



# Doing Business in Viet Nam 2025-2026







# Abbreviations

<b>ABV</b>	Alcohol By Volume	<b>HI</b>	Heath Insurance
<b>AEO</b>	Authorised Economic Operator	<b>HS</b>	Harmonised Commodity Description And Coding System
<b>APA</b>	Advance Pricing Agreement	<b>IAS</b>	International Accounting Standards
<b>APEC</b>	Asia-Pacific Economic Co-operation	<b>IFRS</b>	International Financial Reporting Standards
<b>ASEAN</b>	Association Of Southeast Asian Nations	<b>IMF</b>	International Monetary Fund
<b>BCC</b>	Business Cooperation Contract	<b>IP</b>	Industrial Park
<b>BLT</b>	Build-Lease-Transfer	<b>IRC</b>	Investment Registration Certificate
<b>BOO</b>	Build-Own-Operate	<b>JSC</b>	Joint Stock Company
<b>BOT</b>	Build-Operate-Transfer	<b>M&amp;A</b>	Mergers And Acquisitions
<b>BT</b>	Build-Transfer	<b>MFN</b>	Most Favoured Nation
<b>BTL</b>	Build-Transfer-Lease	<b>MOF</b>	Ministry Of Finance
<b>BTO</b>	Build-Transfer-Operate	<b>MPI</b>	Ministry Of Planning And Investment
<b>BTU</b>	British Thermal Unit	<b>O&amp;M</b>	Operate & Manage
<b>CAGR</b>	Compound Annual Growth Rate	<b>OECD</b>	Organisation For Economic Co-operation And Development
<b>CIT</b>	Corporate Income Tax	<b>PCA</b>	Post Clearance Audit
<b>CPTPP</b>	Comprehensive and Progressive Agreement For Trans-Pacific Partnership	<b>PE</b>	Permanent Establishment
<b>DTA</b>	Double Taxation Avoidance Agreement	<b>PIT</b>	Personal Income Tax
<b>EBITDA</b>	Earning Before Interest, Taxes, Depreciation And Amortisation	<b>PPP</b>	Public-Private Partnership
<b>EIU</b>	Economist Intelligence Unit	<b>R&amp;D</b>	Research And Development
<b>EPE</b>	Export Processing Enterprise	<b>RCEP</b>	Regional Comprehensive Economic Partnership
<b>EPT</b>	Environmental Protection Tax	<b>RO</b>	Representative Office
<b>EPZ</b>	Export Processing Zone	<b>SEA</b>	Southeast Asia
<b>ERC</b>	Enterprise Registration Certificate	<b>SHUI</b>	Social, Health And Unemployment Insurance
<b>EU</b>	European Union	<b>SI</b>	Social Insurance
<b>EZ</b>	Economic Zone	<b>SST</b>	Special Sales Tax
<b>FCWT</b>	Foreign Contractor Withholding Tax	<b>UI</b>	Unemployment Insurance
<b>FDI</b>	Foreign Direct Investment	<b>USD</b>	US Dollar
<b>FIE</b>	Foreign Invested Enterprise	<b>VAS</b>	Vietnamese Accounting Standards
<b>FTA</b>	Free Trade Agreement	<b>VAT</b>	Value Added Tax
<b>GDP</b>	Gross Domestic Product	<b>VND</b>	Vietnamese Dong
<b>GSO</b>	General Statistics Office	<b>WCO</b>	World Customs Organisation
<b>HCFC</b>	Hydro-Chloro-Fluoro-Carbon	<b>WTO</b>	World Trade Organisation

# Introduction

Viet Nam is becoming an increasingly attractive destination for foreign investors with a rapidly growing economy, a large population of over 100 million and its strategic location. The country's economy is increasingly diversified, with manufacturing, electronics, textiles, and agriculture serving as key drivers of GDP and is now attracting foreign direct investment in high-tech industries. Based on a solid foundation, Viet Nam has successfully navigated economic headwinds and geopolitical instability to be one of the countries with high economic growth, achieving a GDP growth rate of 7.1% in 2024. Building on the momentum, GDP ambitious growth target is raised 8.3-8.5% in 2025.

Viet Nam's economy has demonstrated remarkable resilience through uncertainties and crises to achieve substantial socio-economic progress. The Doi Moi (Renewal) reforms in 1986 marked a turning point, transforming Viet Nam from a centrally planned economy to a socialist-oriented market economy. This policy enabled the country to attain lower-middle-income status in 2010, marking a significant milestone in its development trajectory. The country targets to achieve upper-middle-income status by 2030 and become a high-income economy by 2045. In addition, Viet Nam aims to be among the top 30 largest economies in the world by 2030 and to achieve net-zero emissions by 2050. This forward-looking vision reflects Viet Nam's unwavering commitment to economic growth and sustainability.

Viet Nam is undergoing significant regulatory changes in 2025, primarily driven by a push for streamlined governance, enhanced economic efficiency, and international integration. Key reforms include a major administrative restructuring that reduces the number of provincial-level units and abolishes the district level, creating a two-tier system to improve efficiency and local autonomy. Viet Nam is also implementing a sweeping overhaul of its legal regulations in 2025, primarily aimed at streamlining governance and enhancing economic competitiveness. Therefore, there are many changes happening while we write this guidebook. This guidebook has been prepared by Deloitte Viet Nam in collaboration with the Ministry of Foreign Affairs to provide readers with an overview of the investment climate, forms of business organisation, taxation, and business & accounting practices in Viet Nam. Although we do our best to ensure that information contained in this book is current at the time of writing\*, the rapid changes in Viet Nam mean that laws and regulations may change to reflect the new conditions. Therefore, for specific transactions, definitive advice should be sought.

We hope that you find this book useful in your endeavour to expand your business in Viet Nam.

\* The information is based on the regulations and practice as of 30 June 2025.



