreign customs authorities for real-time origin verification and continues to roll out digital reforms such as blockchain-based certificates of origin. These moves reflect a deliberate shift towards greater regulatory rigor as Vietnam aims to maintain export credibility.

2. Promotion of domestic value addition: The U.S. tariff has underscored the need for Vietnam to localise its supply chains for greater economic resilience and trade credibility. In response, the government is ramping up efforts through the National Supporting Industry Development Programme (2025-2030). The programme focuses on boosting domestic capacity in sectors like electronics, moulds, textiles, and automation, with a goal of increasing local suppliers to foreign-invested firms by 70% by 2030. The government is offering financial incentives and technical support to firms in high-value manufacturing. While Vietnam's domestic value-added share in exports lags regional peers, this initiative is seen as crucial for reducing reliance on imports and mitigating trade risks.

3. Selective FDI for industrial upgrading: Vietnam is refining its FDI attraction strategy to increase higher-quality investments. The government has become more selective in targeting sectors with significant value-added potential, such as electronics, automation, and renewable energy, to align with long-term development goals. The National FDI Strategy focuses on investments that promote technology transfer and capacity building for local industries. By prioritizing high-quality FDI, Vietnam aims to shift from low-value assembly to more advanced production, strengthening its position in global value chains by 2030.

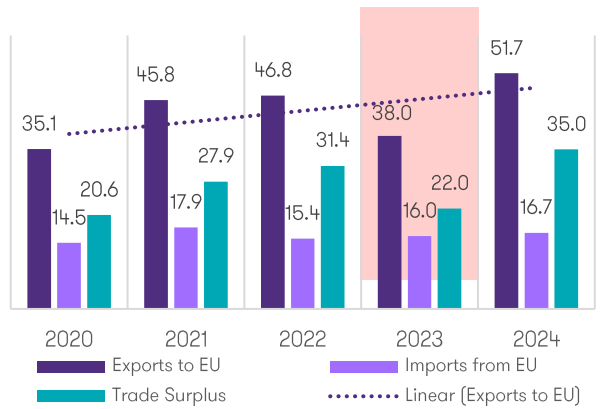
4. Market diversification: In response to the U.S. tariff announcement, Vietnam is accelerating its efforts to diversify its export markets and reduce overreliance on the U.S. The country has implemented 17 Free Trade Agreements (FTAs) with over 60 partners, and these agreements are becoming more actively utilised. In 2024, Vietnamese firms used FTA tariff preferences in around 37% of applicable exports, up from 33% in 2023. This increase in utilisation is reflected in a 28% year-on-year growth in the issuance of preferential Certificates of Origin (C/Os), showcasing Vietnam's greater engagement with FTA terms.

Vietnam's new-generation FTAs, particularly the EU-Vietnam Free Trade Agreement (EVFTA) and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), have shown significant promise. In 2024, exports to the EU under the EVFTA reached USD 51.7 billion, growing by 18.5%, while exports to CPTPP countries hit USD 55.8 billion, up 11.2%, driven by strong performances in Canada and Mexico. These results highlight the potential of these markets to help offset the anticipated impact from the U.S. tariff, set to take effect in July 2025.

Trade with EU since the effectiveness of the EVFTA

Unit: USD million

Global inflation, economic recession



As part of its strategy to further diversify export markets, Vietnam is actively negotiating additional FTAs. Ongoing talks include those with the European Free Trade Association (EFTA), comprising Iceland, Liechtenstein, Norway, and Switzerland, as well as the ASEAN-Canada FTA. Additional agreements are also under consideration with partners such as MERCOSUR, India, Brazil, Pakistan, Egypt, and regions including the Middle East, Latin America, and Eastern Europe. These efforts aim to open new opportunities and reduce Vietnam's reliance on certain markets, positioning the country for more resilient trade in the long term.



[Source: Center for WTO and International Trade – VCCI, MoIT]

Current FTAs of Vietnam

No.	FTA	Status	Parties
FTAs in effect			
1	AFTA	Effective since 1993	ASEAN
2	ACFTA	Effective since 2003	ASEAN, China
3	AKFTA	Effective since 2007	ASEAN, Republic of Korea
4	AJCEP	Effective since 2008	ASEAN, Japan
5	VJEPA	Effective since 2009	Vietnam, Japan
6	AIFTA	Effective since 2010	ASEAN, India
7	AANZFTA	Effective since 2010	ASEAN, Australia, New Zealand
8	VCFTA	Effective since 2014	Vietnam, Chile
9	VKFTA	Effective since 2015	Vietnam, Republic of Korea
10	VN – EAEU FTA	Effective since 2016	Vietnam, Russia, Belarus, Armenia, Kazakhstan, Kyrgyzstan
11	CPTPP (previously known as TPP)	Effective since 30/12/2018, came into effect in Vietnam since 14/01/2019	Vietnam, Canada, Mexico, Peru, Chile, New Zealand, Australia, Japan, Singapore, Brunei, Malaysia
12	AHKFTA	Effective in Hong Kong (China), Laos, Myanmar, Thailand, Singapore and Vietnam since 11/06/2019 Effective in all member countries since 12/02/2021	ASEAN, Hong Kong (China)
13	EVFTA	Effective since 01/08/2020	Vietnam, EU (27 members)
14	UKVFTA	Effective temporarily from 01/01/2021, officially effective since 01/05/2021	Vietnam, The UK
15	RCEP	Official effective since 01/01/2022	ASEAN, China, Korea, Japan, Australia, New Zealand
16	VIFTA	Negotiations commenced in 12/2015, completed in 04/2023 Officially effective since 25/07/2023	Vietnam, Israel
17	Vietnam - UAE CEPA	Officially effective since 28/10/2024	Vietnam, United Arab Emirates (UAE)
FTAs under negotiation			
18	Vietnam – EFTA FTA	Negotiations commenced in 05/2012	Vietnam, EFTA (Switzerland, Norway, Iceland, Liechtenstein)
19	ACAFTA	Negotiations commenced in 11/2021	ASEAN, Canada

[Source: Center for WTO and International Trade – VCCI]

Why invest in Vietnam?

Stable economy



Vietnam's macroeconomy remains stable, with strong GDP growth, controlled inflation and unemployment, and a steady trade surplus.

CPI Growth

3-4%

Unemployment rate

~ 2%

Trade Surplus

9 years

Large and young population

Currently, Vietnam's population stands at 101.1 million and remains in its golden demographic phase, characterised by a large proportion of young people. This youthful population continues to be a key driver of the country's abundant and dynamic labour force.



101.1 million
people

● **67.4% aged 15-64**

● **53M labour force**

Economic integration

Vietnam has been actively engaging in trade liberalisation. The country now has 17 FTAs in effect and 2 FTAs in negotiation, representing huge opportunities for investors to capitalise on preferential tariff benefits.

Government's support

The Vietnamese government offers investment incentives based on sectors, regions, and investment scales. The top incentivised sectors include hi-tech manufacturing, renewable energy, infrastructure, and information technology. It is also aiming to improve the legal framework and streamline administrative procedures.

Geographic location

Vietnam's strategic location, adjacent to major markets like China and the ASEAN region, amplifies trade opportunities and enhances supply chain efficiency, providing investors access to numerous markets.



ESG Landscape In Vietnam

Towards responsible growth

As the world increasingly moves towards sustainable development, Environmental, Social, and Governance (ESG) standards are becoming central to business operations. ESG is not only a tool for enhancing brand image and value, but also a key requirement for maintaining relationships with international partners, attracting investment, and meeting the rising expectations of investors, consumers, and regulators. In many developed economies such as Europe and the U.S., strict regulations have been introduced to promote ESG practices, making ESG compliance a necessity rather than a voluntary choice. In Vietnam, ESG talks are gradually gaining traction, especially as the country seeks to deepen its global integration and enhance competitiveness in global supply chains.

Status on ESG awareness

In Vietnam, ESG remains a relatively new and evolving concept, particularly among micro, small, and medium-sized enterprises (MSMEs), which make up approximately 97% of all businesses. While interest in ESG is gradually increasing, many MSMEs are still in the early stages of understanding and integrating these practices, in part due to limited exposure, evolving technical capacity, and the need for clearer regulatory guidance.

This reality is reflected in a study conducted by the Minister of Planning and Investment (MPI) last year. The survey showed that roughly 5 in 10 firms have never heard of the concept or remain unaware of the concept but are adopting relevant practices.

Level of ESG awareness and practices among firms

Unit: %

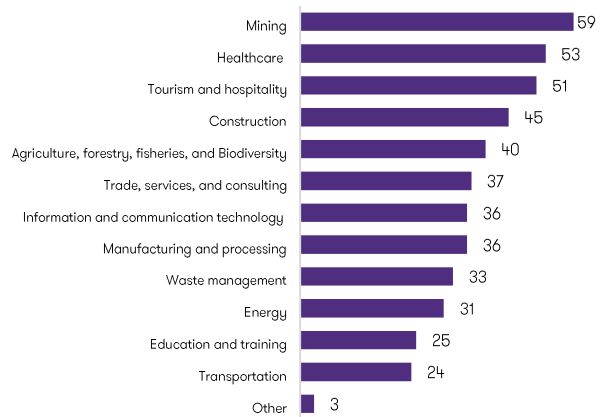


(Source: Ministry of Planning and Investment (MPI) - now merged to the Ministry of Finance (MoF), Agency for Enterprise Development (AED) under the MPI, United States Agency for International Development (USAID))

While most enterprises are still in the early stages of learning about or are unaware of ESG, there are also a substantial proportion of businesses that have begun developing strategies and making commitments to ESG practices. Larger enterprises tend to have stronger commitment to ESG and have already implemented some specific ESG strategies. Notably, around 26-30% of micro, small, and medium enterprises have also taken initial steps in approaching and applying ESG principles.

Percentage of businesses that have never heard of the ESG concept, by sector

Unit: %



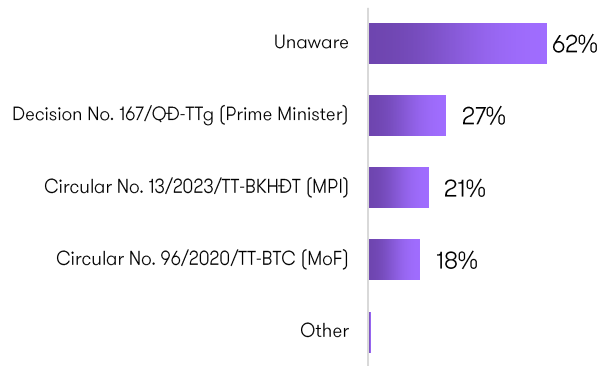
The data also reveals significant disparities in ESG awareness across sectors. Industries such as mining (59%), healthcare (53%), and tourism and hospitality (51%) have the highest proportion of businesses that have never heard of ESG - indicating a critical awareness gap in these sectors. On the other hand, education and training stands out, with 58% of enterprises actively exploring ESG principles. Interestingly, 36% of businesses in transportation and logistics reported already engaged in environment, social, and governance-related practices, despite not being familiar with the ESG terminology. The "others" category - which includes finance, banking, and real estate - shows the most progress, with 19% of businesses having formal ESG strategies in place, well ahead of other sectors, including transportation at 7%. These findings suggest that while awareness remains low in many areas, several industries are beginning to show meaningful shifts towards ESG integration.

ESG policy and legal framework in Vietnam

Without standardized mechanisms or detailed guidelines, companies often struggle to translate ESG intentions into consistent, actionable plans as well as measure and report ESG performance. This issue is reflected in the findings of the MPI’s survey, which show that 39% of businesses have never heard of the ESG concept, and 62% are unfamiliar with relevant domestic policies and regulations, such as Decision No. 167/QĐ-TTg, Circular No. 13/2023/TT-BKHĐT, and Circular No. 96/2020/TT-BTC. These figures suggest that beyond conceptual unfamiliarity, many businesses lack the regulatory literacy necessary to navigate ESG-related obligations.

Awareness of ESG policy and regulations landscape

Unit: %

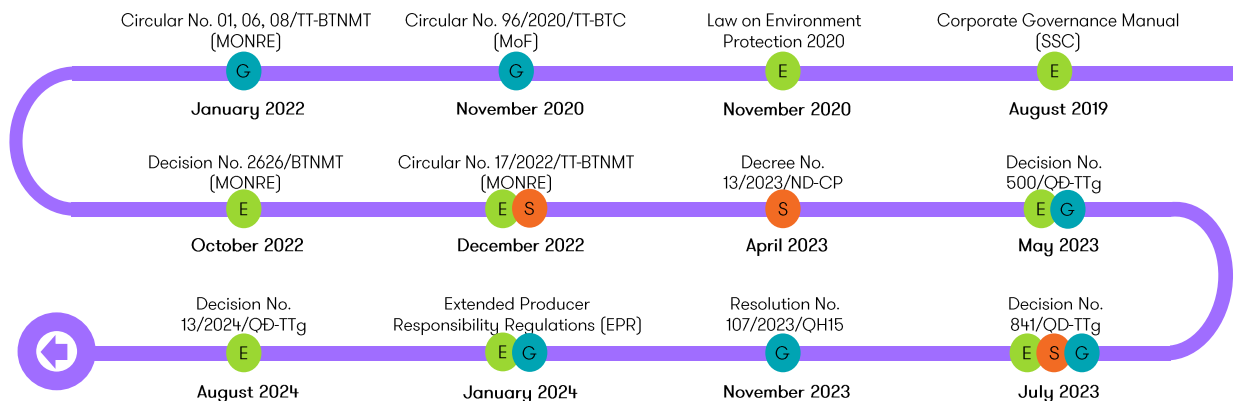


Under current Vietnamese laws, only listed companies are required to disclose certain ESG-related information. Circular No. 96/2020/TT-BTC mandates that public companies include environmental and social issues, such as environmental protection, gender equality, and labour practices, in their annual reports under corporate governance. However, it does not require comprehensive ESG reporting or alignment with global standards like GRI or SASB. Recent data shows that while 93% of listed firms express ESG commitment, only 35% have formal plans, and 58% are still in the planning phase for the next 2-4 years.

Decree No. 06/2022/NĐ-CP, dated 07 January 2022, marks a milestone in Vietnam’s broader commitment to environmental protection and climate action. The regulation requires major greenhouse gas (GHG) emitters, including both domestic and foreign-invested, to conduct and report emissions. As of 2024, 2,166 facilities across sectors such as energy, industry, and transport are subject to this mandate. Following a preparation phase, reporting became mandatory in 2024, with the first reports (covering 2022-2023) due by 01 December 2025. Emission inventories must be updated every 2 years.

Vietnam does not yet have a specific penalty framework for ESG reporting violations, but misleading or non-compliant disclosures can still be penalised under existing laws. Listed companies must comply with the Law on Securities and Circular No. 96/2020/TT-BTC, which require accurate reporting, with violations subject to fines and reputational damage. The Law on Environmental Protection also allows penalties for false environmental data, and anti-corruption laws apply in cases involving concealment or fraud. These existing provisions currently form the legal basis for addressing ESG-related misconduct.

The advancement of Vietnam’s ESG policy framework will be driven by the country’s net-zero commitment by 2050 and growing pressure on businesses to meet the ESG standards of global supply chain partners. Recent developments, including the rise of ESG-focused business networks, Vietnam’s active role in hosting domestic and international forums on green growth, and plans for a domestic carbon market, suggest that more detailed and sector-specific guidelines can be expected. Future regulations are expected to embed ESG more deeply into national strategies, align with international standards, and gradually shift from voluntary adoption to mandatory compliance.



[Source: MPI - now merged to the MoF, AED under the MPI, USAID, Vietnam Government Portal]

Capital Market and M&A Market

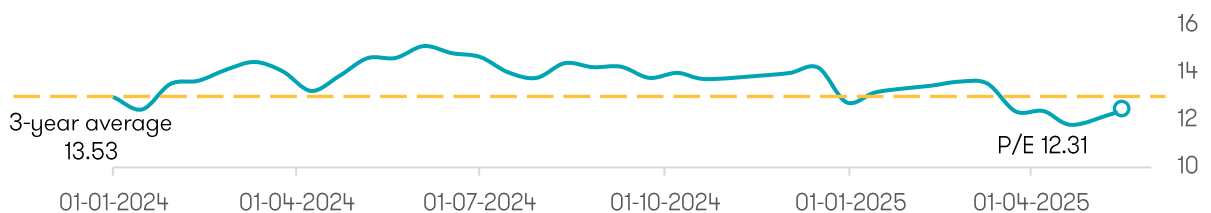
Capital market

Vietnam's capital market landscape: a resilient rebound

VNIndex for the period from January 2024 to May 2025



P/E for the period from January 2024 to May 2025

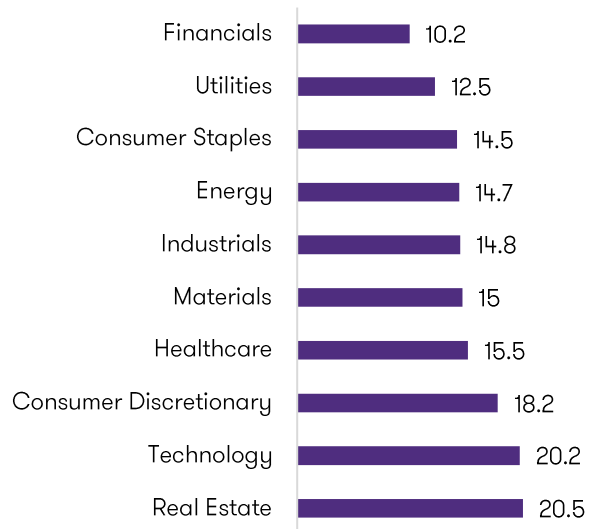


In Q1 2024, the VNIndex experienced a strong upward trend, rebounding to 1306.86 on March 30 from an early-year low of 1,129.9 on 01 January, driven by improved liquidity and positive corporate earnings momentum. However, lingering investor caution and regulatory overhangs kept the recovery moderate, with the index struggling to break out of the 1,200–1,300 range for the rest of the year, ending at 1,266.78 on 31 December, reflecting a 12.11% gain for the year.

In Q1 2025, the VNIndex continued its upward momentum, briefly touching 1,300 by the end of March. However, in early April, following the “tariff shock” triggered by the Trump administration on 03 Apr 2025, the market reacted sharply, falling 223.53 points within just a few days. Despite the turbulence, the market rebounded quickly, regaining stability and returning close to the 1,300 level by the end of May, supported by a return to net buying from foreign investors, along with resilient domestic sentiment.

As of May 2025, Vietnam's stock market is trading at a relatively low P/E ratio of 12x, compared to most regional markets such as Malaysia (17x), Thailand (16x), and Singapore (15x). This valuation is broadly in line with Indonesia (12x) and the Philippines (12x).

P/E by sectors by 14 May 2025



Within the domestic market, the average P/E in H1 2025 remains below that of 2024 and the 3-year historical average. Sector-wise, real estate (20.5x) and technology (20.2x) are trading at the highest multiples, while financials (10.2x) and utilities (12.5x) remain trading at the lowest multiples.