# Message from Deputy Minister of Foreign Affairs Nguyen Minh Hang



Dear Readers,

The Doi Moi reform has brought about tremendous and historic achievements over the past 38 years, positioning Viet Nam as a consistent outperformer in socio-economic development across Asia. Despite global economic uncertainties and geopolitical shifts, Viet Nam has demonstrated remarkable resilience - achieving a strong rebound in 2024 with a growth rate of 7.09%, driven by robust exports and foreign investment.

Emerging as a bright spot in a challenging global landscape, ASEAN is projected to grow by 4.7% this year - well above the global average. Such growth has been driven by three major factors, which have been transformed into dynamic momentum towards inclusiveness and sustainability for the region and especially Viet Nam in the future.

**First, geopolitical shifts.** Rising labour costs, global tensions, and the demand for supply chain resilience and diversification are prompting multinational companies to strategically relocate manufacturing to Viet Nam and other ASEAN countries. Viet Nam stands out thanks to its competitive labour costs, political stability, and social and cultural advantages.

## **Second, trade and economic dynamism.**

With an extensive trade network comprising 17 bilateral, multilateral, and next-generation free trade agreements, Viet Nam is deeply integrated into the global economy, significantly expanding international market access for both domestic and foreign-invested enterprises. In addition, rapid digitalisation, technological advancement, a growing consumer class, and the transition towards decarbonisation are fostering a dynamic business ecosystem that further stimulates innovation and green growth in the future.

## **Third, transition to a new growth model.**

The 13th Party Congress has set out the ambitious visions of achieving the upper middle-income developing country status by 2030 and high-income developed country by 2045. The Party, the Government, the National Assembly and the local authorities are determined to devote tireless efforts to realise such strategic goals. In this process, Viet Nam's top policy priorities include facilitating a favourable environment for foreign companies to operate and do business in Viet Nam.

Under the guideline of the Party and Government of Viet Nam, the Ministry of Foreign Affairs attaches great importance to economic diplomacy, considering it as a central and fundamental role of the Vietnamese diplomacy and as an important driver for the country's rapid and sustainable growth.

Diplomatic efforts has yielded remarkable results, including the enhancement of bilateral relations. As a result, the country now boasts comprehensive strategic partnership with 13 countries as of May 2025. Notably, the signing of the Comprehensive Economic Partnership Agreement (CEPA) between Viet Nam and the UAE has paved the way for deeper integration into the Middle Eastern market.

Over the past year, diplomacy focused on technology, semiconductors, and innovation has been especially prominent, resulting in numerous agreements with key global partners and major corporations. Leading tech firms have outlined specific plans to relocate supply chains to Viet Nam, establish research centres, and expand their investment, business, and production operations. By the end of 2024, Viet Nam had hosted 174 FDI projects in the semiconductor sector, with a total registered capital of nearly USD11.6 billion, according to the Ministry of Planning and Investment and the Ministry of Finance. This substantial inflow of investment reflects the country's concerted efforts in recent years to attract high-tech industry, thereby enhancing our position within global supply chains.

These efforts have laid the strategic foundation and contributed to Viet Nam's capability to effectively advance its long-term vision of promoting science, technology, and innovation, while engaging in proactive and comprehensive international integration - in alignment with the strategic objectives outlined in the recently issued Resolution No. 57-NQ/TW and Resolution No. 59-NQ/TW.

Together with Resolution No. 66-NQ/TW on the development of a transparent, modern legal framework, and Resolution No. 68-NQ/TW on accelerating private sector development, these landmark policies constitute four pillars that collectively serve as a powerful engine propelling Viet Nam forward.

We welcome business partners to discover and seize opportunities to grow with Viet Nam and join hands to turn Viet Nam into a high-quality hub for the regional and global supply chains, particularly for strategic and technological products. I hope this publication will offer readers more insights into Viet Nam's economic prospects with a clear and strong message: **Viet Nam is ready for a new chapter of growth!**



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# Chapter 1

# Economy

# Profile of

# Viet Nam





# I. Viet Nam at a Glance

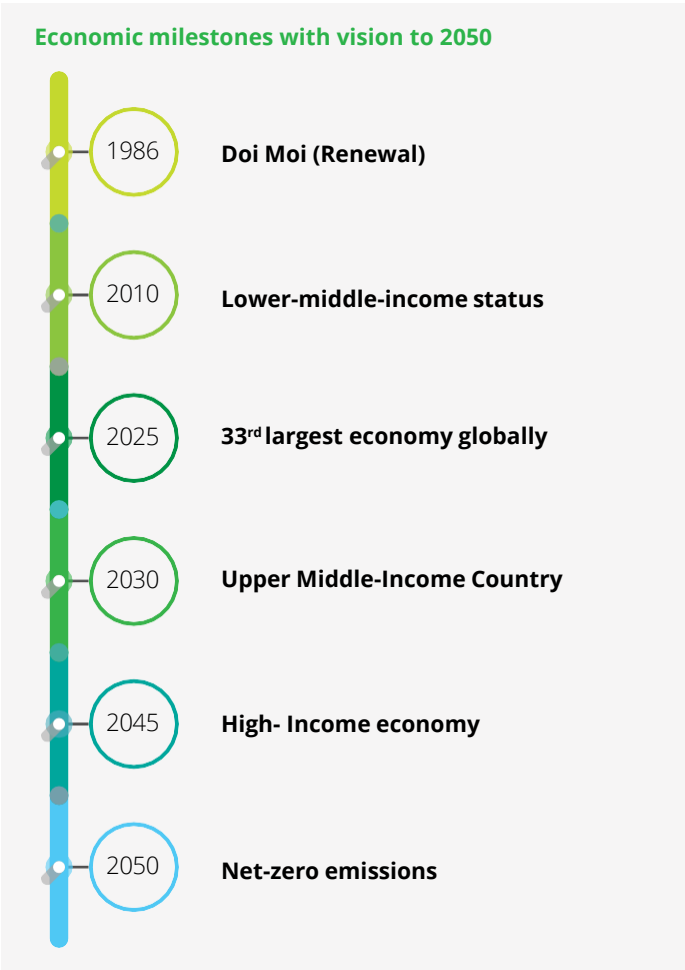
## 1. Country snapshot

Land size	331,338 km <sup>2</sup>
Population	101.3 million
Coastline	3,260 km
GDP Growth (2024)	7.09%
GDP per capita (2024)	USD 4,700
Average inflation (2024)	3.63%
Minimum wage (2024)	VND 4,960,000
Political stability and Absence of Violence/Terrorism (Percentile Ranking) (2023)	45/100

Source: GSO, World Bank



Viet Nam is recognised as one of the ASEAN economies listed among the world's fastest-growing economies and an attractive investment destination. Its economic growth is fuelled by investments, robust domestic consumption, a rising middle class, and export-driven industry.



This rapid economic transformation can be largely attributed to the Doi Moi (Renewal) policy which was introduced at the sixth National Party Congress in 1986. The policy has played a pivotal role in Viet Nam's historic progress, fostering high economic growth, improving living standards, ensuring social and political stability, expanding international relations, and enhancing the country's positioning around the world.

Despite ongoing geopolitical and economic uncertainties, Viet Nam's economy has demonstrated remarkable resilience over the years. GDP growth accelerated to 7.09% in 2024 and is on track to reach the target of at least 8.0% in 2025. In 2024, Fitch Ratings affirmed the country's Long-Term Foreign-Currency Issuer Default Rating at 'BB+' with a stable outlook<sup>1</sup>.

Looking forward, in the short term, Viet Nam's priorities will likely focus on boosting incomes, advancing up the value chain, improving access to quality healthcare and education, and enhancing urban environments. In the long run, the Vietnamese government has set ambitious goals of achieving upper middle-income status by 2035, high-income status by 2045, and achieving net-zero carbon emissions by 2050 by reducing its carbon footprint and optimising energy mix for sustainable development.

Viet Nam's business environment has also witnessed improvements. According to the Economist Intelligence Unit's study of Business Environment Rankings, the country recorded the greatest enhancement in business conditions among 82 economies from 2003 to 2023. Viet Nam is expected to maintain its lead in business environment improvements during the 2023–2028 period<sup>2</sup>.

1. "Fitch Affirms Viet Nam at 'BB+'; Outlook Stable". Fitch Ratings 28 Jun 2024.

2. "Viet Nam is the most improved place to do business, according to EIU's Business Environment Rankings". The Economist Group. 10 Oct 2024.



## II. A Preeminent International Destination



Viet Nam's economy is one of the fastest-growing and most stable in Southeast Asia. Key macroeconomic indicators – such as strong GDP growth projections, a rapidly expanding middle class, high private consumption – along with strategic competitiveness make Viet Nam an attractive and sustainable destination for investment. The rise in foreign direct investment (FDI) inflows over years reflects the country's solid business fundamentals.

This part focuses on the analysis of Viet Nam's key advantages including political stability, strategic location & evolving infrastructure, a hub with an extensive network of FTAs and a market with dynamic consumption & competitive labour force.

### 2.1. Political stability

Viet Nam's enduring political stability has been a key driver of its economic growth and attractiveness to foreign investors. According to the World Bank, in terms of the Political Stability and Absence

of Violence/Terrorism Index, Viet Nam ranks in the 45<sup>th</sup> percentile in 2023, indicating a moderate level of stability. While recent leadership changes and anti-corruption measures have introduced new dynamics, the Government remains committed to maintaining stability and enhancing its attractiveness to investors.

A notable recent development is the Vietnamese government's effort to streamline operations, eliminate administrative redundancies, and improve efficiency while maintaining key state functions. In February 2025, the National Assembly approved Resolution No. 176/2025/QH15, defining the government's organisational structure for the 2021-2026 term. Under this resolution, the Government comprises 14 ministries and three ministerial-level agencies, reduced from 18 ministries and four ministerial-level agencies. The newly restructured ministries and agencies officially have commenced operations since 01 March 2025. In addition to the merging and elimination of government ministries, the total number of provinces and centrally managed cities has been also witnessed a decrease from 63 to 34.

2.2. Strategic location & evolving infrastructure

Located in Southeast Asia, Viet Nam’s coastline is traversed by important marine routes from Europe and the Indian Ocean to Northeast Asia. With 3,260 kilometres of coastline close to numerous international shipping routes, Viet Nam is an ideal hub for maritime commerce, offering businesses access to global transport networks.