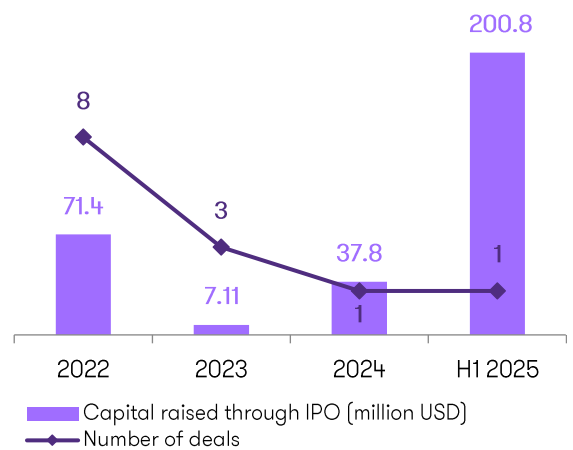
[Source: VNIndex, HOSE, Simplize]

Vietnam's IPO landscape

In the past few years, Vietnam's IPO market went through a period of significant slowdown, marked by weak investor sentiment, tightening regulations, and low liquidity. The number of successful IPOs declined sharply in 2022-2023, with mostly small-scale deals and limited market impact. While 2024 showed early signs of recovery, activity remained cautious.

2025, however, marks a potential turning point, driven by legal reforms, improved infrastructure (e.g., KRX system), and stronger investor confidence. Vinpearl JSC led the year's IPOs, raising over USD 200 million. Several major deals are expected in late 2025-2026, including F88, AAA Insurance, THACO Auto, and Techcom Securities, with combined valuations in the multi-billion USD range.

IPO deals and capital raised in 2022-H12025 period



Government Initiative

Vietnam's Amended Securities Law (Law No. 56/2024), effective 01 January 2025, aims to enhance transparency, corporate governance, and investor protection. It also aligns Vietnam's capital market regulations with international best practices, supporting the country's ambition for MSCI or FTSE market upgrade. Selective notable updates:

Topic	Securities Law 2019	Amended Securities Law 2024 (Effective 01 January 2025)
Professional Securities Investors (PSIs)	Foreign investors must meet financial or certification criteria to qualify as PSIs	From 01 January 2025, all foreign individuals and institutions are automatically recognised as PSIs without financial requirements. However, from 01 January 2026, individual PSIs may only purchase privately placed bonds if such bonds are credit-rated and secured or guaranteed by a credit institution.
Private Placement by Public Companies	Issuance plans must outline investor selection criteria and quantity.	Now required to also specify the number of shares, offering price or pricing mechanism, to strengthen shareholder oversight and minority protection.
Legal Liability Scope	Applied only to public offerings, listing, and securities trading.	Expanded to include private placements, disclosure obligations of public companies/ shareholders, secondary market activities, and advisory institutions.
IPO Documentation	No requirement for audited capital contribution report.	Now requires an independently audited capital contribution report as part of IPO registration dossier.
Public Company Criteria	Minimum charter capital of VND 30 billion and ≥10% voting shares held by ≥100 non-major shareholders	Adds requirement for minimum owner's equity of VND 30 billion and mandates an audited capital contribution report in the registration dossier

Progress towards emerging market status

Vietnam's capital market is progressing towards an upgrade, backed by key reforms such as the amended Securities Law and the launch of the **KRX trading system**, which enables T+0 settlement, short selling, and margin trading, bringing Vietnam closer to international standards.

FTSE Russell has retained Vietnam on its watchlist, with a potential upgrade to "Secondary Emerging Market" status in its September 2025 review. MSCI, while recognizing recent improvements, has yet to add Vietnam to its watchlist, with a full upgrade more likely in 2026-2027.

Key hurdles remain, including foreign ownership caps, cumbersome investor onboarding, and the absence of mandatory English disclosures. Authorities are actively addressing these through regulatory reforms and support from the World Bank. The next 12 months will be pivotal for the market as successful market upgrade would unlock billions in foreign capital and firmly position Vietnam within the global investment landscape.

[Source: Cap IQ, Vietnam Government Portal]

M&A market

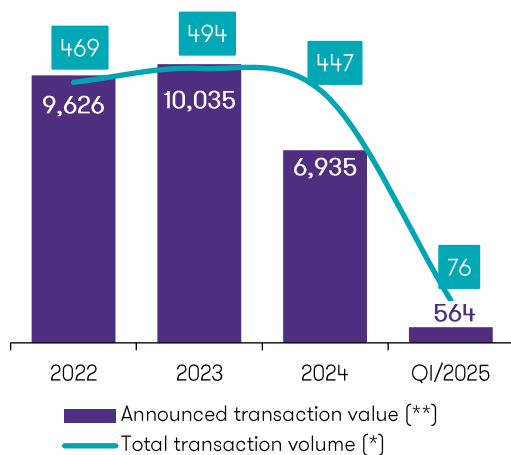
Cooling M&A market

In 2024, Vietnam's M&A market recorded 447 transactions with a total disclosed value of approximately USD 6.93 billion. Compared to the previous year, both the volume and value of deals experienced a decline, with the number of transactions ^(**) dropping by 9.5%, while deal value ^(*) saw a sharper decrease of 30.9%. The average deal size fell from USD 52.3 million in 2023 to USD 41.5 million in 2024. Notably, this trend has extended to the first quarter of 2025, with the average deal size plunging further to just USD 23.5 million.

The number of large-scale deals above USD 100 million shows a slight drop compared to 2023. The industrials, financial services, and real estate sectors led in terms of large-scale transactions, with the industrials sector reporting six deals exceeding USD 100 million, followed by financial services and real estate, each with four and three large-scale deals, respectively.

Total value and number of M&A transactions

Unit: USD million



Top 5 M&A transactions in 2024 by announced deals amount

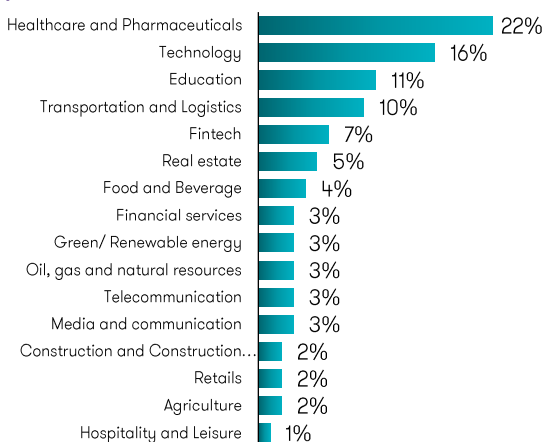
Unit: USD million

Target company	Buyers	Sector	Amount
SDI Investment and Trade Development Company	Thien Phuc Business Investment and Development, Falcon Business Investment and Development,...	Real Estate	3,033
Home Credit Vietnam Finance Company Limited	The Siam Commercial Bank Public Company Limited	Financials	851.7
Residential project in Binh Duong	Sycamore Limited	Real Estate	553.0
VinES Energy Solutions JSC	VinFast Auto Ltd	Industrials	440.2
Foxconn Circuit Precision (Vietnam) Co., Ltd.	Foxconn Singapore Pte. Ltd.	Industrials	383.3

M&A market - Prime grounds for PE endeavours

In reference to Grant Thornton Vietnam's Private Equity (PE) Survey in Vietnam 2025, titled "Bright Spots," the findings pinpointed healthcare and pharmaceuticals, technology, and education continue to be the top three sectors ripe for private equity investment, based on responses from our PE respondents.

Most attractive sectors for PE investment voted by respondents



(Source: Capital IQ, Grant Thornton Vietnam's 2025 PE Survey)

Technology, healthcare, and education remain the most attractive sectors in PE investment voted by respondents. In 2024, the healthcare sector contributed to nearly 70% of total deal value with the notable deal of Warburg Pincus's investment in the Xuyen A Hospital chain. In addition, a significant deal in the education sector is the investment of Excelsior Capital in Kapla Vietnam, a young EdTech company currently operating six centres in HCMC.

Meanwhile, transportation and logistics (10%) remains a key focus, reflecting Vietnam's role as a major manufacturing hub in Southeast Asia and the increasing demand for efficient supply chain solutions. Investments in smart logistics, last-mile delivery, and cold chain storage are expected to grow as Vietnam strengthens its position in global trade networks.



Key Sectors for Investment in Vietnam

Manufacturing

After a subdued year in 2023, Vietnam’s manufacturing sector showed strong signs of recovery in 2024, reaffirming its position in Vietnam’s industrial growth story. Despite challenges from global uncertainty and weaker demand in major export markets, the sector regained momentum, supported by effective domestic policies, export diversification, and a solid macroeconomic environment.

By the end of 2024, the manufacturing sector recorded a 9.83% increase in added value, contributing 2.49 percentage points to the national GDP growth of 7.09%. The Industrial Production Index (IIP) of manufacturing is another indicator of the rebound, which rose by 9.6%, significantly higher than the 1.5% recorded in 2023. This also marked the strongest growth in five years. Growth was seen across many industries, with many sectors seeing double-digit growth, recovering from a low base in the previous year.

Manufacturing’s index of industrial production (IIP) in 2024

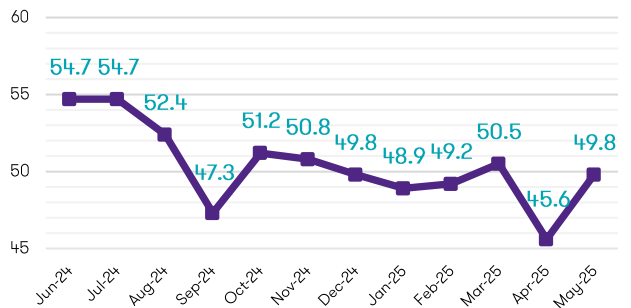
▲ 9.83%

The momentum has continued into 2025. In the first quarter, Vietnam’s manufacturing sector grew by 9.28%, contributing 2.33 percentage points to GDP growth. The IIP also increased by 9.5% over the same period. These results reflect the sector’s steady recovery.

Nevertheless, difficulties remain. Global economic turbulence, high input costs, and emerging trade tensions have been posing challenges, especially for export-oriented manufacturers. The S&P Global’s Purchasing Managers’ Index (PMI), a key measure of business conditions, reflected these trends.

At the end of 2024, Vietnam’s manufacturing sector was regaining modest growth, supported by improving domestic orders. However, this momentum reversed in early 2025, as external demand weakened and business confidence deteriorated. The downturn deepened sharply in April after the U.S. announced sweeping tariffs on Vietnamese exports, pushing the PMI to its lowest point in nearly two years. While May saw a partial recovery, the overall outlook remained cautious. These shifts illustrate the sector’s sensitivity to global and domestic developments.

Vietnam’s Purchasing Managers’ Index (PMI)



Looking ahead, Vietnam’s manufacturing sector continues to receive strong backing from the government, both in terms of policy direction and practical support. Key priorities include reducing input costs, improving access to credit, and accelerating public investment in transport and logistics infrastructure. The government is also pushing forward the national industrial development strategy and promoting digital transformation among manufacturers, particularly SMEs. With efforts to stabilise the macroeconomy, remove bottlenecks in production, and actively support enterprises through reforms and incentives, the sector’s recovery is expected to remain on track. If these initiatives are implemented effectively, manufacturing will remain a key pillar of Vietnam’s growth in 2025 and beyond.

IIP of key manufactured products of Vietnam in 2024



▲ 11.7%

Garment



▲ 13.7%

Leather and related products



▲ 11.9%

Chemicals and chemical products



▲ 8.3%

Electronic products, computers and optical products



▲ 24.9%

Products from rubber and plastic



▲ 23.8%

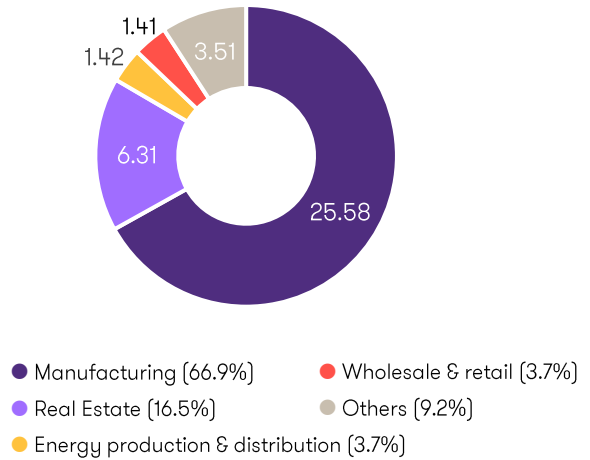
Beds, cabinets, tables, and chairs

[Source: NSO, MoIT, S&P Global]

Manufacturing once again stood out as the top magnet for FDI into Vietnam in 2024. Of the USD 38.23 billion in total FDI, about two-thirds targeted the manufacturing sector. Specifically, the sector attracted approximately USD 25.58 billion, a 1.1% increase compared to 2023. This steady growth underscores Vietnam’s continued appeal as a manufacturing hub. A range of factors continue to support this appeal, from Vietnam’s traditional fundamentals such as a stable political and macroeconomic landscape, open trade policy, and a large, youthful workforce, to newer advantages that are its expanding infrastructure and industrial ecosystems, along with a gradual but deliberate shift towards higher-value manufacturing. These two areas have emerged as meaningful signals of Vietnam’s long-term industrial competitiveness.

Total registered FDI capital by sectors in 2024

Unit: USD billion



Infrastructure and industrial ecosystems

Industrial parks (IP) continue to be a major draw for manufacturing investors thanks to their improving scale, availability, and cost-effectiveness. According to the Vietnam Association of Realtors (VARs), by the end of 2024, the country had over 400 established IPs, with 301 already operational. Industrial real estate developments are particularly bustling in the North and South, with the North currently drawing greater interest due to its more abundant supply and comparatively lower rental rates. Occupancy rates and land prices in both regions have shown managed growth, indicating sustained investor confidence, while the increased supply of industrial parks continues to meet market demand. According to VARs, in the first quarter of 2025, 15 new or adjusted IP projects were approved by the government, almost three times the number from the same period in 2024. Besides, the IPs are more than just physical spaces. They provide plug-and-play infrastructure, streamlined licensing processes, and often come bundled with logistics, utilities, and support services. Such convenience reduces setup time for foreign manufacturers and lowers initial barriers to entry.



413 industrial parks

Total area: 87,700 hectares

In operation: 295 IPs



73%

Occupancy rate

	Northern Vietnam	Southern Vietnam
Occupancy Rate	83%	90%
Avg. Land Rental Price	137 USD/m ² /term (up 4.2%)	175 USD/m ² /term (up 1.4%)

Additionally, Vietnam continued to improve its infrastructure in ways that directly support manufacturing and export activities. The North-South Expressway saw steady progress, helping connect key industrial provinces more efficiently. Meanwhile, the Long Thanh International Airport is progressing as planned, with construction of the first phase expected to be completed by 2025. At the same time, upgrades to major ports like Hai Phong and Cai Mep-Thi Vai are increasing capacity for goods export. These improvements, along with better local roads linking industrial parks, are helping reduce transport time and logistics costs, making it easier and cheaper for manufacturers to get their products to market.

[Source: NSO, VARs]

Moving up the supply chain: Semiconductor development

Vietnam is positioning itself as a more prominent player in high-tech manufacturing, moving beyond traditional low-cost assembly work and into more value-added segments of the global supply chain. While still in the early stages, Vietnam's recent progress reflects a clear strategic ambition: to become a key player in the global high-tech supply chain. The country is making efforts to accommodate investors in this specific area through plans for policy support and infrastructure and human resources development.

In 2024, Vietnam's semiconductor industry recorded around USD 18.23 billion in revenue, up 11.5% from the previous year. While still modest, the figure reflects steady progress and growing activity in the sector. Most of the revenue continues to come from assembly, packaging, and testing, though early steps towards chip design are also taking shape.



Revenue of semiconductor industry
USD 18.23 billion
(▲ 11.5% yoy)

Last year, Vietnam made notable strides in attracting semiconductor investment, particularly in chip packaging and testing. Amkor's USD 1.6 billion advanced packaging facility in Bac Ninh became fully operational, positioning Vietnam as a key regional player in backend chip manufacturing. The government also deepened ties with global tech leaders such as Synopsys and Cadence, who partnered to support chip design training at the National Innovation Center (NIC) of Vietnam. Intel, already operating its largest assembly site in Ho Chi Minh City, is reportedly considering expansion.

Vietnam is laying a strong foundation to advance its position in the global semiconductor supply chain, with clear plans to attract high-tech investments, improve infrastructure, and develop a skilled workforce. The government's strategy aims to shift the country's focus from basic semiconductor assembly and packaging to more sophisticated stages like chip design and fabrication. This includes efforts to attract global players, such as Intel, Nvidia, and Synopsys, while also nurturing domestic talent through specialised education and training programmes. Key infrastructure improvements, such as advanced manufacturing parks and dedicated R&D centres, are being implemented to support this transition. To ensure sustained growth, the government has outlined a roadmap in Decision No. 1018/QĐ-TTg, issued in September 2024, dividing the strategy into three distinct phases: short-term, medium-term, and long-term, each with specific goals aimed at building expertise, increasing value-added production, and fostering a robust semiconductor ecosystem.

Phase 1 2024 - 2030

- At least 100 chip design companies
- 1 small-scale chip fabrication plant
- 10 assembly, packaging & testing (APT) factories
- 50,000 engineers

Phase 2 2030 - 2040

- At least 200 chip design companies
- 2 chip fabrication plants
- 15 APT factories
- 100,000 engineers

Phase 3 2040 - 2050

- 3 chip fabrication plants
- 20 APT factories
- 300 design firms
- Mastery of R&D and innovation capabilities

(Source: MoST, Vietnam Government Portal)

Renewable Energy

Sector overview

Vietnam's renewable energy sector has undergone a remarkable transformation over the last decade, evolving from a nascent market into a regional leader in installed capacity, particularly in solar and wind power. This rapid development has been driven by a combination of ambitious government policies, declining technology costs, and increasing energy demand, though it has also faced significant challenges.

Pre-2017: Nascent stage with focus on hydropower

Before 2017, Vietnam's renewable energy mix was heavily dominated by hydropower, which consistently contributed a significant portion (around 30-40%) of the total national electricity capacity. Other renewable sources like solar and wind had negligible installed capacities (e.g., only 4 MW of solar in 2015).

Period 2017-2021: The “boom” years driven by Feed-in Tariffs (FiTs)

This period saw an unprecedented surge in solar power development with the introduction of attractive Feed-in Tariffs (FiTs) for solar power. These high FiTs created a highly lucrative environment for investors.

Alongside large-scale solar farms, Vietnam experienced a boom in rooftop solar installations. By the end of 2020, Vietnam had over 7.4 GW of rooftop solar connected to the national grid, and total solar capacity reached an impressive 16.5 GW by 2021 (from just 86 MW in 2018), making Vietnam a regional leader in solar power. Following solar power's lead, wind power also saw significant acceleration, spurred by FiTs introduced in 2018. Installed wind capacity increased from a mere 331 MW in May 2019 to at least 4,000 MW by July 2022. The rapid deployment of solar and wind power significantly outpaced the targets set in earlier Power Development Plans (e.g., PDP7), leading to renewables accounting for a much larger share of the energy mix than initially anticipated.