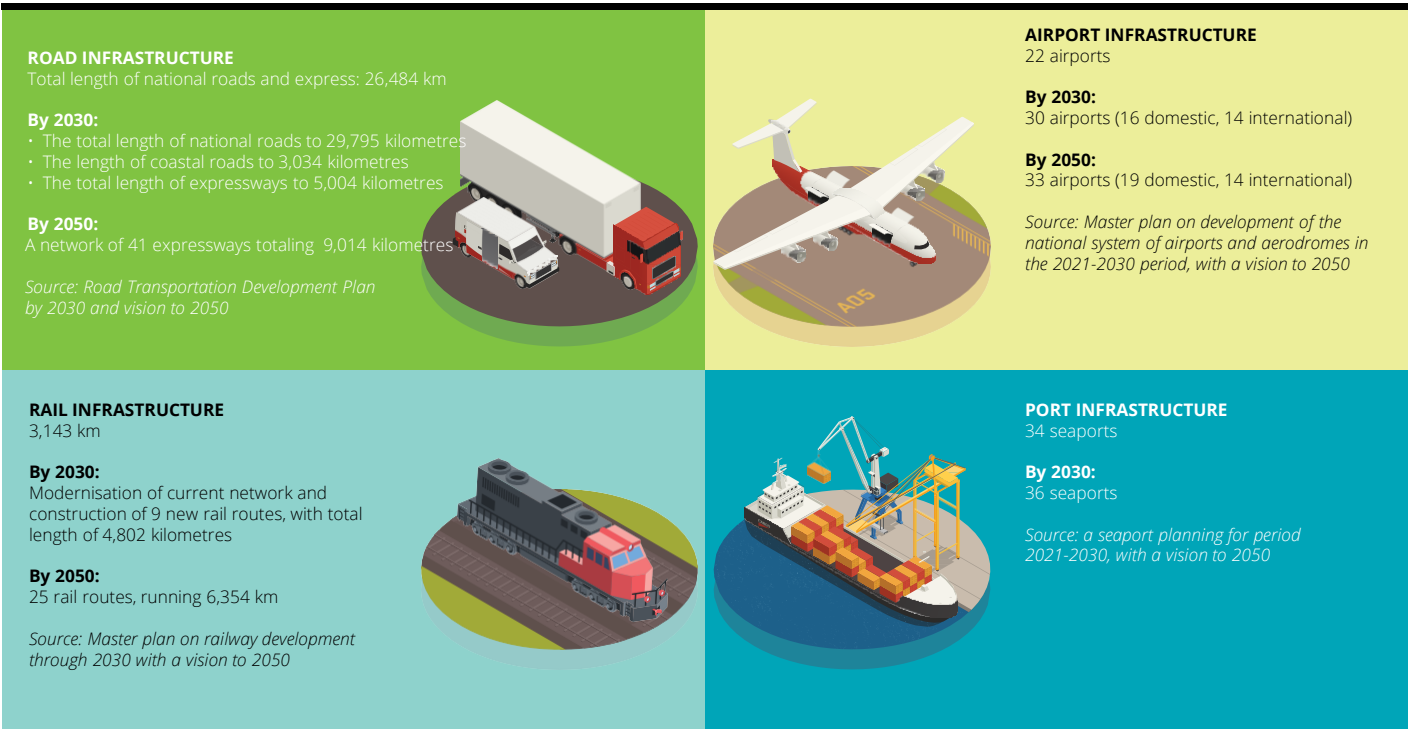
According to the Logistics Report 2024 published by the Ministry of Industry and Trade, 90% of Viet Nam’s import and export goods are transported by sea<sup>3</sup>. The country ranks third in ASEAN in terms of cargo throughput, following Malaysia and Singapore. The port infrastructure continues to receive substantial investment, with the investment demand for the seaport system estimated at VND 313 trillion by 2030, as outlined in the Approved Master Plan for the Development of Viet Nam’s Seaport System for the 2021–2030 Period, with a Vision to 2050. Notably, one of highlights in the

country’s seaport development strategy is the Can Gio International Transshipment Port, which is expected to boost Ho Chi Minh City’s position as a global maritime hub.

Viet Nam continues to enhance investment in various transportation infrastructure systems, including roads, railways, and aviation, fostering a more modern and integrated network that drives overall economic growth. By 2050, Viet Nam’s goal is to establish a network of 41 expressways totaling 9,014 kilometres for road transport, 25 railway routes covering 6,354 kilometres, and 33 airports.

Geographic location and natural characteristics support investment in Viet Nam for agriculture, forestry and fisheries enterprises. The country is becoming a popular manufacturing and services location. This change has increased Viet Nam’s consumption and wealth creation, which attracts investors to the country.

Viet Nam’s Infrastructure



3. Viet Nam Logistics Report 2024. Ministry of Industry and Trade.



### 2.3. A hub with an extensive network of FTAs

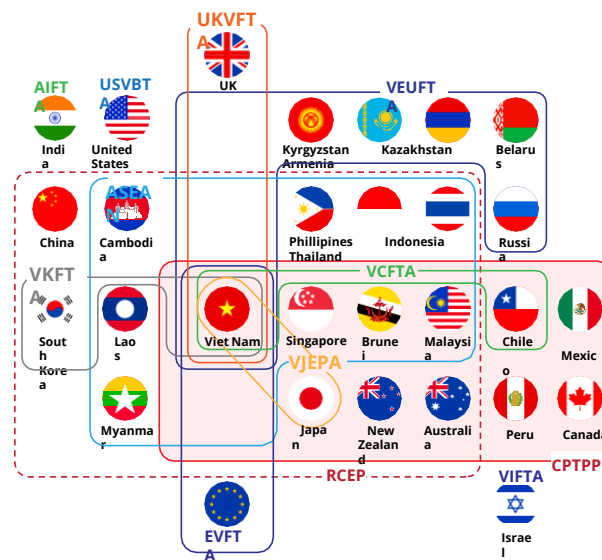
Viet Nam has strategically leveraged its geographic position to establish itself as a key hub in global value chains by actively pursuing a multilateral foreign policy, with economic diplomacy as one pillar.

Over the years, the country has deepened its integration into regional and global markets, achieving significant milestones in international trade. Viet Nam joined ASEAN in 1995, APEC in 1998, and the WTO in 2007—demonstrating its strong commitment to trade liberalisation and economic expansion.

Viet Nam has also further reinforced its role in international trade through proactive Free Trade Agreement (FTA) negotiations and implementation. As of June 2025, Viet Nam has signed 17 FTAs, in which, 16 FTAs have already in effect. Among these, new-generation FTAs such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), the European Union-Viet Nam Free Trade Agreement (EVFTA), the United Kingdom-Viet Nam Free Trade Agreement (UKVFTA), and the Regional Comprehensive Economic Partnership (RCEP) play a crucial role in deepening Viet Nam's trade relationships with key global partners. Furthermore, the country is actively engaged in negotiations for two additional FTAs: Viet Nam-EFTA FTA, involving Switzerland, Norway, Iceland, and Liechtenstein, and the ASEAN-Canada FTA.

Commitments under FTAs vary and cover a broad spectrum of issues, including tariff reductions – some immediate, others phased in over several years – across a broad range of goods and governed by a set of qualifying tests. In respect of trade in goods, FTAs grant Viet Nam and its partners preferential market access compared to non-FTA countries. Additionally, Viet Nam's FTAs also include commitments to enhance market access for trade in services, foreign direct investment concessions, technical barriers to trade limitations, and other measures to foster trade and investment between the parties to the agreement.

### Viet Nam's FTA network covers 87 percent of the global economy



Source: World Bank, Viet Nam 2045 Trading Up in a Changing World

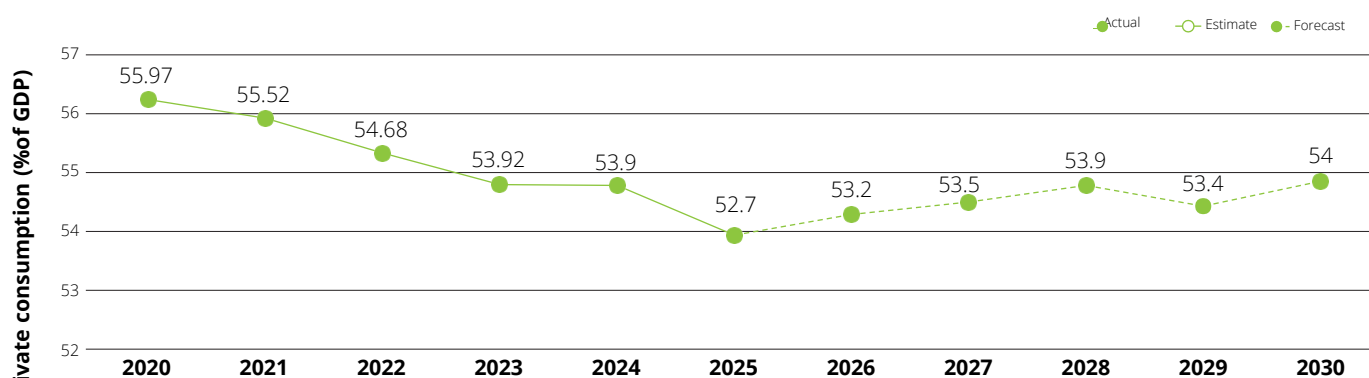
### 2.4. Dynamic consumer markets and competitive labour forces

Viet Nam's population stands at approximately 101.3 million as of 2024. The country is currently benefiting from a "golden population structure", with individuals aged 15 to 64 comprising more than two-thirds of the total population. This demographic advantage is expected to last until 2040, offering Viet Nam both a sizable consumer market and a robust labour force. This favourable population dynamic enhances the country's appeal as a prime destination for investment, manufacturing, and economic growth.

#### Private consumption (%GDP)

For many years, private consumption has accounted for more than half of Viet Nam's GDP and is expected to remain strong. The improvement in the country's labour market will be the fundamental factor supporting private spending growth.

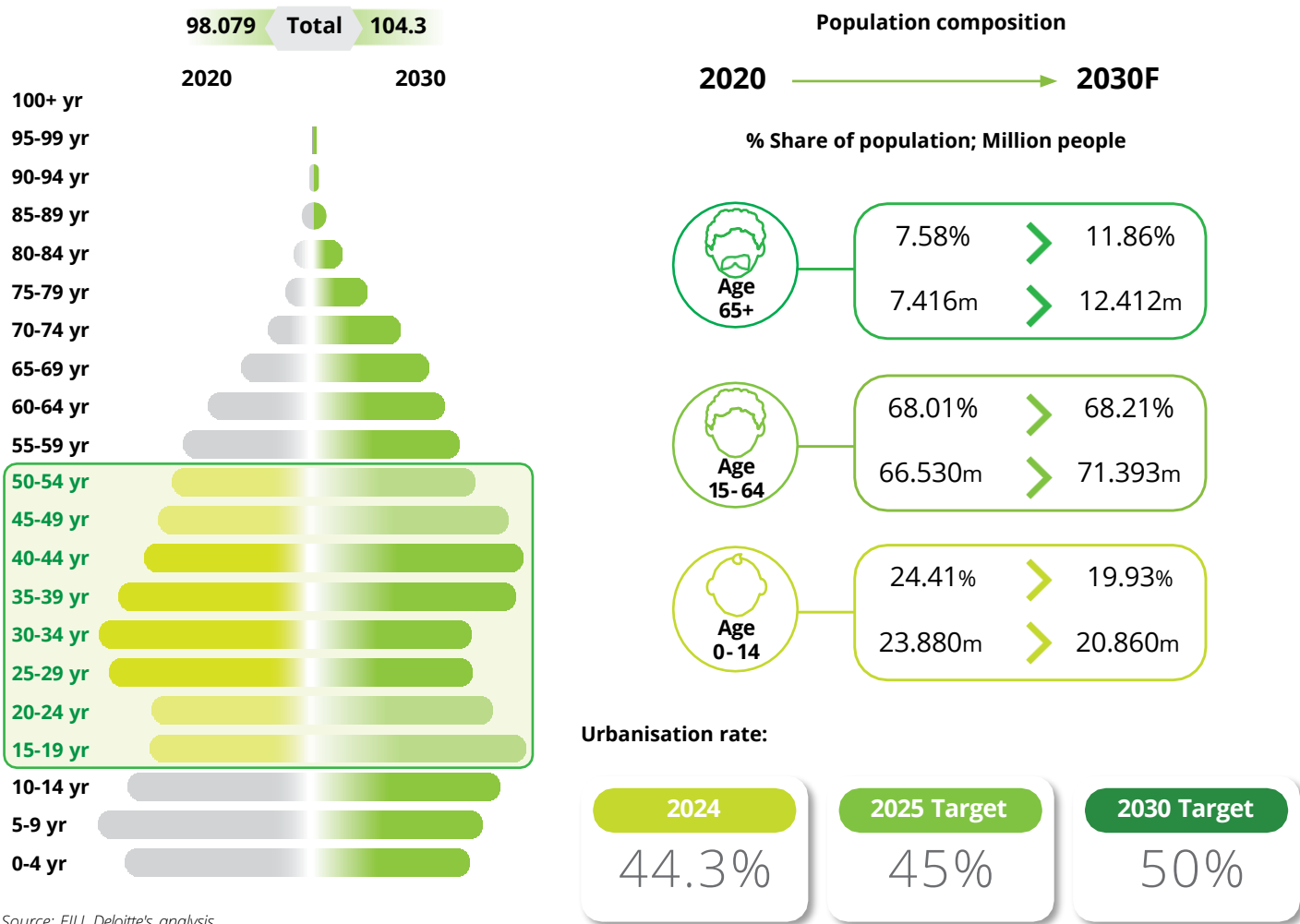
#### Private consumption (%GDP)



Source: EIU, Deloitte's analysis.