2022-present: policy adjustments, challenges, and strategic re-evaluation

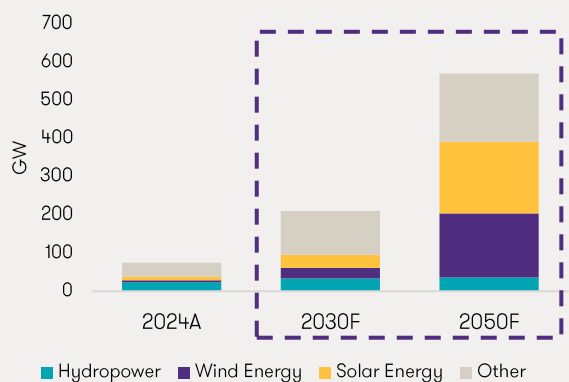
The rapid and concentrated growth of solar and wind, particularly in the Central region, overwhelmed the existing transmission grid infrastructure. This led to a significant curtailment of renewable energy output. Additionally, the expiration of attractive FiT schemes without clear alternative pricing mechanisms led to a slowdown in new project development post-2021.

After significant delays, PDP8 was officially approved in May 2023 and revised on 15 April 2025, outlining Vietnam's ambitious energy strategy to 2050.

Government vision and strategy to 2050 through PPD8

- Targets for significant increases in solar (46-73 GW) and wind (27-28 GW onshore, 6 GW offshore) by 2030.
- Emphasises **energy storage** (battery and pumped hydro) to address intermittency.
- Exploring **new mechanisms** like Direct Power Purchase Agreements (DPPAs) to allow large industrial consumers to directly purchase renewable energy, bypassing some grid limitations. There's also an emphasis on **self-produced and self-consumed** rooftop solar.
- **International Commitments:** Vietnam's commitment to net-zero emissions by 2050 (pledged at COP26) and the Just Energy Transition Partnership (JETP) have further solidified its long-term dedication to renewable energy, attracting international financial and technical support.

Current and forecasted installed capacity (2024-2050)



(Source: MoIT, Vietnam Government Portal)

New policies and incentives

New government regulations

The Law on Electricity 2024 and Decree No. 58/2025/ND-CP are the crucial new legal instruments that signify Vietnam's commitment to reforming its electricity sector and accelerating renewable energy development. These aim to address previous bottlenecks and provide a more stable and attractive environment for investment, particularly in the post-FiT era.

- **Vietnam's Electricity Law 2024:** effective from 01 February 2025, formalizing renewable energy within the legal framework, introducing Market-Oriented Electricity Pricing - especially for renewable energy when FiTs are phased out, developing a competitive electricity market, providing emphasis on grid infrastructure and support for energy storage development.
- **Decree No. 58/2025/ND-CP on renewable and new Energy:** came into effect on 03 March 2025. This Decree outlines specific incentive policies and support mechanisms for renewable energy and new energy projects, moving beyond the simple FiT model, with focus on Energy Storage Systems (ESS), R&D, and new energy forms like green hydrogen and green ammonia.

Overall, the new regulations aims at:

-  Increased Legal Certainty & Predictability
-  Shift Towards Market-Based Mechanisms
-  Focus on Grid Integration and Stability
-  Diversification and New Technologies
-  Unlocking Rooftop Solar Potential
-  Attracting International Investment

[Source: Vietnam Government Portal]

Government incentives

The Vietnamese government has been increasingly proactive in offering incentives for renewable energy projects, in particular, they includes:

Financial Incentives:

- Land Use/ Lease Fees: Full exemption from land use and land lease fees during the construction period (up to 3 years from the start of construction). After the exemption period, further reductions or exemptions will be applied based on prevailing investment and land use regulations
- Maritime Area Use Fees (for offshore/coastal projects): Exemption from maritime area use fees during the infrastructure construction period (up to 3 years from the start of construction). A 50% reduction in these fees for the subsequent nine years.

Tax incentives:

- Corporate Income Tax (CIT) incentives: Preferential CIT of 10% for renewable energy projects, applicable for 15 years. New investments would receive full-tax exemption for the first 4 years, followed by 50% reduction for the next 9 years.
- Exemption from import duties for machinery, equipment, and specialised vehicles that cannot be domestically produced and are imported to form fixed assets for renewable energy projects. This helps reduce initial capital expenditure.





Information Technology

Vietnam ICT industry

The information and communication technology (ICT) sector plays an increasingly important role in Vietnam's economic development. It is one of the sectors actively encouraged for investment, both through national development strategies and specific policy support. With a consistent upward trajectory, strong government support, and an expanding digital ecosystem, the sector offers compelling opportunities for investors.

In 2024, Vietnam's ICT industry recorded total revenue of approximately VND 3.88 quadrillion (USD 151.86 billion), reflecting a year-on-year growth of 11.2%. This growth builds on strong momentum from 2023, when the industry generated USD 137 billion in revenue.



USD 151.86 billion

Total revenue (2024)
Growing by 11.2% yoy



Ranked 8th

Total FDI capital recorded in 2024
USD 282 million



Ranked 4th

FDI project count in 2024
546 projects

In terms of FDI attraction, the industry continued to draw attention from foreign investors in 2024, receiving nearly USD 282 million in capital, ranking 8th among 19 sectors. More notably, it saw 546 FDI projects, the 4th highest across all sectors. This suggests that while projects may be modest in scale, there is broad-based interest in the country's ICT services and infrastructure.

A highlight in Vietnam's 2024 FDI attraction into the ICT sector was the landmark partnership with NVIDIA, one of the world's leading AI and semiconductor companies. In December, NVIDIA signed a memorandum of understanding with the Vietnamese government to develop two major facilities: a Vietnam Research and Development Centre (VRDC) and an AI data centre. The signing was witnessed by Prime Minister Pham Minh Chinh and CEO Jensen Huang.

The agreement signalled growing international confidence in Vietnam as an appealing destination for investments in information technology. This engagement also marks a shift in the profile of FDI entering Vietnam's ICT sector - from outsourcing and assembly to strategic, high-value technology partnerships. It reflects the country's success in moving beyond cost-based advantages and positioning itself as a credible destination for global tech giants looking to expand their AI footprint in Asia.

(Source: MoST, NSO, MoF)

Key strengths of Vietnam

Workforce

Vietnam's digital economy is increasingly anchored by a growing pool of ICT talent, with both quantity and quality gradually improving. As of the end of 2024, Vietnam's ICT workforce comprised approximately 1.54 million employees, reflecting a 2% increase year-on-year, of which around 500,000 employees are well-trained, according to the Ministry of Science and Technology (MoST). This workforce spans software development, telecommunications, cybersecurity, and digital services.

About 50,000 IT graduates enter the market annually, while key hubs like Hanoi, Ho Chi Minh City, and Da Nang concentrate talent, universities, and innovation infrastructure. These factors make Vietnam an attractive location for firms seeking skilled developers, AI specialists, and digital service providers.

Infrastructure

By early 2025, Vietnam achieved 5G coverage across all provinces and cities, including key economic zones, supporting industrial IoT, smart city applications, and advanced enterprise services. Business-grade internet infrastructure has improved significantly, with Vietnam ranking among the top 40 globally for fixed broadband speeds. The government also aims to ensure universal fibre-optic access by 2025, supporting both households and enterprises.

Beyond internet infrastructure, Vietnam's ICT innovation is driven by concentrated tech ecosystems in several key hubs, such as Hoa Lac Hi-Tech Park in Hanoi, Saigon Hi-Tech Park in Ho Chi Minh City, and Da Nang Hi-Tech Park. Hoa Lac attracts many firms in advanced technology, leveraging its proximity to top universities. Saigon Hi-Tech Park is the largest and most developed, hosting many major global tech firms. Da Nang's park is growing as a hub, supporting startups and research centres. Together, these clusters provide investors access to skilled talent, R&D facilities, and strong public-private collaboration.

Government framework

Make in Vietnam Initiative

Launched in 2023 under the National Digital Transformation Programme, the "Make in Vietnam" initiative aims to boost domestic capabilities in software development, digital content, cloud computing, and AI. The goal is to raise the ICT sector's domestic value-added share from 21% in 2019 to over 32% by 2024. This supports local innovation, strengthens supply chains, and encourages both domestic and foreign investment in homegrown technology.

Vietnam Digital Transformation Programme (2025-2030)

With a planned budget of around USD 1.2 billion, this programme is central to Vietnam's ICT strategy. It targets nationwide infrastructure upgrades, workforce development, and digital ecosystem growth.

Data Protection and Cybersecurity

Vietnam's legal framework has improved with the 2019 Law on Cybersecurity and follow-up regulations. These measures enhance protection for digital businesses while balancing national security, supporting a more stable and predictable environment for tech investors.



[Source: MoST, Ookla's Speedtest Global Index, Vietnam Government Portal]

Establishing in Vietnam

Market entry: Business premises and location options

Choosing the right business location is a key decision for foreign investors in Vietnam. The country offers a wide range of options, from urban office spaces to specialised zones tailored for manufacturing, logistics, and high-tech industries.

Office and retail premises

For investors establishing a presence in Vietnam's service and consumer sectors, leasing office or retail space in major cities offers a practical and low-barrier entry point. The process is governed primarily by private contractual agreements, with minimal regulatory hurdles.

Office space is available in most urban areas, with the most modern types, offering international-standard amenities, modern infrastructure, and professional management, present in major cities such as Ho Chi Minh City, Hanoi and Da Nang. Foreign investors can lease space directly without holding land use rights, provided the office use aligns with the company's registered business activities. The office market is also supported by a growing network of flexible and coworking spaces, cater to startups, SMEs, and foreign project teams with short-term leases, ready-to-use facilities, and business support services. These models allow quick entry into the market with minimum capital outlay and are especially useful during initial market testing or project-based operations.

For retail and F&B businesses, common lease options include shophouses or shopping centres, especially in urban districts with high foot traffic. These setups require additional compliance: location approval, signage permits, fire safety certification, and in some cases, environmental and food safety licences.



Specialised parks and economic zones

For manufacturing, logistics, and tech firms, Vietnam's extensive network of specialised parks and economic zones offers specifically built infrastructure and policy support.

1. Industrial Parks (IP): IPs are the backbone of Vietnam's manufacturing landscape. IPs offer ready-built factories, land plots for lease, and relevant facilities. Their popularity is driven by the simplicity of setup and proximity to skilled labour, suppliers, logistics hubs, and several essential infrastructures such as roads, power, water, and wastewater treatment systems.

2. High-Tech Parks (HTP): HTPs are designed for investment in research-intensive and high-value industries such as electronics, semiconductors, biotechnology, IT, and precision engineering. These parks provide not only physical infrastructure but also a policy environment that supports innovation and collaboration between industries, academics, and the government. Vietnam's major HTPs include:

- Saigon Hi-Tech Park (SHTP) in Ho Chi Minh City
- Hoa Lac Hi-Tech Park near Hanoi
- Da Nang Hi-Tech Park in central Vietnam

3. Export Processing Zones (EPZ): EPZs are tailored for companies that produce goods primarily for export. Located close to ports or airports, EPZs offer logistical advantages and facilitate fast customs clearance. Enterprises in EPZs benefit from customs duty exemptions on imported inputs and simplified export procedures. Well-established EPZs include Tan Thuan EPZ and Linh Trung EPZ in Ho Chi Minh City. These zones are well-suited for sectors such as electronics, textiles, garments, and food processing.

4. Economic Zones (EZ): EZs are large-scale integrated zones typically located near borders, coastal areas, or key ports. Unlike IPs or EPZs, EZs are mixed-use developments that incorporate industrial parks, residential areas, logistics centres, and sometimes tourism or service zones. EZs are often reserved for capital-intensive, long-term projects and offer some of the most generous investment incentives in Vietnam.

Benefits of locating in Vietnam's specialised parks and economic zones

- **Tax incentives:** Projects can enjoy reduced tax rates, tax holidays, and import duty exemptions. Application is based on project scale, location, and sector. Further details are provided in the following tax section.
- **Land access and infrastructure:** Land can be leased long-term at competitive rates, with government support for clearance and allocation. All zones offer essential infrastructure, with HTPs focusing on R&D and advanced facilities, while IPs and EZs support manufacturing and logistics.
- **Customs and trade facilitation:** Export-focused firms, especially in EPZs and selected IPs, benefit from faster customs procedures, input duty exemptions, and smoother cross-border trade, ideal for firms operating within global value chains.
- **Administrative and setup support:** Most locations are managed by supportive authorities that help investors with business registration, licensing, and regulatory compliance.
- **Access to labour and training:** These areas are typically situated near vocational and technical schools, offering access to skilled workers. HTPs particularly benefit from proximity to STEM-focused talent.
- **Integrated and supportive ecosystems:** Most zones have on-site or nearby access to banks, insurance, logistics, clinics and basic business services. Many zones may also offer social housing, worker dormitories, and more modern facilities to support long-term operations and workforce needs.

Rental guidelines

Setting up in Vietnam's industrial and economic zones usually takes 3-6 months, depending on lease type, project scale, and location. Investors typically need to prepare investment and registration documents and agreements with land or facility owners. Compliance with mandatory fire safety and environmental regulations is required. The general process for leasing and business setup is as follows:

1	Choose the specialised park or economic zone and decide on whether to lease land or a ready-built facility. For land, work with the zone developer or management board; for facilities, deal with the facility owner.	4	Finalise the lease agreement and countersign. Execute the land lease or facility rental agreement after receiving IRC approval.
2	Negotiate the size, rent, lease duration, and conditions. Sign a Memorandum of Understanding (MOU) or a principle agreement to secure terms before final approval.	5	Get the Enterprise Registration Certificate (ERC), fire safety approval, and other permits. Land leases need construction permits and environmental assessments. Ready-built facilities may require environmental registration or assessment based on the business.
3	Submit the Investment Registration Certificate (IRC) application to the zone management board or provincial investment authority. Application dossiers usually includes the investor's legal documents, project proposal, financial proof, and the MOU.	6	Land lease projects proceed with construction. Facility lease projects can move in and begin fitting out immediately. Business operations commence once ready.

Note: Steps 5 and 6 can be carried out simultaneously

[Source: 2020 Investment Law, Vietnam Government Portal]

Business setup

The current Law on Enterprises was passed by Vietnam's National Assembly on 17 June 2020 and took effect on 01 January 2021. The laws provide seven types of legal forms of incorporation for business entities, comprising:

- Limited liability company (LLC)
- Joint-stock company (JSC)
- Sole proprietorship
- Partnership
- Branch
- Representative Office (RO)
- Business Co-operation Contract (BCC)

The law on Public Private Partnership came into effect on 01 January 2021. Forms of investment under PPP contracts will be made on the basis of a contract between a regulatory agency and an investor.

The National Assembly adopted the Law on Investment 2020 on 17 June 2020, which appears to be structurally more permissive of foreign investment. However, it also introduces a "negative list", meaning that foreign entities are allowed to invest in any business in Vietnam, except in those sectors explicitly set out in the List of Restricted Sectors. Investment in certain sectors may be subject to certain conditions. Conditional investment rules apply to foreign investors, with additional potential restrictions including:

- (i) Percentage ownership limits;
- (ii) Restrictions on the form of investment;
- (iii) Restrictions on the scope of business and investment activities;
- (iv) Financial capacity of the investors and partners and;
- (v) Other conditions under international treaties and Vietnamese law.

Foreign investors who wish to establish an entity in Vietnam, for the purpose of conducting their business in the country, must have an investment project. An investment project is a collection of proposals declaring how the firm plans to spend its medium and long-term capital for investment activities, in a specific area and for a specified duration of time. Documents must also be supplied and attested to the legal status of the investor. In addition, a report on the financial capacity, and a proposal for preferential treatment (if any) must also be provided.

An Investment Registration Certificate (IRC) will be issued within 15 days from the receipt of a complete dossier of documents for a common investment project. Upon the issuance of the IRC, the investor must apply for the Enterprise Registration Certificate (ERC) which will be issued within 3 working days from the receipt of a complete dossier, to complete the incorporation process and put the investment project into implementation. These processes may take longer if the authorities require extra documentation. In some cases, an IRC may not be granted, as it is at the discretion of the authorities.

Capital requirement

Typically, there are no maximum or minimum capital requirements for a company. However, certain sectors impose specific capital thresholds to start a business, e.g. a minimum capital requirement of VND 3,000 billion (equivalent to USD 117 million) is required for a commercial bank.

Company charter

The company charter is one of the documents that governs the incorporation and operation of a company. It determines the competence, duties and obligations conferred on the board of directors and its shareholders or owners.

Filing requirements

All companies established in Vietnam must adhere to the Vietnamese Accounting Standards (VAS) and System of Accounts as regulated by the Ministry of Finance (MoF). Financial statements must be submitted within 30 days for sole proprietorships and partnerships and within 90 days from the fiscal year end for other types of enterprises. Additionally, third-party audited financial statements are mandatory for foreign-invested companies, public companies, securities firms, credit institutions, financial institutions, insurance enterprises and brokers, state-owned companies (except those operating in fields involving state secrets), companies undertaking nationally important projects, companies and organisations with state-contributed capital, projects funded by other state capital as prescribed by the Government and other large-scale enterprises.

Following establishment, a number of other formalities must be carried out, including:

- Announcing the establishment of information on the National Business Registration Portal
- Carving the Company's seal(s)
- Opening bank accounts (i.e. Direct Investment Capital Account and operating account)
- Registering to join the social insurance scheme with social insurance department
- Business Licence Fee is being exempted for the first year of a newly established or operated enterprise and only required to pay from the second year onwards.
- E-invoice registration
- Others

A foreign entity may establish its presence in Vietnam as a:

- Limited liability company (LLC);
- Joint stock company (JSC);
- Partnership;
- Branch;
- Representative office (RO); or
- Business cooperation contract (BCC)

Foreign investors can also buy capital/ shares in existing domestic enterprises, subject to certain ownership restrictions, which vary depending on the sector.

Limited Liability Company (LLC)

There are two types of limited liability company: (i) One Member Limited Liability companies, and (ii) Limited Liability companies with two or more members. Neither form can be listed.

Limited liability companies are not entitled to issue shares and the total members in a limited liability company cannot exceed 50. A limited liability company can have more than 01 legal representative.

In addition to cash, capital contributions can be made in the form of gold, the value of land use rights, intellectual property rights, technology, technical know-how and other assets.

Limited liability companies can reduce their charter capital in certain circumstances in accordance with the law.

Joint-Stock Company (JSC)

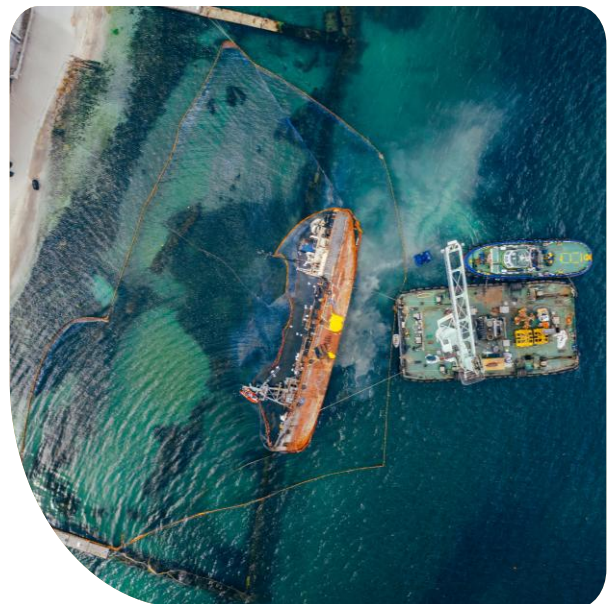
A joint stock company (JSC) is a company whose charter capital is divided into shares, held by three or more organisations or individuals. A JSC can have more than one legal representative. JSC is a recognised legal entity and the only company type under Vietnamese law that can issue shares. Its shareholders are responsible for its debts and liabilities up to the amount of their contributed capital. A JSC can issue securities and be listed on the Securities Exchange. A JSC may either be 100 per cent foreign owned or domestically owned or may take the form of a joint venture between foreign and domestic investors.