Viet Nam’s golden population structure coupled with the accelerating urbanisation, is set to contribute to economic development. As of December 2024, Viet Nam’s urbanisation rate reached 44.3%, on track to reach 45% by 2025 and surpass 50% by 2030 — a key threshold for most of countries transitioning to full middle-income status. Reinforcing their role as economic engines, urban areas are expected to contribute 75% of GDP by 2025 and up to 85% by 2030. While major cities like Hanoi and Ho Chi Minh City have traditionally dominated urban growth, urban expansion is expected to extend to smaller cities such as Can Tho, Da Nang, and Hai Phong, where a rising middle class will fuel consumption.

Viet Nam has an abundance of incubators, accelerators, and innovation laboratories compared to other regional markets. Despite market volatility, global capital continues to flow into the country due to its strong economic fundamentals and expanding digital environment. The interest of investors in digital services such as e-commerce, fintech, health-tech, and ed-tech is anticipated to remain robust.

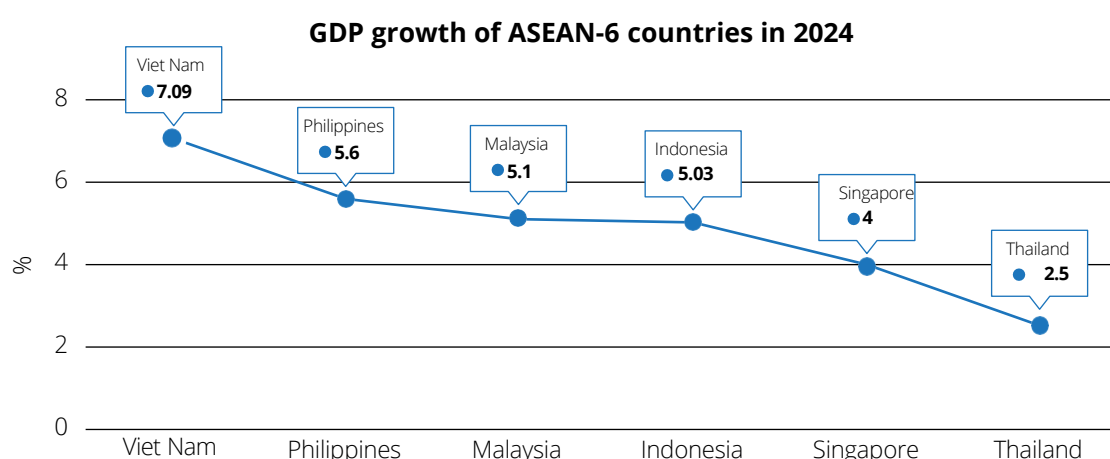




# III. Macroeconomic Performance

## 3.1. GDP Growth

Viet Nam achieved a significant milestone in 2024, with its estimated GDP reaching USD 476.3 billion and a growth rate of 7.09%. This positioned Viet Nam as the fastest-growing economy among the ASEAN-6. The impressive growth is particularly remarkable considering the uncertainties and challenges posed by the global economic and political landscape.<sup>4</sup>



Note: Separately published economic data of ASEAN-6 countries.

The World Bank (WB), the Asian Development Bank (ADB), and the International Monetary Fund (IMF) all forecast that Viet Nam's economic growth in 2025 will be about 6% continuously making Viet Nam a leading country in terms of its economic progress in the ASEAN-6. Meanwhile, this growth is also significantly above the global average.

### Real GDP Growth Forecast

	2024			2025F			2026F		
	WB	IMF	ADB	WB	IMF	ADB	WB	IMF	ADB
Indonesia	5.0	5.0	5.0	4.7	4.8	5.0	4.8	4.8	5.1
Malaysia	5.1	5.1	5.1	3.9	4.5	4.3	4.3	4.0	4.2
Philippines	5.7	5.7	5.6	5.3	5.5	5.6	5.4	5.9	5.8
Thailand	2.5	2.5	2.5	1.8	2.0	1.8	1.7	1.7	1.6
Singapore	N/A	4.4	4.4	N/A	2.0	1.6	N/A	1.9	1.5
Viet Nam	7.1	7.1	7.1	5.8	5.2	6.3	6.1	4.0	6.0
Global	2.8	3.3	N/A	2.3	3.0	N/A	2.4	3.1	N/A

**Note:**

WB does not provide Singapore's GDP growth forecast; The 2024 data from WB is estimated only.  
The ADB does not typically provide global GDP growth forecasts.

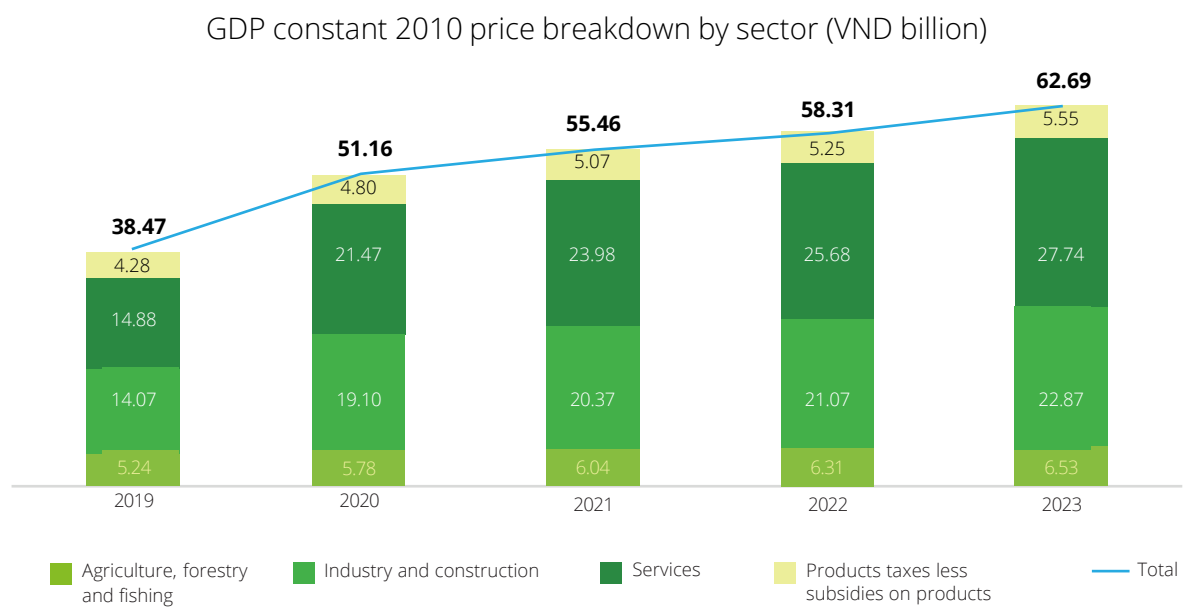
Source: World Bank, IMF, ADB

4. "Vietnamese economy ranks fourth in ASEAN". Government News. 21 Feb 2025.

GDP constant 2010 price breakdown by sector (VND billion)

In recent years, Viet Nam's remarkable economic growth has been driven by a structural shift from agriculture to more productive industries and services - a common trajectory for developing economies. Additionally, the country has benefited from a young and growing labour force. Significant advancements in the manufacturing and service sectors have been fuelled by rising domestic private investment and increased foreign investment inflows.

In 2024, GDP growth improved across all key sectors. The sectoral composition of Viet Nam's economy indicates an approximately equal distribution between the industry & construction and services sectors. The industry and construction sector increased by 8.55%, accounting for 36.48% of GDP, while the services sector expanded by 8.01%, contributing 44.25%.

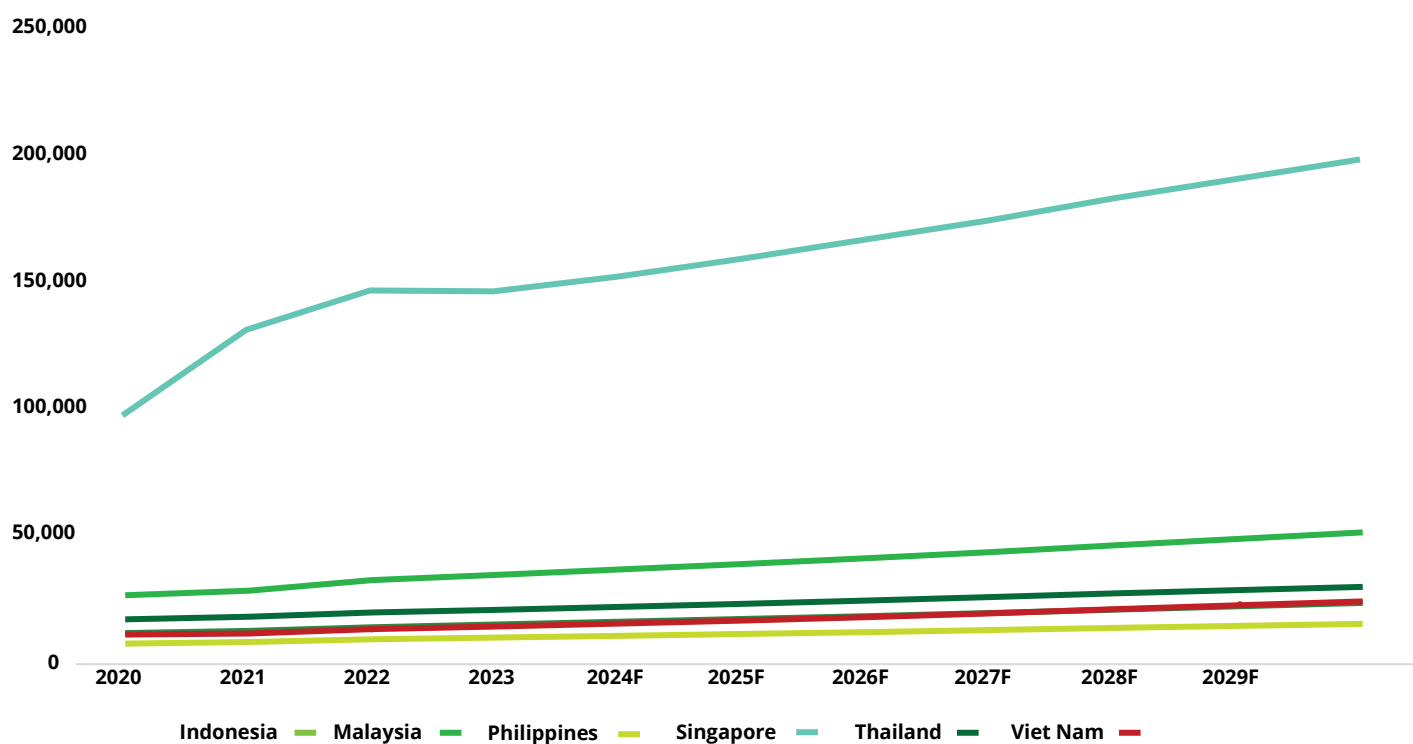


Source: GSO, Deloitte's analysis



**GDP per head (USD at PPP)**

In terms of GDP per head, Viet Nam is anticipated to achieve the highest growth rate among the ASEAN-6 countries, with an annual increase of around 7.07% to 7.87%, while that metric in the region is projected to show a consistent upward trend, with an average growth rate expected to be between 3.8% and 5.19% from 2020 to 2030.