A JSC is established by its founding shareholders based upon their subscription to shares in the company. It is required to have at least 3 shareholders, with no maximum stipulated by law.

The founding shareholders of a JSC must subscribe for at least 20% of the total shares that the JSC is authorised to offer for sale. Shareholders can be Vietnamese or foreign nationals. A JSC must issue ordinary shares and may issue preference shares and/or issue bonds. Types of preference shares include: Voting preference shares: only allowed to be held by government authorised organisations and founding shareholders

- Dividend preference shares
- Redeemable preference shares
- Other types of preference share are subject to the company's charter.

Shareholders are permitted to convert preference shares into ordinary shares but not permitted to convert ordinary shares into preference shares. The company's shares are allowed to be freely transferred among shareholders, except for voting preference shares.





Business Cooperation Contract (BCC)

A business cooperation contract is a contractual relationship signed between multiple parties, generally a foreign investor and a local company. This does not form a legal entity but permits the partners to engage in business activities on the basis of mutual allocation of responsibilities and the sharing of profits and losses. This form of business has traditionally been used in industries where LLCs and JSCs are restricted. This form of business is a means of private financing without transferring management control to a foreign partner.

Public and Private Partnership Contract (PPP)

Public and Private Partnership (PPP) contract is a contractual arrangement entered into by the Government with the private sector for infrastructure projects and public services. They include Build-Operate-Transfer (BOT), Build-Transfer (BT) and Build-Transfer-Operate (BTO) Contracts. The difference between these contracts is the point in time that the project is transferred to the Government. According to the law on PPP, it is focused on five essential areas: (1) Transportation (2) Power grid, power plant (except hydroelectric plants and some other cases) (3) Irrigation, clean water supply, drainage, wastewater treatment, waste treatment (4) Health care, education and training (5) IT infrastructure

Partnership

Partnerships can be established in Vietnam provided there are at least two individuals who are members of the partnership and co-owners of the business. These individuals will be general partners and have unlimited liability for all obligations of the partnership. The partnership may also have limited liability partners, who can be individuals or organisations, who only contribute a part of the capital and have limited liability and rights up to the value of their contribution.

Typically, partnerships are not widely used for foreign investment in Vietnam.

Representative Office (RO)

In accordance with Commercial Law, foreign investors can set up a resident Representative Office (RO) in Vietnam. The following regulations are in place regarding the RO:

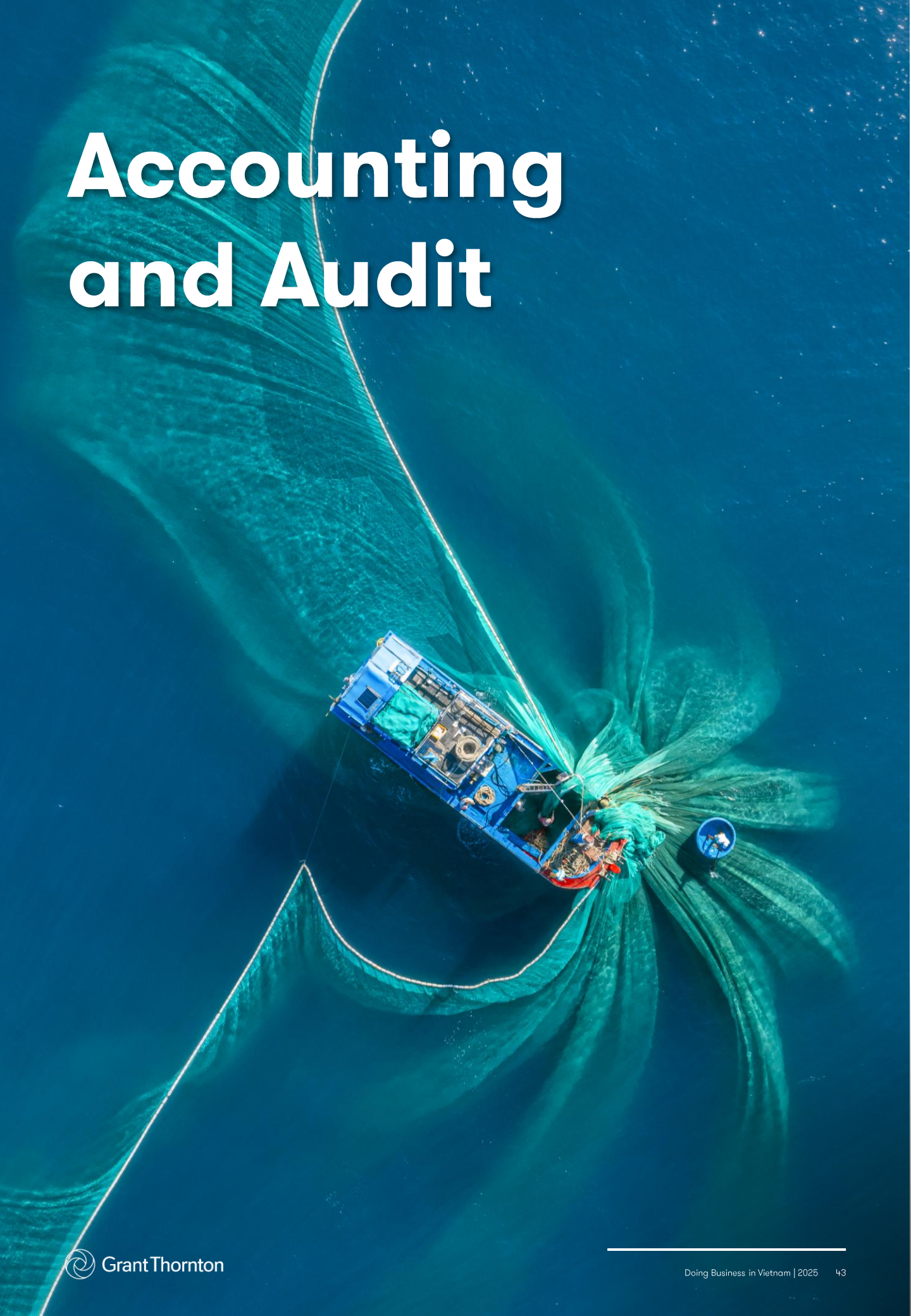
- Foreign businesses shall not be allowed to establish more than one RO that has the same name within a province or a centrally affiliated city.
- The foreign parent company must have been in operation for at least 1 year to be allowed to establish an RO in Vietnam, and its incorporation certificate (or equivalent documents) must be valid for at least 1 year from the date of submission of the application;
- Licences for an RO will be valid up to 5 years but may be extended or re-issued upon expiration;
- RO is not allowed to conduct revenue-generating activities (e.g. concluding contracts, selling goods or services). The RO is only permitted to act as a liaison office, conduct market research and promote the parent company's business and investment opportunities;
- RO is required to submit an annual report on activities to the local Department of Industry and Trade.

Branch

A branch is not a common form of foreign direct investment and is only applicable in certain sectors, which are stipulated under specialised management legal regulations. A branch is not an independent legal entity. Below are characteristics of a branch for foreign trader established in Vietnam.

- Foreign businesses shall not be allowed to establish more than 01 branch that has the same name within a province or a centrally-affiliated city.
- Foreign businesses shall only be entitled to set up a branch in Vietnam with the condition that the business has been in operation for at least 05 years.
- A branch of a foreign company is permitted to conduct commercial activities, in Vietnam whereas an RO is not permitted to conduct such activities.
- Branches are required to report annually to the MoIT, on the operational and financial position of the business.

Accounting and Audit



Accounting system

Foreign-invested business entities are generally required to adopt the Vietnamese Accounting System (VAS). VAS is mainly governed by the following Circulars:

Circular 200

Circular No. 200/2014/TT-BTC dated 22 December 2014 (“Circular 200”) for all types of enterprises in Vietnam

Circular 133

Circular No. 133/2016/TT-BTC (“Circular 133”) for Small and Medium-sized Enterprises

Circular 132

Circular No. 132/2018/TT-BTC (“Circular 132”) which provides guidance on VAS for microenterprises

Circular 210

All securities companies in Vietnam are required to adopt the Circular No. 210/2014/TT-BTC (“Circular 210”)

Circular 200

Circular 200 replaces Decision No. 15/2006/QD-BTC, provides guidance for VAS - the application of adoption of accounting standards to all types of enterprises in Vietnam.

Circular 133

Circular 133 provides guidance on VAS for Small and Medium-sized Enterprises (SMEs) and replaces the contents applied to SMEs in both the Decision No 48/2006/QD-BTC dated 14 September 2006 and the Circular No. 138/2011/TT-BTC dated 04 October 2011. SMEs are authorised to proactively design and construct their accounting systems in line with SMEs’ respective industries, management and decision-making purposes. SMEs can decide to apply the accounting system under the Circular 200 and relevant amendments, supplements or replacements of regulations but are required to notify the Tax Authorities as well as to consistently apply this accounting system during the fiscal year.

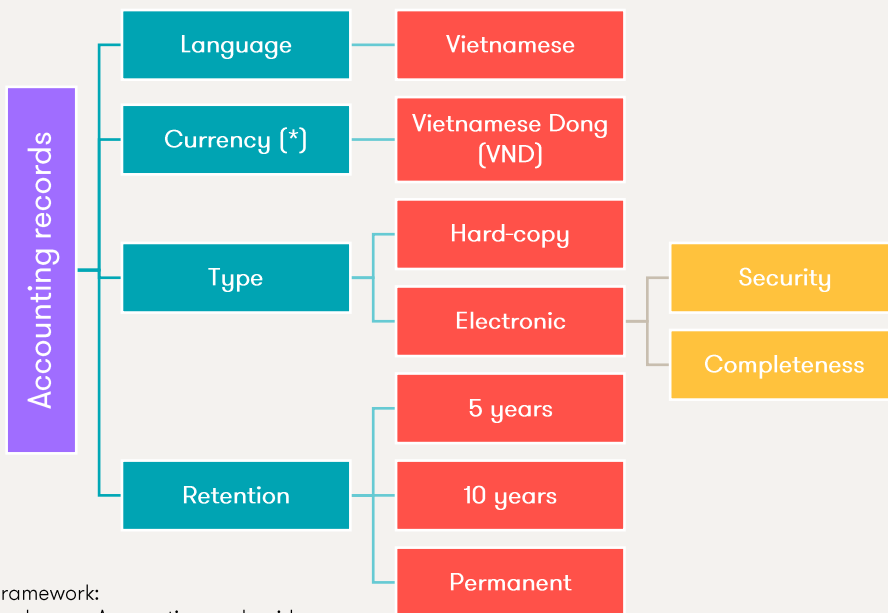
Circular 132

Circular No 132 provides guidance on VAS for microenterprises. The Circular 132 took effect for fiscal years commencing on or after 01 April 2019. Accordingly, a microenterprise shall not be required to appoint a chief accountant, if available, it is entitled to engage in chief accountant services. In addition, a microenterprise that pays corporate income tax (CIT) based on the CIT-to-sales ratio (%) is not bound to prepare and submit a financial statement to the tax authority. A microenterprise, at their discretion, may choose to apply either the Circular 132 or the Circular 133 on accounting regulations for SME’s.

Circular 210

Circular 210 provides guidance on accounting systems applicable to securities companies. Circular 210 provides several amendments related to the chart of accounts, accounting methods, forms of accounting books, methods of preparation, and presentation of financial statements applicable to securities companies, which have been established and are operating under the provisions of the Vietnamese Securities Law. Circular 210 is applied to securities companies from financial year starting from 01 January 2016 onwards.

Accounting records

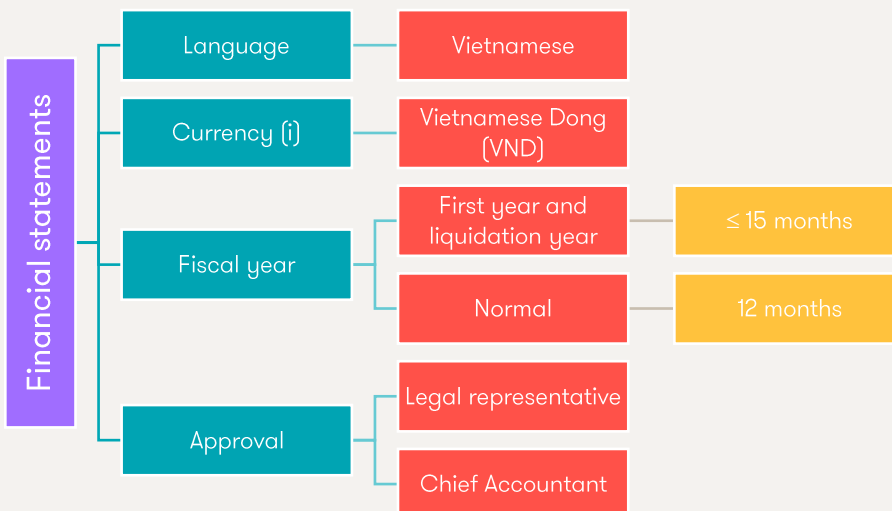


Framework:

- Law on Accounting and guidance
- Vietnamese Accounting System

(*) Foreign-invested entities are allowed to select and use another currency in recording transactions and maintaining their accounting records, provided that they can clearly demonstrate that the receipts and disbursements are mainly denominated in such other currency. However, for statutory reporting, entities using another currency, as a functional currency, must convert their financial statements prepared under such other currencies into VND, as prescribed regulations.

Financial statements



Framework:

- Law on Accounting and guidance
- Vietnamese Accounting Standards and System

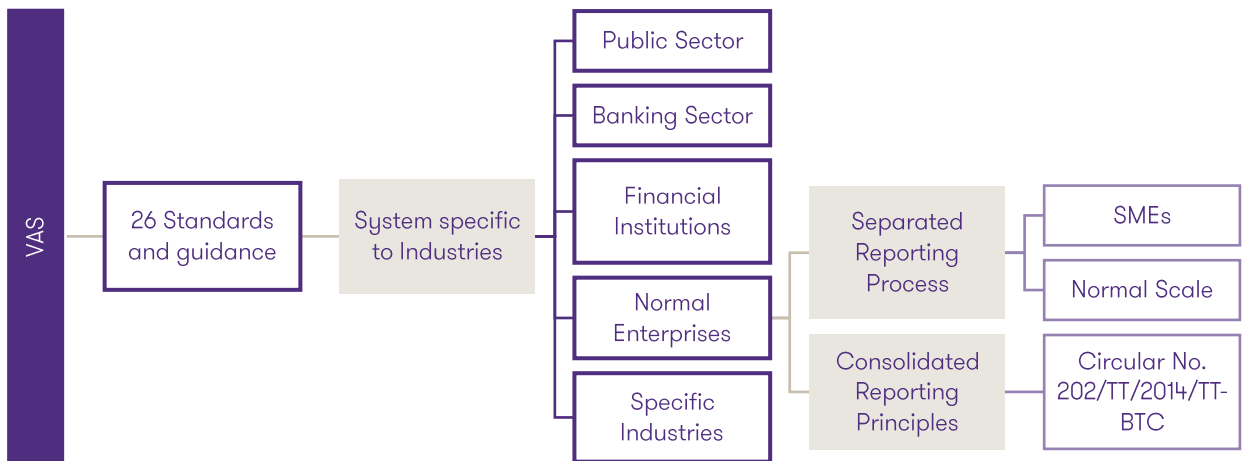
(i) If an enterprise selects a foreign currency to be used as functional currency in recognising transactions, maintaining accounting records and preparing financial statements, its financial statements are required to be translated into VND for statutory reporting purposes.

(ii) VAS specifies some requirements for financial statements of change in the fiscal year.

Accounting regulations



Vietnamese Accounting Standards and System (VAS)

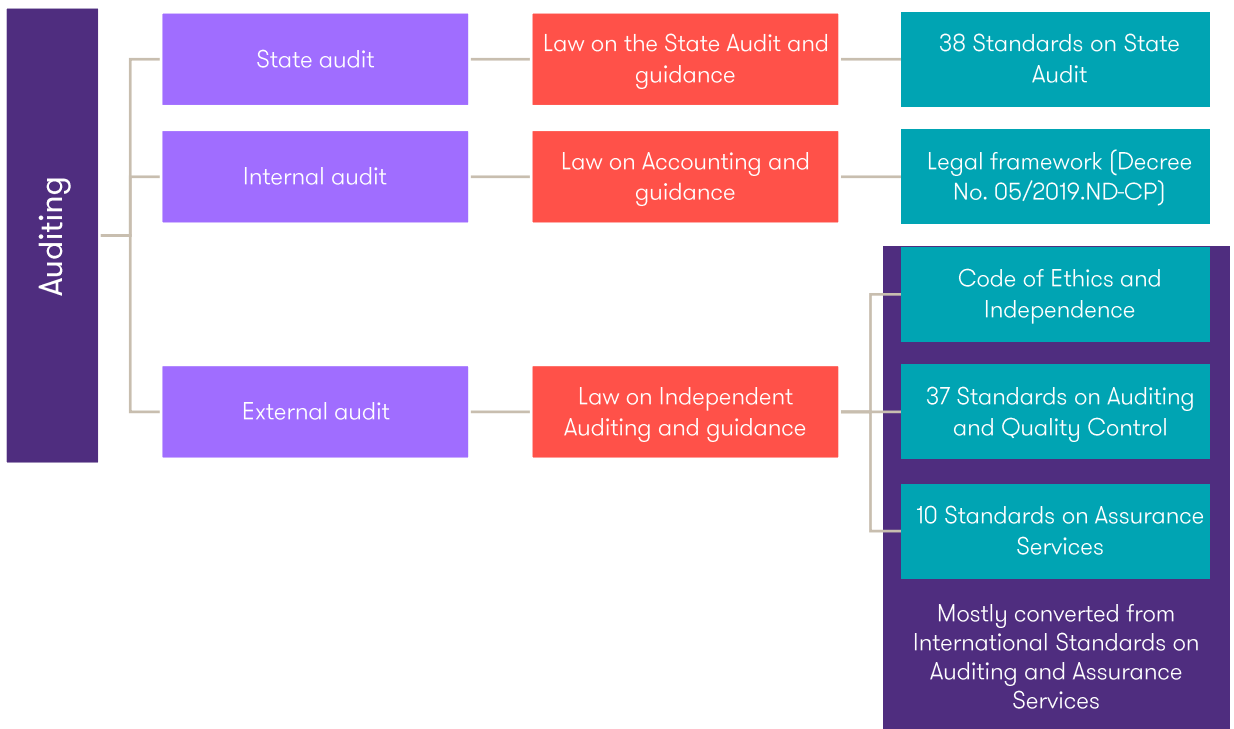
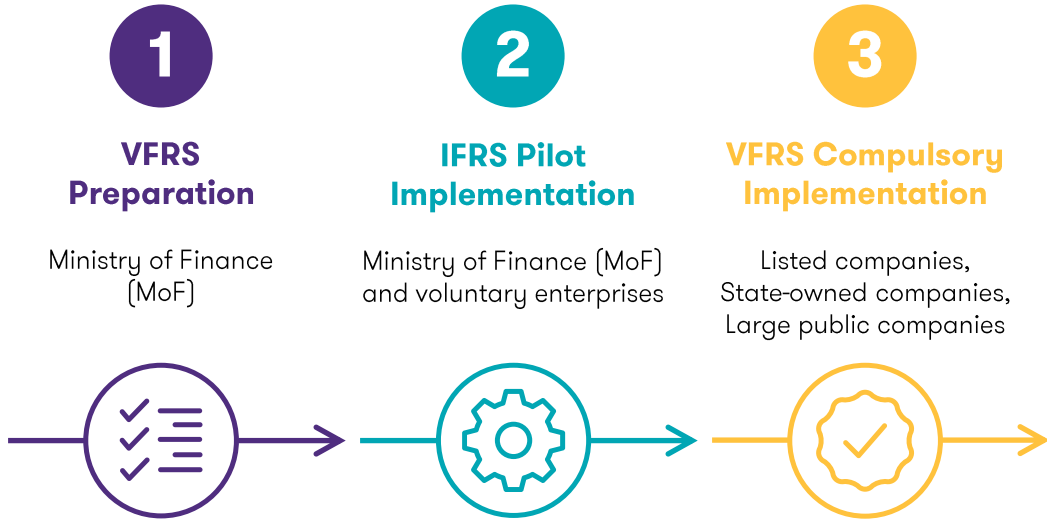


Main characteristics of VAS:

- The Vietnamese Accounting Standards for normal enterprises were issued from 2000 to 2005. They have been adopted from and primarily based on the International Accounting Standards (IAS) and International Financial Reporting Standards, as promulgated by the International Accounting Standards Board (IASB) prevailing at the time of issuance.
- Key differences between IFRS and VAS include terminology, applied valuation methods and disclosure requirements, due to the continuing changes and amendments to IFRS.
- Accountants usually refer to the detailed guidance of Vietnamese Accounting System, instead of Vietnamese Accounting Standards, which clearly guides standardised financial statements, accounting treatments, accounts mapping, accounting ledgers/vouchers, etc.

Vietnamese Financial Reporting Standards (VFRS)

On 16 March 2020, the Ministry of Finance issued Decision No. 345/QĐ-BTC which approved the proposal to apply Financial Reporting Standards in Vietnam with the following phases:





Vietnam IFRS adoption

Vietnam is actively implementing the plan to transition from the VAS to the Vietnamese Financial Reporting Standards (VFRS), which have been developed based on the requirements of the International Financial Reporting Standards (IFRS).

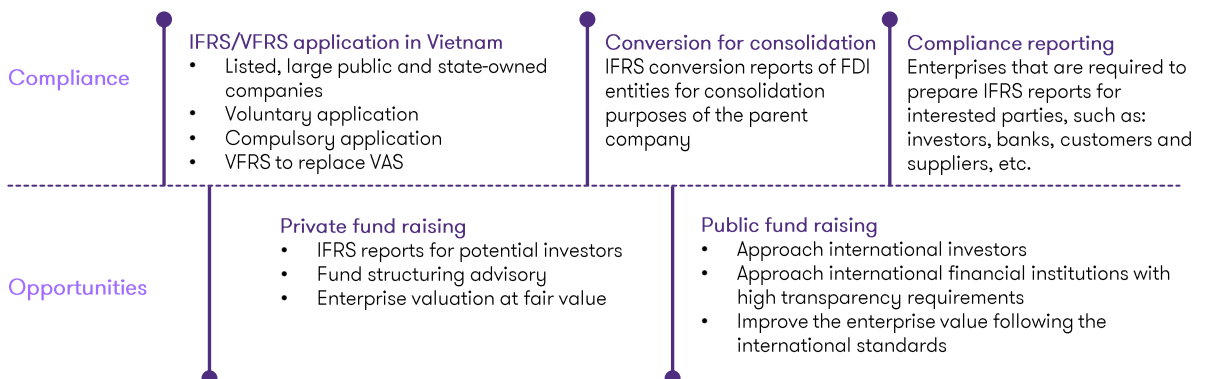
On 29 November 2024, the National Assembly issued Law No. 56/2024/QH15 amending and supplementing a number of articles of the Accounting Law No. 88/2015/QH13 and accordingly assigned the Ministry of Finance (MoF) to guide the subjects, scope, procedures, roadmap and other contents related to the application of IFRS.

In May 2025, the MoF circulated the draft of a Circular guiding the application of IFRS in Vietnam for public comments. According to the draft of the Circular, the following key points will have an impact on the application of IFRS:

- All enterprises with the need, capacity and resources can choose IFRS or VAS to prepare and present their financial statements.
- An entity that elects to apply IFRS must apply all IFRSs in effect at the reporting date in the preparation and presentation of its financial statements.
- An entity applying IFRS decides on its own accounting system regarding account numbers, names and recording methods.
- An entity that applies IFRS to prepare and present financial statements does not have to prepare VAS financial statements. IFRS financial statements are legal reports of the entity, submitted to competent authorities and announced and disclosed to the public according to the provisions of the law.
- An entity applying IFRS must be audited in accordance with the provisions of the Law on Independent Auditing.
- This Circular is expected to take effect from 01 January 2026.

The (voluntary) implementation of IFRS has several benefits for entities, as IFRS is one of the most popular accounting systems in the world (applied in over 140 countries and jurisdictions) which is encouraged to be applied by financial management authorities in developed countries. The application of IFRS is expected to strengthen the transparency and comparativeness of financial information among countries. Furthermore, IFRS also aims to support enterprises, customers, and suppliers to approach the capital markets more effectively, efficiently and economically.

By applying IFRS for reporting, enterprises in Vietnam might have the following benefits:



Key audit requirements

Compulsory annual audit

Public interest entities are required to submit “reviewed” semi-annual financial statements and “audited” annual financial statements. There are 27 audit firms in the list of firms who are approved and authorised by the MoF in 2025.



Listed companies



State-owned enterprises



Banks



Securities companies



Financial institutions



Insurance companies



Large-scale companies

FDI enterprises are subject to statutory audit. There are 223 audit firms in the list of firms that were approved and authorised by the MoF in 2025 [updated on 17 April 2025].

Any other entities involved in special circumstances such as mergers and acquisitions, changes in ownership, dissolution, and bankruptcy must be audited.

Important Update: Enterprises classified as large under the Vietnamese law now subject to mandatory audit under Decree No. 90/2025/NĐ-CP – Effective from 14 April 2025

According to the Decree, an enterprise is classified as large-scale if it meets at least **two out of the following three criteria**:

- An average number of employees participating in social insurance exceeds 200 persons
- Annual revenue exceeds VND 300 billion
- Total assets exceed VND 100 billion

These figures are determined based on the social insurance filing records and the most recent annual financial statements to ensure transparency and prevent avoidance of audit obligations.

In addition, the Decree limits the maximum consecutive period a practicing auditor can sign audit reports for the same client to **five years**, to enhance objectivity and professionalism in audit practices.

Audit contract deadline

Audit contracts should be signed with the independent auditors no later than 30 days before the end of the entity’s financial year, in accordance with the Decree No. 105/2004/ND-CP dated 30 March 2004 and the Law on Independent Auditing with effect from 01 January 2012.

Audit report and rotation

Certain entities such as banks, non-banking credit institutions, and branches of foreign banks have to rotate or replace their audit firm with another audit firm after five consecutive years. There are no similar requirements for rotation of audit firms and auditors for other business entities.

For public interest entities (PIE), the involvement of all senior personnel (engagement partner, engagement quality control reviewer or other audit partner) must not exceed 5 consecutive years.

An audit opinion is required to sign off by two CPA holders including one legal representative of the audit firm and one auditor.

Sign-off CPA holders are required to rotate after 5 consecutive years with 1 cooling off year.

Internal audit

Compulsory internal audit is required for some specific cases such as listed companies, State-owned companies, securities companies, etc.

Audit report deadline

Audited annual financial statements must be completed and submitted or filed with the Department of Finance in the province or under the jurisdiction of the central government where such enterprise’s head office is located, the local tax authority, and department of statistics by the last day of the third month after the end of the fiscal year. For enterprises located in an EPZ or IP, financial statements will be filed with the EPZ or IP Management Board, as required.

Public interest entities are required to submit and publish their semi-annual reviewed financial statements and year-end audited financial statements within 45 days and 90 days, respectively, from the balance sheet date

Taxation

Most business activities and investments in Vietnam are likely to be subject to all or some of the following taxes:

- Corporate Income Tax (Annual filing);
- Value Added Tax (Monthly or quarterly filing);
- Personal Income Tax (Monthly or quarterly filing and year end finalisation);
- Foreign Contractor Withholding Tax (Monthly filing or when incurred and finalisation upon end of contracts)

There are various other taxes that may affect certain specific activities, including:

- Special sales tax;
- Natural resources tax;
- Property taxes;
- Import and export duties;
- Environment protection tax.



Corporate Income Tax



Foreign Contractor Withholding Tax



Value Added Tax



Other taxes and duties



Personal Income Tax

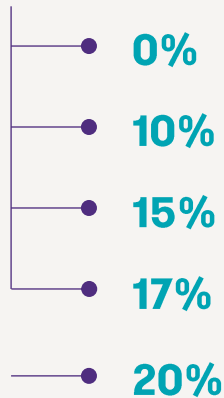


Corporate Income Tax (CIT)

Incentive rate

(subject to application and approval at the time of licensing)

Standard rate



CIT rate

Currently, the CIT standard rate is **20%**. Certain industries are liable to a higher tax rate:

- Companies operating in the oil and gas industry are subject to rates ranging from 25% to 50%, depending on the contract, location and specific projects.
- Any companies engaging in prospecting, exploration and exploitation of mineral resources are subject to CIT rates of 40% or 50% depending on location.

CIT may be reduced under investment incentive schemes.

Tax incentives

Preferential CIT rates:

- 10% and 17% for 15 years and 10 years, respectively
- Certain socialised sectors (e.g. education, health) enjoy a 10% rate for the entire life of the project

Tax holidays

- Complete exemption from CIT for a certain period generally begins after the enterprise first makes profits
- Followed by a period where tax is charged at 50% of the applicable rate:
 - 4 years of tax exemption and 9 subsequent years of 50% reduction;
 - 4 years of tax exemption and 5 subsequent years of 50% reduction;
 - 2 years of tax exemption and 4 subsequent years of 50% reduction;

Specific tax incentives based on



Location

Qualifying economic zones and high-tech parks, certain industrial parks and areas with difficult socio-economic conditions



Sector

Education, healthcare, sport/culture, high technology, environmental protection, scientific research, infrastructural development, renewable energy and software manufacturing



Scale of investment

Large manufacturing projects meeting requirements of investment capital, minimum revenue, minimum headcount



Deductible and non-deductible expenses

Deductible expenses

Expenses are deductible, if they meet the following requirements:

- Relevant to business activities;
- Supported by sufficient legitimate documents (invoices, non-cash payment evidence for transactions from VND 20 million and above, etc.); and
- Not specifically identified as being non-deductible.

Non-deductible expenses

- Depreciation of fixed assets, which is not in accordance with the prevailing regulations;
- Employee remuneration expenses, which are not actually paid, or are not stated in a labour contract/ collective labour agreement/ policies or similar documents;
- Staff welfare (including certain benefits provided to family members of staff) exceeding an annual cap of one month's average salary;
- Reserves for research and development not in accordance with the prevailing regulations;
- Provisions for severance allowance and payments of severance allowance, in excess of the prescribed amount per the Labour Code;
- Overhead expenses allocated to a PE, in Vietnam, by the foreign company's head office exceeding the amount under a prescribed revenue-based allocation formula;
- Interest on loans corresponding to the portion of charter capital not yet contributed;
- Interest on loans from non-economic and non-credit organisations exceeding 1.5 times the interest rate set by the State Bank of Vietnam (SBV);
- Certain net interest expenses exceeding the cap of 30% of EBITDA;
- Provisions for stock devaluation, bad debts, financial investment losses, product warranties or construction work, which are not in accordance with the prevailing regulations;
- Unrealised foreign exchange losses due to the year-end revaluation of foreign currency items other than accounts payable;
- Donations except certain donations for education, health care, natural disaster or building charitable homes;
- Administrative penalties, fines, late payment interest;
- Contributions to voluntary pension funds, life insurance premiums, the purchase of voluntary pension, and life insurance premiums for employees exceeding VND 3 million per month per person (effective from 01 February 2018);
- Certain expenses directly related to the issuance, purchase or sale of shares;
- Creditable input value added tax, corporate income tax and personal income tax (in the case of gross income).

Taxable income

Taxable income is defined as the difference between total revenue and deductible expenditures, plus other assessable income.

Business Units are required to prepare an annual CIT return, which includes a schedule for adjusting accounting profit to arrive at taxable profit.

Losses

Businesses that incur losses after tax finalisation are permitted to carry forward those losses to offset against the assessable income of future years, for a maximum of 5 consecutive years.

Losses on incentivised activities can be offset against profits from non-incentivised activities, and vice versa.

Losses from the transfer of real estate and the transfer of investment projects can be offset against profits from other business activities. Taxpayers are not allowed to carry back losses.

Dividend Income

Dividends paid to corporate shareholders are generally exempted from CIT, if the paying firm has fulfilled its CIT obligations before payment.

Thin capitalisation rules

At present, there are no thin capitalisation rules. However, certain restrictions to this effect can be found in the regulations on foreign loans and corporate income tax (permitted borrowing capacity and excessive interest rates).

Profit repatriation

In Vietnam, foreign investors are allowed to repatriate their profits either on an annual basis or on termination of the investment, provided that they have profits based on the audited financial statements and have fulfilled their tax obligations in Vietnam.

Foreign investors or their investee companies upon the foreign investors' authorisation are required to notify the local tax authorities of the plan to repatriate profits at least 7 working days prior to the scheduled repatriation.

Administration

CIT filing is on an annual basis.

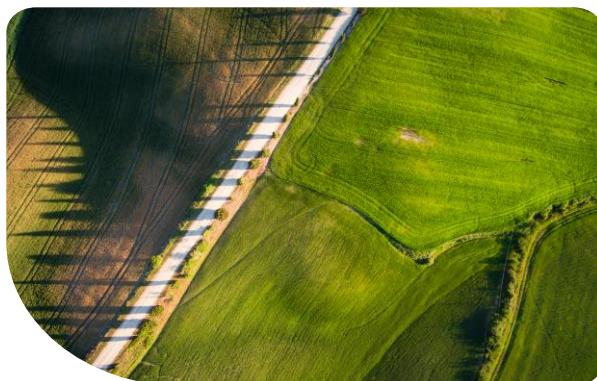
The provisional tax payment is on a quarterly basis, based on estimates, and on an annual basis based on the finalisation.

The quarterly CIT shall be paid no later than the last day of the first month of the following quarter. The timeline for both filing the annual CIT finalisation returns and paying taxes is no later than the last day of the third month from the end of the fiscal year.

Pursuant to Decree No. 91/2020/ND-CP, effective from 30 October 2022, the total amount of provisional CIT payment for 4 quarters must not be less than 80% of total annual CIT payable upon year-end CIT finalisation (i.e. 80% rule). Otherwise, interest for late tax payment at the rate of 0.03% per day would be applied on the outstanding amount counting from the following day after the deadline of the fourth quarter tax payment (i.e. by 30 January of the following fiscal year).

The standard tax year is the calendar year. For enterprises that apply a fiscal year different from the calendar year, the tax period shall be determined according to the applied fiscal year. An enterprise may change the tax year period, but the period chosen cannot exceed 12 months and it is required to notify the tax authorities prior to implementation.

Firms must pay tax in the province where their head office is located. If an enterprise has a "dependent accounting production establishment" in another province or city, then the amount of CIT assessable and payable will be determined in accordance with a ratio of expenses incurred by each manufacturing establishment over the total expenditure of the company.



Summary of incentives

CIT rate	Description	Applicable period	CIT Exemption	CIT Reduction
10%	(1) Income from new investment projects in areas with especially difficult socio-economic conditions, economic zones, and high-tech parks (HTPs)	Up to 15 years	4 years	9 years
	(2) Income from new investment projects in: <ul style="list-style-type: none"> Scientific research and technology development; investment in the development of especially crucial infrastructure works as prescribed and software production Manufacturing composite materials, light construction materials, precious and rare materials; manufacturing reproduction energy, clean energy, energy from destroying waste; developing biotechnology Environmental protection 	For the newly invested projects in items (2), the applicable period might be extended for an additional 15 years maximum, subject to the Government's decision		
	(3) Income of high-tech enterprises, agricultural enterprises applying high technology	15 years	4 years	9 years
	(4) Income from newly established investment projects in the sector of production (except for project producing goods subject to special sales tax, mineral exploitation projects) have investment capital scale at the minimum of VND 6 trillion and being disbursed in under 3 years from the date of investment certificate, and <ul style="list-style-type: none"> Having total minimum revenue of VND 10 trillion/year no later than 3 years from the first year of generating revenue; or Employing more than 3,000 full-time employees no later than 3 years from the first year of generating revenue 			
10%	Income of enterprises from social activities in the sectors of education and training, vocational training, culture, medical health, sports, the environment, and judicial assessment as well as other specific sectors such as publishing, press/newspaper printing, etc.)	Entire project life	4 years	9 years applying for the areas with especially difficult/difficult socio-economic conditions; or 5 years applying for those established in other areas
15%	Incomes of enterprises from farming, husbandry, processing of agriculture and aquaculture products in areas with normal socio-economic conditions or areas with especially difficult socio-economic conditions.	Entire project life		
20%	Income from newly invested projects based in areas with difficult socio-economic conditions. Income from newly invested projects in manufacturing of high-quality steel; production of energy saving products; manufacture of machinery and equipment serving for agriculture, forestry, fish breeding, salt production; manufacture of irrigation equipment; production and refining of feed for cattle, poultry and aquatic resources; development of traditional trades and occupations	10 years (CIT rate of 17% from 01 January 2016)	2 years, also applying for income from newly established investment projects in IPs, except for IPs with favourable socio-economic conditions	4 years, also applying for income from newly established investment projects in IPs, except for IPs with favourable socio-economic conditions

Tax incentives applicable for R&D and mega projects

Special investment incentives for R&D and mega projects in special preferential sectors have been regulated in accordance with Decision No. 29/2021/QĐ-TTg dated 06 October 2021. The detailed incentives schemes could be summarised as below:

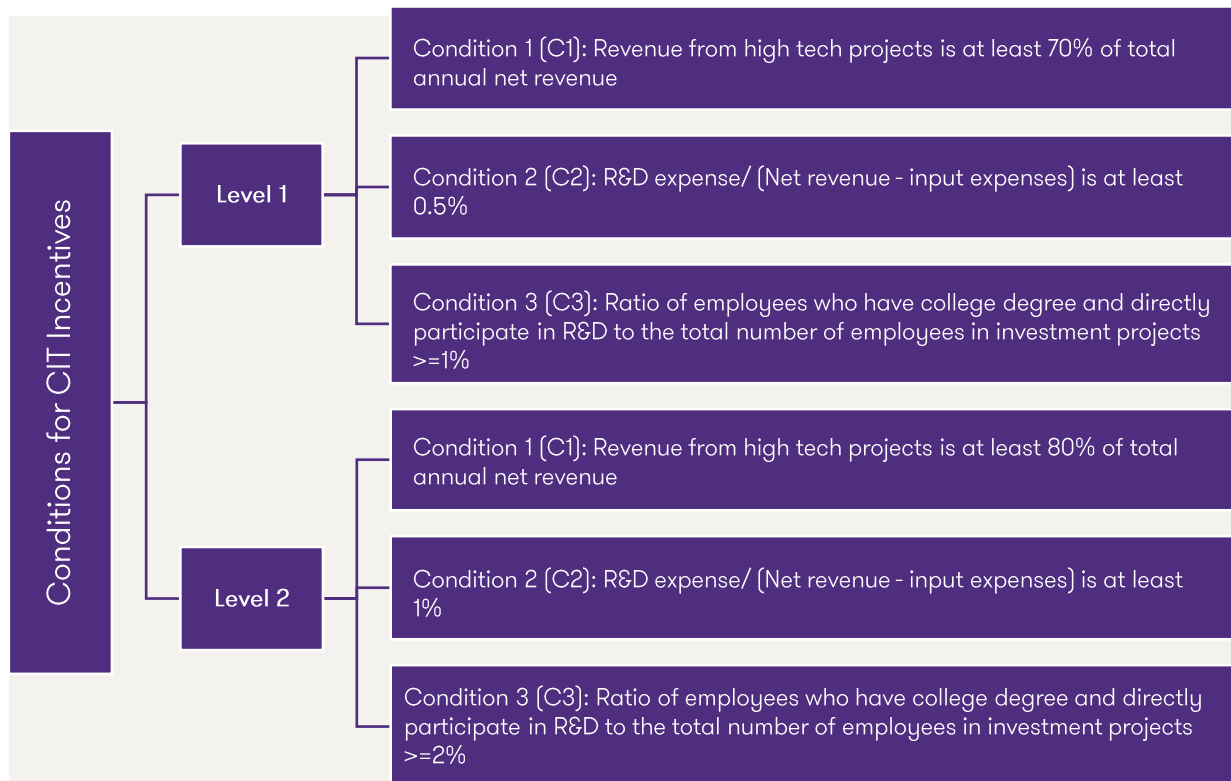
Applicable projects	Conditions on eligibility of special investment incentives
Group A	Newly established innovation centres, research and development centres that meet the following conditions: <ol style="list-style-type: none"> A total investment capital of at least VND 3 trillion At least VND 1 trillion of capital disbursed within 3 years from the issuance date of the Investment Registration Certificate (IRC) or the approval of investment
Group B	Mega investment projects specializing in special preferential sectors that meet the following conditions: <ol style="list-style-type: none"> A total investment capital of at least VND 30 trillion At least VND 10 trillion of capital disbursed within 3 years from the issuance date of the IRC or the approval date of investment

Under the guidance of the Decision, the special incentives would be applicable to both new and expansion investment project. Below is the summary of CIT incentives scheme which is applied to eligible projects.

CIT rate	Conditions on the eligibility of special investment incentives	Applicable period	CIT Exemption	CIT Reduction
9%	Applied to profits generating from Group B projects	30 years	5 years	10 years
7%	Applied to profits generating from the projects that fall into the following categories <ul style="list-style-type: none"> Group A projects Group B projects that meet one of the following criteria: <ol style="list-style-type: none"> Being assessed as a level 1 high-tech project Having Vietnamese enterprises engaging in the value chain at level 1 Having added value (i.e. the total cost of products minus the expenses paid to overseas such as imported materials, machinery, royalty fees, etc.) accounting for over 30% to 40% of the total cost of products Satisfying the condition of technology transfer of level 1 	33 years	6 years	12 years
5%	Applied to profits generating from the projects that fall into the following categories <ul style="list-style-type: none"> Innovation centres established under a Decision of the Prime Minister Group B projects that meet one of the following criteria: <ol style="list-style-type: none"> Being assessed as a level 2 high-tech project Having Vietnamese enterprises engaging in the value chain at level 2 Having added value accounting for over 40% of the total costs of products; or Satisfying the condition of technology transfer of level 2 	37 years	6 years	13 years

CIT incentives applicable for R&D and mega projects (cont.)

The level 1 or level 2 high-tech projects are stipulated as follows:



CIT incentives applicable for Supporting Industry products

On 04 June 2021, the Government issued Decree No. 57/2021/ND-CP (“Decree 57”) to supplement Decree No. 218/2013/ND-CP on CIT incentives for projects manufacturing Supporting Industry products. Decree 57 came into force from 04 June 2021 and is applied retroactively.

The preferential policies in this sector means that in addition to CIT incentives at the highest level (tax exemption for 4 years, reduction of 50% of tax payable for the following 9 years and a preferential tax rate of 10% for 15 years), the enterprises are entitled to CIT incentives for the fiscal year when they are granted the incentive certificate for projects manufacturing supporting products from the statutory authorities (i.e. Department/ Ministry of Industry and Trade).

For enterprises that have been or are enjoying CIT incentives under other conditions (besides the conditions on supporting industries), the “remaining incentive period” is determined by the CIT incentive period under the conditions of the projects manufacturing supporting industry products, minus the number of years where they have already enjoyed tax exemption, tax reduction or preferential tax rate under other incentive conditions.



Transfer Pricing (TP)

The Vietnamese Government has been enforcing Transfer Pricing (TP) since 2005 as an integral part of the CIT regime. In this respect, taxpayers are required to identify related party and associated related party transaction(s) as well as disclose and document compliant evidences for related party transaction in line with the prevailing TP regulations, i.e. Decree No. 132/2020/ND-CP taking effects from the tax year 2020 onward and Decree No. 20/2025/ND-CP taking effects from the tax year 2024 and providing supplements and amendment to Decree No. 132/2020/ND-CP.

In general, taxpayers engaging in related party transaction(s) are required to prepare the following compliant documents:

- TP Disclosure Forms: these forms require disclosure of related party transaction(s), testing method for pricing policies as well as brief checklists for TP Documentation reports. TP Disclosure Forms are considered appendices to CIT finalisation returns with similar annual due date.
- TP Documentation reports: such reports consist of (i) Local Files to analyse related party transaction(s) of Vietnamese taxpayers, (ii) Master Files to provide information of the Group and (iii) a copy of Country-by-country profitability report from the Ultimate Parent Entity (in case the home jurisdiction requires). TP Documentation reports shall be available in Vietnamese and submitted to the tax authority upon request.

For simplification of declaration, Vietnamese TP regulations also provide a threshold for TP filing, in which qualified small and medium taxpayers could be exempted from the preparation of TP Documentation reports.

Advance Pricing Agreement (APA) is also applicable in Vietnam in both single-lateral and multi-lateral mechanisms. The prevailing legal guidance for APA matters is Circular No. 45/2021/TT-BTC, taking effect from 03 August 2021 onward. Qualified APA shall be allowed for a 3-year duration upon approval from the General Department of Taxation.



TP regulations would apply to any transactions between related parties (or controlled entities), which is identified via the following conditions:

- One party participates directly or indirectly in the management, control or equity of the other, or has investment in the other;
- Two or more parties participate directly or indirectly in the common management, control, or via capital investment to or from other parties.

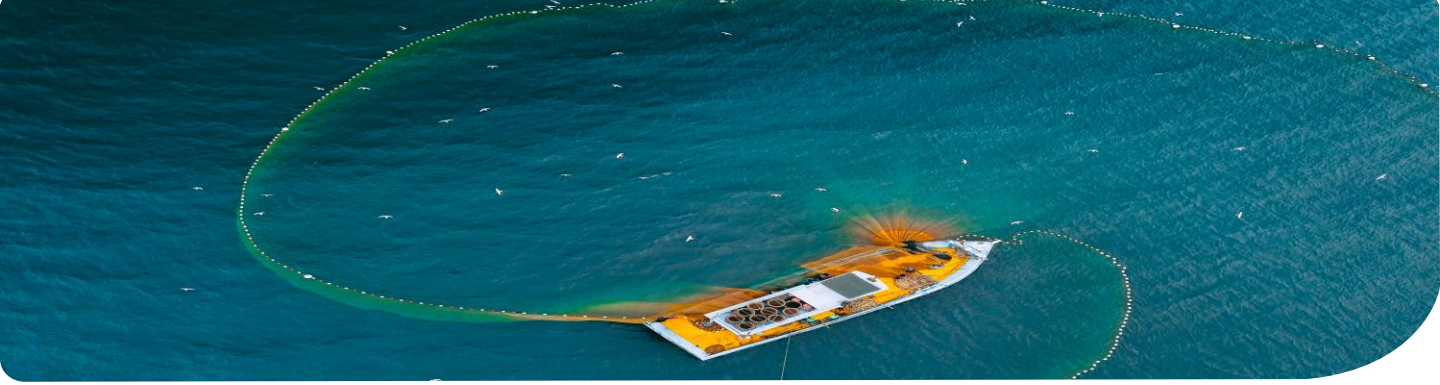
The Vietnamese TP regime is established in accordance with the TP guidelines and the Base Erosion and Profit Shifting (BEPS) action plan issued by the Organisation for Economic Co-operation and Development (OECD). Additional interpretations from Vietnamese lawmakers were applied under Decree No. 132/2020/ND-CP, resulting in a divergence between Vietnamese TP regulations and OECD guidelines. As a result, such interpretations would make the preparation of Vietnamese TP compliant documents unique, as it seems to be impossible to apply either OECD guidelines or those of the Group's home jurisdiction towards Vietnamese TP practice without local review and advice.

Global Minimum Tax (GMT)





GMT is enforced in Vietnam from the tax year 2024 onward as part of the Global Anti-Base Erosion model (GloBE). GMT will be applied to multinational enterprises with consolidated revenue of over EUR 750 million. Under GMT application, a minimum top-up tax rate is regulated at 15% and impacted taxpayers are required to comply with the following applications:

- Qualified Domestic Minimum Top-up Tax (QDMTT): QDMTT is applied towards constituent entity/entities (CEs) operating in Vietnam. The national-based effective tax rate from all Vietnamese CEs shall be calculated and a top-up tax to meet the 15% minimum rate shall be contributed to the Vietnamese State Budget.
- Income Inclusion Rules (IIR): IIR is applied towards ultimate parents operating in Vietnam. IIR requires the calculation of the national-based effective tax rate in each operating country/region, as any addition top-up tax to meet the 15% minimum rates (if not contributed to the respective jurisdiction) shall be calculated and contributed to the Vietnamese State Budget.

Impacted taxpayers are required to submit additional paperwork for GMT declaration within 12 months from financial year end. In addition, certain de minimis rules and thresholds are also introduced to support qualified taxpayers.



Value-Added Tax (VAT)

 Not subject to VAT	 VAT: 0%	 VAT: 5%	 VAT: 10%
Certain farming products, breeding, and aquaculture not yet processed, breeds of livestock, transfer of land use rights, medical services, public telecommunications services, education, public transport, technology transfer, credit and securities services, etc.	Exported goods/ services, including goods/ services sold overseas or to non-tariff areas and consumed outside Vietnam or in non-tariff areas, goods processed for export or in-country export (subject to conditions), international transport etc.	Essential goods and services, such as clean water, animal feeds, teaching aids, books, medicine and medical equipment, various agricultural products and services, art performance, showing films, exhibition, technological or scientific services, social housing, etc.	Standard VAT rate

VAT rates

VAT rate: 0%

This rate applies to exported goods and services including goods and services sold overseas or non-tariff areas and consumed outside Vietnam or in non-tariff areas, goods processed for export, goods sold to duty free shops, certain exported services, construction and installation carried out for export processing enterprises, aviation, marine and international transportation services. In-country exported goods may no longer be treated as “exported goods” under the new Law on VAT No. 48/2024/QH15 issued on 26 November 2024 and effective from 01 July 2025.

VAT rate: 5%

This rate applies generally to areas of the economy concerned with the provision of essential goods and services. These include clean water; teaching aids; books; medicine and medical equipment; various agricultural products and services; technical or scientific services; rubber latex; certain cultural, artistic products/ services, social housing, etc.

VAT rate: 10% - temporarily reduced to 8%

The 10% standard rate applies to activities not specified as not subject to VAT, exempt, or subject to the 0% or 5% rate.

Since 28 December 2023, in order to lower prices and boost domestic demand, a 2-percentage point VAT reduction for goods and services that are currently subject to 10% VAT has been applied until 30 June 2025. Furthermore, under the latest resolution ratified on 17 June 2025 during the 9th session of the 15th National Assembly, such reduction will be extended to the end of 2026 with an expanded list of goods and services.

VAT exemption

Under this treatment, no output VAT shall be charged, and any input VAT shall be uncreditable, except for those subject to 0% output VAT, but considered as deductible expenses for CIT purposes, comprising the following:

- Unprocessed or pre-processed products from farming, breeding, and aquaculture;
- Breeds of livestock, plant varieties;
- Goods/ services provided by individuals having an annual revenue of VND 100 million or below. From 01 January 2026, the revenue threshold will be increased to VND 200 million or below;
- Imported or leased drilling rigs, aeroplanes and ships of a type which cannot be produced in Vietnam;
- Transfer of land use rights;
- Financial derivatives and credit services (including credit card issuance, finance leasing and factoring); sales of VAT payable mortgaged assets by a borrower under the lender's authorisation, in order to settle a guaranteed loan and provision of credit information.
- Various securities activities including fund management;
- Capital assignment;
- Foreign currency trading;
- Debt factoring;
- Certain insurance services (including life insurance, health insurance, agricultural insurance and reinsurance);
- Medical services;
- Teaching and training;
- Printing and publishing newspapers, magazines and certain types of books;
- Public passenger transport;
- Transfer of technology, software and software services except exported software which is entitled to the 0% rate;
- Gold imported in pieces, which have not been processed into jewellery;
- Exports of unprocessed mineral products such as crude oil, rock, sand, rare soil, rare stones, etc., and those that are processed into other products stipulated by the Government in discouraging and restricting the export of raw natural resources and minerals;
- Imports of machinery, equipment and materials, which cannot be produced in Vietnam for direct use in scientific research and technology development activities;
- Equipment, machinery, spare parts, specialised means of transport and necessary materials which cannot be produced in Vietnam for prospecting, exploration and development of oil and gas fields;
- Goods imported in the following cases: prevention of natural disasters, epidemics and wars, international non-refundable aid, including from official development aid, foreign donations to government bodies and to individuals (subject to limitations).



VAT calculation methods

Credit method

This method applies to business establishments maintaining full books of account, invoices and documents in accordance with the relevant regulations, including: (i) Business establishments with an annual revenue subject to VAT of VND 1 billion or more, except for business individuals and households, and (ii) Certain cases voluntarily registering for VAT declaration under the deduction method.

$$\text{VAT payable} = \text{Output VAT} - \text{Input VAT}$$

Input VAT is creditable if it meets the requirements as follows:

- Being relevant to business activities;
- Having sufficient legitimate invoices and vouchers;
- Being settled via forms of non-cash payment for transactions with regulated thresholds; and
- Being paid through a bank account.

Direct method

This method applies to:

- Business establishments with an annual revenue subject to VAT of less than VND 1 billion who do not voluntarily apply the credit method;
- Individuals and business households, except those who do not maintain proper books of account;
- Foreign organisations who do not have PE in Vietnam, individuals who are non-residents of Vietnam, earning income but do not maintain proper books of account and invoices, except for foreign suppliers conducting e-commerce or doing business via digital platforms; and
- Business establishments engaging in trading gold, silver and precious stones.

$$\text{VAT payable} = \text{Revenue or Added value} \times \text{Deemed VAT rates}$$

The deemed VAT rate for direct VAT calculation varies depending on the business activities as below:

- 1% - this ratio is for the business of “distribution, supply of goods”.
- 3% - this ratio is for “the production, transportation, service associated with goods, construction inclusive of the materials”.
- 5% - this ratio is for “service, construction exclusive of material”.
- 2% - this ratio is for other business activities.



VAT administration

All organisations and individuals producing VAT liable goods and supplies must register for VAT.

The Business Units shall file and pay their VAT returns on a monthly basis by the 20th day of the subsequent month, or on a quarterly basis by the last day of the first month of the subsequent quarter (for companies with a prior year annual revenue of VND 50 billion or less).

Invoices and payment vouchers

Electronic invoices for the sales of goods and provision of services have been mandatorily applied from 01 July 2022 onwards to all businesses, economic organisations, business households, and individuals paying tax under the declaration method according to Decree No. 123/2020/ND-CP dated 19 October 2020. Since 01 June 2025, it is voluntarily applied for foreign suppliers having no permanent establishments in Vietnam and conducting or providing e-commerce and business via digital platforms, and other services in Vietnam.

There are two types of e-invoices as follows:

- E-invoices without a verification code from the tax authorities are acceptable for enterprises in majority of the common industries who meet certain statutory conditions.
- E-invoices with a verification code from the tax authorities are applicable for enterprises other than the above and the individuals/ enterprises in the high tax risk category.



VAT refund

Under the new VAT regulations, VAT refunds are only allowed for the following cases:

- For exporters, where excess input creditable VAT exceeds VND 300 million, a refund may be granted on a monthly/ quarterly basis except for cases of imported goods for exporting; however, the amount of input VAT relating to export sales to be refunded must not exceed 10% of export revenue. If business establishments have both export and domestic sales revenue, they should separately record or proportionate refundable input VAT per revenue criteria.
- Business establishments having new and expanded investment projects, including investment projects divided into several investment phases or investment categories, except some certain circumstances, OR projects on prospecting, searching, and developing oil and gas fields, that are in the investment phase and have input VAT incurred during the cumulative investment phase after offsetting with input VAT from current business activities (if any) being positive of at least VND 300 million.

Non-refundable input VAT can be carried forward to the next tax period in the following cases: (i) the investment projects having the chartered capital not fully contributed as registered, or (ii) business establishments doing conditional business activities without satisfying or maintaining the stipulated conditions, except when they are not yet to be required to apply for licences for the conditional business lines or not subject to licences to engage in conditional business lines as stipulated by laws, and (iii) raw natural resources and minerals exploiting projects other than oil and gas.

- Business establishments producing goods subject to different tax rates and having excess input creditable VAT over VND 300 million after 12 consecutive months or 4 quarters.
- Furthermore, business establishments should satisfy the following conditions to be entitled to a VAT refund:
 - Be registered for business and VAT payment according to the tax credit method, maintain proper books of account and have registered bank accounts;
 - Legally meet conditions for crediting input VAT;
 - Have sellers declare the output VAT invoices issued to business establishments applying for VAT refund.

Personal Income Tax (PIT)



Residency status

Tax resident

- Physical presence in Vietnam for ≥ 183 days in a calendar year or 12 consecutive months; or
- Having "regular residence" in Vietnam.

Non-tax resident

Do not meet the conditions for being a tax resident.

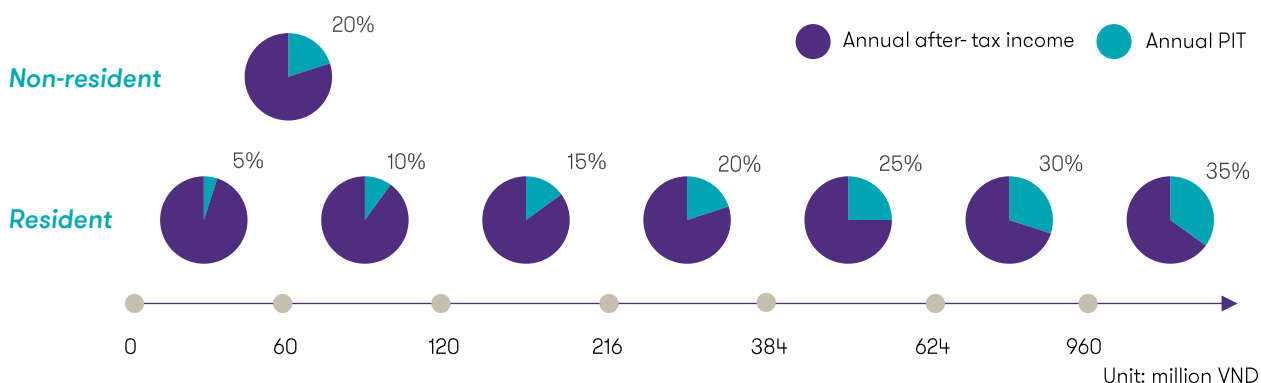


Tax residents are taxed on world-wide income, whereas non-tax residents are taxed on Vietnam-sourced income.



Depends on the nature of income and tax residency status

Employment income



Business income



0.5%

Goods distribution / Supply



5%

Asset lease, insurance brokerage, lottery brokerage, multi-level marketing brokerage, compensation



2%

Service, construction exclusive of building material



1.5%

Manufacturing, transportation, service associated with goods, construction inclusive of building material



1%

Other business activities

Deductions for Tax residents



Tax relief

- Personal relief: VND 11 million/month
- Family relief: VND 4.4 million/month/ qualified tax dependent



Compulsory insurance contribution

Social Insurance (SI), Health Insurance (HI) and Unemployment Insurance (UI)^(*)

(*) From 01 December 2018, in addition to HI, the expatriate under employment contract is entitled to SI contribution

Taxable income and non-taxable income

Taxable income

Taxable income generally comprises 10 main types of income: employment income, business income, income from capital investments, income from capital transfers, income from real property transfers, winnings or prizes, royalties, income from franchises, income from inheritances and receipts of gifts.

Non-taxable income

Non-employment income

- Interest earned on deposits with credit institutions/banks and on life insurance policies;
- Retirement pensions paid under the Social Insurance law (or the foreign equivalents);
- Income from the transfer of properties between various direct family members;
- Inheritance/gifts between various direct family members;
- Monthly retirement pensions paid under voluntary insurance schemes;
- Income from life insurance policies;
- Foreign currency remitted by overseas Vietnamese;
- Scholarships;
- Compensation payments from life and non-life insurance contracts.

Employment income

- One-off relocation allowances for: (i) foreigners moving to work in Vietnam, and (iii) Vietnamese working overseas;
- Once per year home leave round trip airfare for expatriates and Vietnamese working overseas (but not including family members);
- Employee training fees paid to training centres;
- School tuition fees from kindergarten up to high school in Vietnam/overseas for children of expatriates/Vietnamese working overseas;
- Mid-shift meals (subject to a cap if the meals are paid for in cash);
- Taxable housing benefit including utilities: being the lower of the actual rental paid and 15% of the employee's gross taxable income (excluding taxable housing benefit);
- Part of night shift or overtime salary payable that is higher than the day shift or normal working hours salary stipulated by the Labour Code;
- Compensation for labour accidents;
- Severance allowance paid according to the regulations; and
- Income of Vietnamese vessel crew members working for foreign shipping companies or Vietnamese international transportation companies.

To apply the PIT exemption to the above, there are a range of conditions and restrictions.



PIT administration

Individual tax code

Any individual present in Vietnam who has taxable income must obtain an individual tax code. The taxpayers who have taxable employment income must submit the tax registration file to their employer; the employer will subsequently submit this to the local tax office. Every individual with taxable non-employment income, must submit their tax registration files directly to the district tax office.

PIT declaration and payment

For employment income

Employers must deduct and withhold employees' PIT and submit/ pay it to the tax authority, alongside the relevant social insurance contributions on a monthly basis, with a timeline no later than the 20th of the following month or on a quarterly basis by the last day of the first month following the reporting quarter. The total PIT withheld must be finalised no later than the last day of the third month after the end of the western calendar year. Individuals who are subject to PIT direct filling are required to carry out PIT finalisation no later than the last day of the fourth month after the end of the calendar year.

Expatriate employees are also required to carry out a PIT finalisation on the termination of their Vietnamese assignments within 45 days from the termination date. Tax refunds for overpaid tax payments are only available to those who have a tax code and a Vietnamese bank account.

For non-employment income

The individual is required to declare and pay PIT in relation to each type of taxable non-employment income. The PIT regulations require income to be declared and tax paid on a regular basis, often each time income is received.

PIT credit

For tax residents who have overseas income, any PIT paid in a foreign country is creditable against tax paid in Vietnam subject to a certain percentage and tax administration procedures.

PIT year

The Vietnamese tax year is the calendar year. However, in the calendar year of first arrival, if the taxpayer resides for less than 183 days in one calendar year, his/her first tax year is the 12-consecutive-month period from the date of arrival. The subsequent tax year is the calendar year.

Brief of PIT rates and bands

No.	Type of taxable incomes	PIT rate	
		Resident	Non-resident
1	Employment income	Progressive rate as above (*)	20%
2	Business income		
	Goods distribution/ supply		0.5%
	Service, construction exclusive of building materials		2%
	Particularly: Asset lease, insurance brokerage, lottery brokerage, multi-level marketing brokerage, etc.		5%
	Manufacturing, transportation, service associated with goods, construction inclusive of building materials, etc.		1.5%
	Other business activities, not yet mentioned above		1%
3	Capital investment		5%
4	Capital assignment	20% on net gains	0.1% on sales proceeds
5	Transfer of securities		0.1% on sales proceeds
6	Real property transfer		2% on sales proceeds
7	Royalties/ Technology transfer/ Franchising		5% on amount over VND 10 million
8	Winnings/ Prizes/ Inheritance/ Gifts		10% on amount over VND 10 million

Employment Income

Non-tax residents are subject to PIT at a flat tax rate of 20% on Vietnam-sourced employment income whereas tax residents are subject to PIT under the below progressive tax rates on worldwide employment income irrespective of where the income is paid.

Annual employment income for resident		
From (VND million)	To (VND million)	PIT rate (%)
0	60	5
60	120	10
120	216	15
216	384	20
384	624	25
624	960	30
960+	-	35



Capital Gains Tax (CGT)

Vietnam does not operate a separate Capital Gains Tax (CGT) regime.

For local corporate sellers, any gains derived from the transfer of capital/ securities to another Vietnamese entity are regarded as other income and accordingly subject to CIT at the current standard rate of 20%.

For foreign corporate sellers, the tax treatment on capital gains earned by a foreign seller depends on the corporate form of the target. In particular, the transfer of contributed capital in a Vietnamese limited liability company (LLC) or transfer of shares of non-public joint stock company is subject to CGT at 20% on gains whereas the transfer of securities (bonds and shares of public joint stock company (JSC)) is subject to CIT at 0.1% on the transfer price.

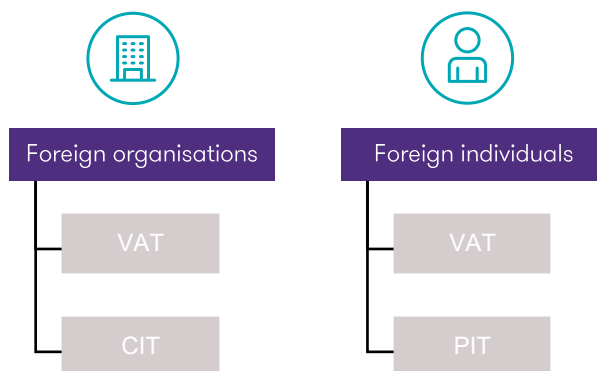
However, for individual investors, the Vietnamese tax resident's income earned is subject to PIT at 20% on gains for capital transfer in LLC or 0.1% on sales proceed for securities transfer (bonds and shares of public and non-public JSC) whereas the non-tax resident's income derived from the transfer of capital/ securities is subject to PIT at 0.1% on the sales proceed.

The taxable gains are determined as the excess of the transfer price less the purchase price of transferred capital/ securities less the deductible transfer expenses.

Foreign Contractor Tax (FCT)

FCT imposed on foreign business individuals and foreign organisations earning Vietnam-sourced income (hereinafter referred to as “foreign contractor” or “FC”), except: (i) “pure supply of goods” under INCOTERMS., i.e. where title passed at or before the border gate of Vietnam and there are no associated services performed in Vietnam, (ii) services performed and consumed outside Vietnam.

The FCT is not a separate tax. FCT comprises VAT and CIT or PIT.



FCT payment methods

Deduction method

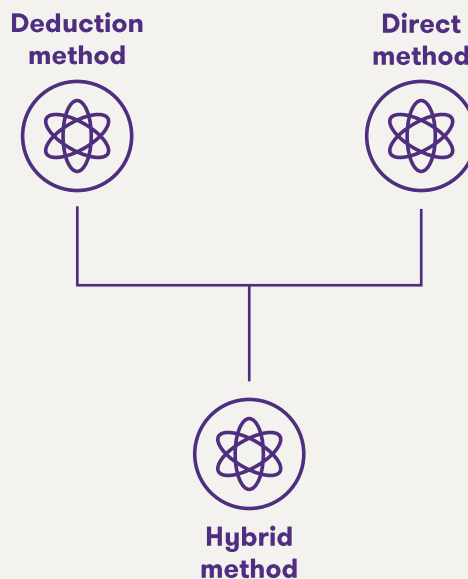
This method allows the FC declaring: (i) VAT under the approach of crediting the input VAT against the output VAT, and (ii) CIT based on the declaration of revenue and expense like the local enterprises' application. Of note, FC is required to meet some criteria, including FC's adoption of the Vietnamese Accounting System (VAS).

Direct method

Under this method, FCT is the mechanism to withhold taxes. The FC's VAT and CIT will be withheld by the Vietnamese customers at prescribed rates from the payments made to the FC. Various FCT rates are regulated under the nature of activities performed (please see the table below briefing the FCT rates for each activity).

Hybrid method

This method is a mix between the deduction method and direct method, i.e. allows the FC to declare VAT based on the creditable approach and CIT at direct method.



FCT rates

Deemed CIT and VAT rates under the direct method in common cases as below:

Ratio for FCT (%)			
	Type of business activities	Deemed VAT-FCT rate (%)	Deemed CIT-FCT rate (%)
Trades	i. Distribution, supply of goods;	1/Exempt	1
	ii. Distribution, supply of goods associated with services rendered in Vietnam (including the form of spot export and import);		
	iii. Supplying goods under INCOTERMS where the seller bears risk relating to goods in Vietnam.		
Services	Services	5	5
	Restaurant/ hotel/ casino management services	5	10
	Service associated with goods supply (if the contract does not separate the value of goods and service)	3	2
Insurance	Insurance	5/Exempt	5
	Re-insurance abroad, commission of the re-insurance transfer	Exempt	0.1
Leasing	Leasing machinery and equipment	5	5
	Leasing aircraft, aeroplane engines/ spare parts, vessels (for aircraft and vessel cannot be produced in Vietnam)	Exempt	2
Banking	Derivative financial services	Exempt	2
	Loan interest	Exempt	5
Capital Investment	Transferring securities/ deposit certificates	Exempt	0.1
Construction	Construction, installation including supply of materials, machinery, and equipment	3	2
	Construction, installation excluding supply of materials, machinery, and equipment	5	2
Transportation	Transport (including the transport by seaway, by airway)	3/0	2
Royalty	Royalty/ Licence fee [*]: Software licences, transfer of technology, transfer of intellectual property rights are VAT exempt	Exempt [*]	10
Others	Other production	3	2
	Other Business activities	2	2

Taxation on cross-border e-commerce and digital transactions in Vietnam

Tax mechanism on foreign e-commerce business

Circular No. 80/2021/TT-BTC, dated 29 September 2021 and effective from 1 January 2022, sets a tax declaration mechanism for foreign e-commerce companies operating in Vietnam. This was amended by Law No. 56/2024/QH15, issued on 29 November 2024, which revises several laws, including those on Accounting, Securities, Tax Administration, and PIT. Under this law, foreign suppliers engaged in e-commerce, doing business via digital platforms, or providing digital services must register, declare, and pay taxes in Vietnam, either directly or via authorised representatives.

Foreign companies engaged in such business activities will be issued a tax code and are required to submit quarterly online tax declarations through the Tax Department's portal, formerly known as the General Department of Taxation (GDT). If no income is earned during a tax period, a blank quarterly tax return must still be submitted. Notably, foreign contractors can make tax payments via bank transfer in convertible foreign currencies.

In case such foreign companies do not apply for tax code registration as well as declare and pay tax in Vietnam, relevant Vietnamese entities would be under the following obligations:

- (i) Vietnamese companies are required to withhold and declare tax on behalf of foreign companies (this mechanism is similar to that of foreign contractor tax);
- (ii) If the Vietnamese customers are individuals, the Vietnamese commercial intermediary banks or payment service providers involved in the transaction are required to withhold, declare, and pay taxes on a monthly basis. The Tax Department will provide the names and websites of such offshore suppliers to the banks and/or payment intermediaries for tax withholding.
- (iii) If the Vietnamese customers use payment methods where the banks and intermediary payment service providers cannot withhold tax, the banks or the payment service providers are required to report payments made to the offshore suppliers to Vietnamese tax authorities on a monthly basis.



Applicable tax rates

Applicable VAT rates for foreign suppliers varies depending on the nature of goods or services provided through e-commerce or digital platforms. Specifically, services provided by foreign suppliers to Vietnam-based companies and individuals are subject to a VAT rate of 10%.

A new Decree on VAT under the new Law on VAT will be available soon. A draft Decree on tax administration for e-commerce or business via digital platforms is under discussion and is expected to be released in the upcoming time.

Revenue derived in Vietnam for tax assessment purposes will be based on payment information (credit card or bank account information), residency status (i.e., billing, delivery or home address) and access information (e.g., mobile phone country code, IP address, and landline address or similar information).

Avoidance of Double Taxation Agreement (DTA)

Vietnam has entered into DTAs with approximately 80 countries.

The CIT/ PIT portion of the withholding tax may be exempted or reduced under a DTA, if foreign contractors or individuals do not create a PE/ tax residency status in Vietnam.

The qualified foreign contractors or individuals will need to submit the DTA application to the tax authority in order to enjoy the tax exemption or reduction in Vietnam. Following the submission of the DTA application by the foreign contractor, the tax authority is required to issue a decision whether the foreign contractor is qualified for tax reduction or exemption under the applicable DTA.

Although the DTAs follow the OECD and UN models with similar provisions, some treaties offer more beneficial conditions than others.



80 countries

Entered into DTAs with Vietnam

Other Taxations

Import duty

Generally, all goods crossing Vietnamese borders are subject to import duties. In particular:

- Goods imported through Vietnamese border gates and checkpoints by road, river, seaport, airport, international railway, international post, or other authorised customs clearance locations
- Goods transferred from the local market to non-tariff areas and vice versa
- Other goods traded or exchanged that are classified as imports.

Import duty rates are classified into 3 categories: ordinary rates, preferential rates, and special preferential rates.

Preferential tax rates are applicable to imports originating from countries, groups of countries or territories that grant most-favoured-nation treatment in trade relations to Vietnam. Taxpayers declare the origin of goods themselves and are held responsible for declarations regarding the origin of goods.

Ordinary tax rates are applicable to imports originating from countries, groups of countries or territories that do not grant most-favoured-nation treatment or special import tax preferences to Vietnam. The ordinary tax rate is equal to 150% of the preferential tax rate.

Apart from being subject to import duties, in certain situations, Vietnam also imposes an anti-dumping tax, an anti-subsidy tax, and an anti-discrimination tax or safeguard tax, in accordance with existing rules.

Import and export duty rates are subject to frequent changes, and it is always prudent to check the latest position.

Export duty

Export duties are charged on a limited number of items, generally natural resources such as sand, chalk, marble, granite, ore, crude oil, forest products, and scrap metal. Export duty rates range from 1% to 40%.

Special Sales Tax (SST)

An SST is a form of excise tax levied on the production or import of certain goods and the provision of certain services:

- Goods generally subject to SST includes cigarettes, cigars and other products processed from tobacco; spirits and beer; certain passenger vehicles; two-wheel motor vehicles with a cylinder capacity above 125 cm³; aircraft and yachts for specific civil purposes; various types of petrol; air-conditioners with a capacity of 90,000 BTU or less; and playing cards.
- Businesses subject to SST include dance halls, massage lounges, karaoke parlours, casinos, slot machines and other similar types of machines, betting businesses, golf, and lotteries.

Manufacturers of SST liable goods who have purchased or imported SST liable raw materials are permitted to credit the SST amount paid on raw materials imported or purchased from local suppliers against the SST amount payable upon selling goods.

The SST taxable price of domestically manufactured goods is the selling price excluding the environmental protection fee. The SST taxable price at the import stage is the import dutiable price plus import duty. The SST payable is computed by the taxable price multiplied by the SST rate.

Environmental protection tax

An environmental tax is an indirect tax, collected on products and goods that, when used, are deemed to cause negative environmental impacts. The tax is levied on the production or importation of certain goods, based on the absolute tax rate. Export products are exempt from environmental protection taxes.

Property tax

Property tax in Vietnam is levied in the form of three taxes: land-use fee, land rental and non-agricultural land-use tax.

- The land-use fee applies to organisations, which are allocated land by the state to develop infrastructure for sale or for lease and who are subject to the payment of a land-use fee. The duration of land usage under this category should be “long term stable use”.
- Land rental is the amount an investor pays to lease (or rent) land in Vietnam. The amount varies depending on a number of factors including the location, infrastructure and the industrial sector in which the business is operating. Payment of the lease can be for a long-fixed period or annually.
- The non-agricultural land-use tax applies to residential land in rural/urban areas and non-agricultural land used for business purposes. The calculation of tax liability is based on the land area, price of land and tax rate.

In addition, owners of houses and apartments must pay land tax under the law on non-agricultural land use tax. The tax is charged on the specific land area used based on the prescribed price per square metre and progressive tax rates ranging from 0.03% to 0.15%.

Anti-avoidance measures

While Vietnam does not have any specific anti-avoidance rules, the tax authorities have the power to carry out tax inspections of any taxpayer. Tax inspections can be conducted on a regular basis but no more than once a year. The duration of a tax audit or inspection can vary depending on the type of audit and the procedures followed by the tax authority. For tax inspection, the maximum duration, including the extension, is 70 days by Tax Department (formerly known as General Department of Taxation) or 45 days by Sub-tax Division (formerly known as tax department at city or provincial level). For tax audit at the taxpayers' premises, the maximum audit time is 10 working days plus another limited 10 working days for one-time extension.

Taxpayers who pay tax later than the statutory deadline must pay the full tax amount plus interest calculated at 0.03% per day on the additional tax amount. Taxpayers who make incorrect declarations, thereby reducing tax payable or increasing refundable tax amounts, must pay the full amount of the undeclared tax or return the excess refund. Additionally, these taxpayers must also pay a fine equal to 20% of the under-declared or excess tax refunded, together with interest for the late payment.

Taxpayers who commit an act of tax evasion or tax fraud is liable to pay the full amount of tax according to the regulations and a fine will be imposed of between one and three times the evaded tax amount. The general statute of limitations for imposing taxes is 10 years and for penalties is 5 years.

Natural Resources Tax (NRT)

NRT is also known as production royalty tax. All organisations and individuals engaged in the exploitation or the mining of natural resources in compliance with the laws of Vietnam, irrespective of their industry, scope and operational form, are liable to register, declare and pay royalties.

Taxable resources means all natural resources existing on land, islands, internal waters, sea territory, exclusive economic zones (including maritime areas common to both Vietnam and a neighbouring country) and the continental shelf under the sovereignty of the Socialist Republic of Vietnam, including: metallic mineral resources; non-metallic mineral resources including soil, stone, sand, gravel, coal, gemstones, mineral water and natural thermal water; oil; gas or natural gas; natural forest products; natural marine products; natural water including surface water, ground water and other natural resources under the law on natural resources.

The taxable value of a resource is the selling price, exclusive of VAT, of each item or unit of resource at the place of mining in accordance with the principle of market price. The royalty rates vary from 1% to 35%, whilst petroleum, natural gas and coal gas are taxed at progressive tax rates depending on the daily average production output.



Labour

Employment contract

The terms and conditions of employment contracts can be freely negotiated between employers and employees as long as they are not less favourable than the basic provisions prescribed under the Vietnam Labour Code and other laws.

An employment contract shall be concluded in one of the following types:

- Indefinite-term employment contract
- Definite-term employment contract - the duration of which is defined by the two parties but does not exceed 36 months from the date of its conclusion.
- Contracts with a definite term can only be extended twice and on the third time default to indefinite term contracts.

Locally hired foreigners will, in practice, always have a maximum of 24 months for contracts, which cannot exceed the duration of work permit, due to work permit regulations.

Probation period

The length of a probationary period is dependent on the required skills and qualifications for the position, and it can vary from 6 to 180 days. The wage for an employee during the probation period must be agreed upon in writing and cannot be less than 85% of the full-time salary for the position.

Payroll

Salary payment methods are determined through mutual agreement between the employer and the employee, based on time, product, or a fixed amount. Payments can be made either in cash or via bank transfer, with all transaction fees covered by the employer.

Regarding salary payment periods, employees receiving hourly, daily, or weekly wages are paid after each period or in lump sums, with a maximum interval of 15 days as agreed by both parties.

Salaries paid to Vietnamese employees must be paid in Vietnamese Dong (VND). Foreign employees are permitted to receive salaries, bonuses and allowances in foreign currency.

Apprenticeship period

Enterprises may accept recruited students for apprenticeships to practise their work under the employer's guidance, with the intention of future employment. The maximum duration of an apprenticeship is three months.

Upon the expiry of the apprenticeship or traineeship period, both parties must enter into an employment contract if the conditions stipulated in the Labour Code are satisfied.

Forms of employment contract



Written labour contracts including electronic form



Verbal labour contracts are applicable for some cases with less than 1 month term

Types of employment contract



Indefinite-term labour contract



Definite-term labour contract

Work hours and leave entitlements

Normal working hours



Standard daily schedule basis:
Maximum **8 hours per day** or
48 hours per week

Weekly schedule basis:

The employer has the right to determine the daily or weekly working hours as long as the working hours shall not exceed 10 hours per day and not exceed 48 hours per week where a weekly basis is applied.

Overtime and work at night

Employers can request employees to work overtime on the condition that the employer obtains the employee's consent.

Overtime hours limits:

- On a daily basis, overtime must not exceed 50% of normal working hours (e.g. 4 hours if the regular shift is 8).
- For employees on weekly schedules or part-time, the total working time (normal + overtime) must not exceed 12 hours per day.
- Annually, overtime must not exceed 200 hours, or 300 hours for certain jobs permitted by law.

Overtime pay rate:

Condition	Pay Rate (of regular hourly wage)
Weekday (daytime)	150%
Weekend (daytime)	200%
Public holidays/ Paid leave days	300%
Night work (any day)	At least 130%
Nighttime + Overtime	Add 20% on top of applicable OT pay

Leave

Paid time off:

Paid leave is set in the employment contract at a minimum of 12 days paid leave a year, exclusive of public holidays. This entitlement increases by one additional day for every 5 years of service with the same employer.

Sick leave:

All employees who participate in compulsory social insurance are entitled to up to 30-70 days per year, depending on the employee's working conditions and years of social insurance contribution. Sick leave benefits are paid by the Social Insurance Authority, not by the employer, which applies to both Vietnamese and foreign employees. Eligible employees will receive 75% of their salary or remuneration on which social insurance premiums are based, in the month preceding their leave.

For employees requiring treatment beyond the 70-day entitlement, from 01 July 2025, the 180-day cap for long-term illnesses will be removed under the 2024 Social Insurance Law. Instead, the number of extended leave days will be determined by medical needs and the compensation rate in this period will be based on the employee's total years of social insurance contribution. Under the new regime, employees with under 15 years of contributions will receive 50% of their salary; those with 15 to under 30 years will receive 55%; and those with 30 years or more will be entitled to 65%.

Maternity and paternity leave:

Female employees are entitled to 6 months of maternity leave, with an additional month for each child from the second child onwards in cases of multiple birth. They may return to work after at least 4 months, subject to employer agreement and medical clearance. Maternity benefits are paid by the Social Insurance Authority at 100% of the average monthly salary over the 6 months preceding leave. Moreover, from 01 July 2025, under the 2024 Social Insurance Law, female employees will be entitled to up to 5 prenatal check-ups, each not exceeding 2 days, which is an increase from the previous 4 visits allowed.

Paternity leave is granted for 5-14 working days, depending on the number of children born and birth circumstances. From 01 July 2025, male employees can take this leave within 60 days after the birth, instead of the current 30-day window.

Parental leave: Up to 20 paid days per year (child under 3), or 15 days (child aged 3-7); paid by the Social Insurance Authority

Bereavement leave: 3 paid days for the death of a parent, spouse, or child

Marriage leave: 3 paid days for an employee's own marriage; 1 day for a child's marriage

Wages and mandatory insurance

Minimum wages

Decree No. 74/2024/ND-CP sets the region-based minimum wage for employees under labour contracts, divided into four levels corresponding to Region I through Region IV, as follows:

	VND/month	VND/hour
Region I	4,960,000	23,800
Region II	4,410,000	21,000
Region III	3,860,000	18,600
Region IV	3,450,000	16,600

Insurance components and contributions

The 2024 Social Insurance Law No. 41/2024/QH15, issued in June 2024 and will be effective from 01 July 2025, expands the subjects of compulsory insurance participation to include registered business household owners, part-time officials at commune-level administrations, neighbourhood and residential group leaders, unpaid managers of enterprises and cooperatives as well as other part-time employees.

In Vietnam, employers must contribute to three types of statutory social security for employees: **Social Insurance (SI)**, **Health Insurance (HI)**, and **Unemployment Insurance (UI)**. The exact contributions and coverage depend on legal criteria.

Contributions are determined based on employees' monthly salary as stipulated in the employment contract (capped at 20 times the basic wage for social insurance/ health insurance and 20 times the minimum regional wage for unemployment insurance). Both the employer and employee are required to contribute to the statutory insurances. The mandatory contribution rates are as follows:

	SI				HI	UI	Total
	Sickness, maternity fund	Occupational disease and accident fund	Retirement and mortality fund	Total SI			
For local employees							
Employee			8%	8%	1.5%	1%	10.5%
Employer	3%	0.5%	14%	17.5%	3.0%	1%	21.5%
For foreign employees							
Employee			8%	8%	1.5%		9.5%
Employer	3%	0.5%	14%	17.5%	3.0%		20.5%

The new law stipulates that the "reference level" is used to calculate contribution and benefit levels for certain social insurance schemes. Until the basic wage is abolished, the reference level will be equivalent to the basic wage.

The reference level is adjusted based on increases in the consumer price index (CPI), economic growth, and the financial capacity of the State budget and the Social Insurance Fund.

Insurance components



Social insurance (SI): Ensures employee benefits including sick leave, maternity leave, allowances for work-related accidents and occupational diseases, retirement pensions and mortality allowance.



Health insurance (HI): Entitles employees to medical examinations and inpatient/outpatient treatments at authorised medical facilities.



Unemployment insurance (UI): Offers financial support to eligible employees during unemployment periods while they search for a new job. The duration of unemployment benefits is determined based on the employee's total contribution period to unemployment insurance.

Basic wage

The current basic wage is VND 2,340,000 per month as per Decree No. 73/2024/ND-CP.

In the future, one factor in wage reform under Resolution No. 27-NQ/TW dated 21 May 2018 is the abolition of the basic wage and wage coefficient system, to be replaced by a specific base salary linked to job positions, titles, and leadership roles.

Retirement regime

According to the 2024 Social Insurance Law, effective 01 July 2025, the minimum contribution period for pension eligibility is reduced from 20 to 15 years, allowing more workers to qualify for retirement benefits and free healthcare coverage.

From 01 July 2025, employees participating in social insurance will no longer be eligible for one-time withdrawals, except for specific cases as prescribed by this law, such as the case of reaching retirement age but having less than 15 years of social insurance contributions, relocating abroad for permanent settlement, or suffering from severe illnesses like cancer, paralysis, AIDS, etc.

Pensions will be adjusted based on the increase in the CPI and the financial capacity of the State budget and the Social Insurance Fund. However, the specific adjustment levels and timeline will be determined by the Government.

Trade union

The contribution rate to trade union funds is set at 2% of the salary fund for social insurance contributions for employees. This contribution must be paid monthly into trade union funds by employers. Additionally, if the company establishes the internal trade union, its members contribute a trade union fee of 1% of their salary used for social insurance contributions.

From July 2025, foreigners working in Vietnam under labour contract with a term of 12 months or more are eligible to join the Vietnam Trade Union.



Employment termination

Termination

The termination of a labour contract in Vietnam can be quite complex and is based on the Labour Code requirements. It can differ depending on the reason of termination and the type of employment contract. This affects the legal requirements, notice period, and possible severance payments.

The employer is also responsible for paying the rest of the salary within 14 working days from the date of termination of the employment contract. This period may be extended but it shall not exceed 30 days.

Severance payments

In Vietnam, the employer is responsible for offering a severance allowance (if applicable) to the employee who has worked on a regular basis for a period of at least 12 months. Each year of work will be compensated at half a month's salary.

The qualified period of work as the basis for the calculation of severance allowance is by year (full 12 months). In the case of a period less than or equal to 6 months, it shall be counted as half a year; a period of more than 6 months shall be counted as 1 working year. The qualified period of work, as the basis for calculation of severance allowance, shall be the total period during which the employee actually worked for the employer minus the period over which the employee participated in the unemployment insurance, in accordance with unemployment insurance laws, and the period for which severance allowance or redundancy allowance has been paid by the employer.

Notice period

The employer has the right to unilaterally terminate a labour contract in cases specified under Article 36 of the 2019 Labour Code. Employers are obligated to give prior notice before unilateral termination based on the type of contract as follows:

- At least 3 working days for labour contracts with a term of less than 12 months
- At least 30 days for definite-term labour contracts with a period from 12 to 36 months
- At least 45 days for indefinite-term labour employment contracts.

These notice periods are mandatory unless otherwise specified by the law or agreed upon in collective agreements.

Foreign worker regulations

Vietnam labour law for foreigners

As regulated in the Labour Code, foreign employees are entitled to similar benefits as local employees. Foreigners who work in Vietnam are required to obtain a work permit or confirmation from that he/she is exempted for work permit.

Work permit for foreign workers

Decree No. 70/2023/ND-CP, issued in September 2023, amending Decree No. 152/2020/ND-CP, introduces more favourable conditions for foreign workers in Vietnam, such as simplified work permit procedures, reduced experience and degree requirements, and broader eligibility for permit exemptions.

A Vietnam Work Permit is a mandatory document for expatriates to work legally in Vietnam with the following key details:

- Validity Duration: Up to 2 years
- Issuing authority: Ministry of Home Affairs (MoHA) or provincial Department of Home Affairs

A valid Vietnam work permit is required to apply for a Temporary Residence Card. If exempt, a work permit exemption certificate is still required to comply with legal requirements.

Foreign worker labour contract

- Contract duration must not exceed the validity of the work permit (up to 2 years).
- The signed contract must be submitted to the authority that issued the work permit.
- Contracts must be in writing and include a Vietnamese version. An additional language, such as English or the employee's native language, may also be included. However, in the event of discrepancies, the Vietnamese version will prevail as per Vietnamese laws and regulations.

Foreigners working in Vietnam are also subject to compulsory social insurance (SI), covering sickness, maternity, accidents, occupational diseases, retirement, and death. They must also participate in compulsory health insurance (HI), which provides medical care and treatment. Unemployment insurance (UI) is not applicable to foreign workers.

Grant Thornton (Vietnam) Limited

Grant Thornton (Vietnam) Limited, established in 1993, is an independent member of Grant Thornton International, one of the leading global accounting and consulting networks.

Key figures and facts



32 years

Established in Vietnam



2 Offices

in Hanoi and Ho Chi Minh City



380+

employees in Vietnam



13

Partners in Vietnam

AUDIT AND ASSURANCE

Statutory audit • IFRS audit
• Review of financial statements •
Compilation of financial information
• Cross-border audit • US GAAP
audit • Agreed-upon procedures

INTERNATIONAL FINANCIAL REPORTING ADVISORY SERVICES

Conversion and preparation of IFRS reports • Implementation of new standards

ADVISORY SERVICES

Mergers and Acquisitions • Transaction advisory services • Valuations
• Restructuring and recovery • Business risk services
• Offshore advisory, offshore incorporation and formation services

TAX SERVICES

Market entry • Licensing services • Tax due diligence • Tax advisory • Custom & International tax planning
• Tax health check • Transfer pricing

BUSINESS PROCESS SOLUTIONS

Accounting services • Accounting advisory • Tax compliance services • Payroll processing services • Business process improvement

TECHNOLOGY SOLUTIONS CONSULTING

ERP Consulting • Third-party ERP Extensions • Information management and data analysis • Financial Reporting Compliance Package Solutions • Localisation, Roll Out and Rebuild projects



For more information about the Doing Business in Vietnam publication and our services, please contact us



Trinh Thi Tuyet Anh

Director
Business Development & International Liaison

T +84 28 3910 9100 (Ext: 9170)
E anh.trinh@vn.gt.com
LinkedIn: [anhtrinhgtv](#)



Contact Our Experts



Nguyen Chi Trung
CEO and Managing Partner
T +84 24 3850 1686 (Ext: 1616)
E chitruong.nguyen@vn.gt.com



Kenneth Atkinson
Founder and Senior Board Adviser
T +84 28 3910 9100 (Ext: 9108)
E ken.atkinson@vn.gt.com



Nguy Quoc Tuan
National Head of
Audit and Assurance
T +84 28 3910 9100 (Ext: 9180)
E tuan.nguy@vn.gt.com



Hoang Khoi
National Head of Tax Services
T +84 24 3850 1686 (Ext: 1618)
E khoi.hoang@vn.gt.com



Le Minh Thang
National Head of Business
Process Solutions
T +84 28 3910 9100 (Ext: 9219)
E minhthang.le@vn.gt.com



Nguyen Thi Vinh Ha
National Head of Advisory
Services
T +84 24 3850 1686 (Ext: 1600)
E vinhha.nguyen@vn.gt.com



Nguyen Tuan Nam
Audit Partner
T +84 24 3850 1686 (Ext: 1617)
E tuannam.nguyen@vn.gt.com



Pham Quoc Hung
Business Process Solutions Partner
T +84 24 3850 1686 (Ext: 1621)
E hung.pham@vn.gt.com



Le The Viet
Audit Partner
T +84 24 3850 1686 (Ext: 1622)
E viet.le@vn.gt.com



Nguyen Manh Tuan
Audit Partner
T +84 28 3910 9100 (Ext: 9184)
E manhtuan.nguyen@vn.gt.com



Valerie Teo
Tax Partner
T +84 28 3910 9100 (Ext: 9235)
E valerie.teo@vn.gt.com



Nguyen Hong Ha
Audit Partner
T +84 24 3850 1686 (Ext: 1601)
E hongha.nguyen@vn.gt.com



Nguyen Dao Thanh Thao
Audit Partner
T +84 28 3910 9100 (Ext: 9162)
E thao.nguyen@vn.gt.com



Daniel De Waal
Audit Partner
T + 84 28 3910 9100 (Ext: 9131)
E daniel.dewaal@vn.gt.com

Connect locally and internationally



Japan Desk

Our Japan Desk combines bilingual expertise with deep insight into Japanese business culture and Vietnam's regulatory landscape. Strongly supported by Grant Thornton Japan, our team of seasoned Japanese professionals delivers customized, practical solutions to help you overcome challenges, streamline operations, and seize growth opportunities in Vietnam with confidence.



Jin Nishina

Director
T +84 28 3910 9100 (Ext: 9208)
E nishina.jin@vn.gt.com



Masanobu Taniguchi

Director
T +84 24 3850 1686 (Ext: 1696)
E masanobu.taniguchi@vn.gt.com



China Desk

With our rich industry knowledge, experience in tax, audit and advisory services, our dedicated team of bilingual specialists and the global Grant Thornton network, we can provide advice to guide you through your market strategy. We help to navigate the challenges faced when operating in Vietnam and therefore help you succeed.



Valerie - Teo Liang Tuan (张良端)

Partner, Tax Services
T +84 28 3910 9100 (Ext: 9235)
E valerie.teo@vn.gt.com



Lac Boi Tho

Director, Tax Services
T +84 28 3910 9100 (Ext: 9240)
E tho.lac@vn.gt.com



Korea Desk

Our Korea Desk combines bilingual capabilities with a clear understanding of Korean business culture and Vietnam's regulatory environment. Led by experienced Korean and Vietnamese professionals, and supported by close collaboration with Grant Thornton Korea (DaeJoo) and our global network, we provide tailored, practical solutions to help Korean businesses overcome challenges, ensure compliance, and achieve sustainable growth in Vietnam.



Duckho Song

Partner, Vietnam Business Service at Grant Thornton Korea
T +82 2 552 3729
E andrew.song@kr.gt.com



Seungyeol Park

Director, Vietnam Business Service at Grant Thornton Korea
T +82 2 501 7414
E kyle.park@kr.gt.com

Grant Thornton Vietnam Offices

Head Office in Hanoi

18th Floor
Hoa Binh International Office Building
106 Hoang Quoc Viet Street
Cau Giay District, Hanoi
Vietnam
T +84 24 3850 1686
F +84 24 3850 1688

E grant.thornton@vn.gt.com

www.grantthornton.com.vn

Office in Ho Chi Minh City

14th Floor
Pearl Plaza
561A Dien Bien Phu Street
Binh Thanh District, Ho Chi Minh City
Vietnam
T +84 28 3910 9100
F +84 28 3910 9101