Category	Indonesia	Malaysia	Philippines	Singapore	Thailand	Viet Nam
2020	11,729	27,476	8,238	102,803	19,150	11,609
2021	12,757	29,822	8,858	131,866	20,246	12,049
2022	14,273	34,366	10,131	141,909	22,230	13,960
2023	15,410	36,415	10,990	141,551	23,475	15,090
2024	16,410	38,660	11,790	147,510	24,620	16,410
2025	17,253	40,340	12,610	151,670	25,650	17,570
2026	18,366	42,580	13,450	158,460	27,030	18,820
2027	19,598	45,100	14,380	164,930	28,530	20,190
2028	20,951	47,880	15,440	171,770	30,170	21,720
2029	22,327	50,800	16,570	177,960	31,920	23,430
2030	23,767	53,650	17,810	186,290	33,560	25,260

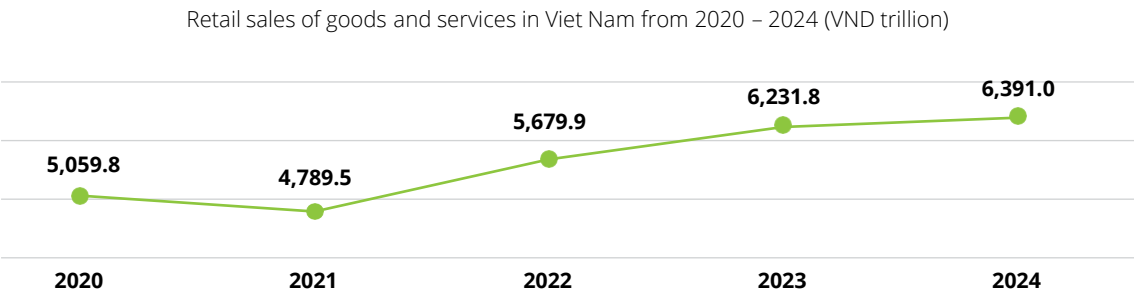
Source: EIU, Deloitte's analysis

3.2. Industry highlight

Consumer

Viet Nam’s consumer goods sector has seen sustained expansion over years and is set to continue this momentum, with private consumption consistently contributing over 50% of GDP. This growth is driven by a large and youthful consumer base, an expanding middle class, rapid urbanisation, and increasing foreign investment. According to World Data Lab, Viet Nam is on track to become the world’s eleventh-largest consumer market by 2030, with its consumer population reaching 80 million—a 34% increase from 2024<sup>5</sup>.

Viet Nam’s total retail sales of goods and consumer services have shown steady growth in recent years, rebounding strongly after the pandemic-induced decline in 2021. In 2024, retail sales reached VND 6,391.0 trillion, marking a 9.0% increase from 2023.



Source: GSO, Deloitte’s analysis

A standout highlight of this industry is the rapid rise of e-commerce, a key component of Viet Nam’s digital economy. Viet Nam’s e-commerce sector continues to maintain impressive growth, with an annual increase of 18-25%. In 2024, the e-commerce market size is projected to exceed USD 25 billion, reflecting a 20% increase from 2023, and accounting for approximately 9% of total retail sales of consumer goods and services nationwide<sup>6</sup>.

The government aims for 55% of the population to be active e-commerce users by 2025<sup>7</sup>. The sector’s GMV is projected to reach USD 63 billion by 2030<sup>8</sup>. To achieve this, various initiatives and policies have been introduced to enhance infrastructure, improve market accessibility, and accelerate the adoption of digital payments.

Financial Services

As Viet Nam’s economy continues to grow, the financial services sector has made progress in 2024. The market has strengthened its role as a critical capital mobilisation channel, with credit growth reaching 15.08% compared to the end of 2023<sup>9</sup>. Proactive and flexible monetary policies have been instrumental in fostering financial market development. 2024 also witnessed significant advancements in the regulatory landscape, particularly with key revised laws related to credit institutions and real estate sector. These improvements contributed to removing barriers and laying the groundwork for a more resilient and dynamic financial environment.

Another highlight in the financial services industry over years is the expansion of cashless economy. Cashless transactions surged to over 17 billion, with a total transaction value of approximately

VND 280 trillion — an increase of more than 120% compared to the previous year<sup>9</sup>. Many banks now report that over 95% of their transactions are processed through digital channels, underscoring a remarkable shift toward digital finance. According to e-Economy SEA 2024 report, gross transaction value (GTV) for digital payments is forecast to reach about USD 300 – 350 billion in 2030.

Despite these advancements, further efforts are needed to drive the development of the financial services industry. This includes building a robust legal framework to attract sustainable investment, enhancing cybersecurity, preventing financial crime, increasing foreign investor participation, and promoting financial integration.

Looking forward, in 2025, Viet Nam is striving to upgrade its stock market from frontier status to an emerging market, attracting even more foreign investment. As part of a strategic plan, some progressive measures are being taken at the end of 2024. Notably, the Accounting Law Amendment at the end of 2024 assigns the Ministry of Finance the responsibility to issue further guidance on the adoption of international accounting standards based on the specified conditions of the Vietnamese market. Circular No. 68/2024/ TT-BTC introduces more flexible regulations for foreign investors to increase capital flows into Viet Nam.

In terms of financial integration, the National Assembly approved Resolution No. 222/2025/QH15 on the establishment of an International Financial Centre (IFC) in Vietnam, positioning the country as a prominent player in the regional & global financial landscape.

5. "Viet Nam predicted to be among world's top 20 largest consumer markets". VnEconomy. 19 Feb 2024.

6. "Viet Nam E-commerce in 2024: Progress and Challenges". Ministry of Industry and Trade. 18 Feb 2025.

7. Decision 645/QĐ-TTg 2020 national e-commerce development 2021-2025.

8. e-Economy SEA 2024. Google, Temasek, Bain & Company.

9. "Viet Nam financial market outlook in 2025". Tạp chí Tài chính. 17 Feb 2025.

Zooming into the real estate sector, there are signs of recovery. According to the Viet Nam Association of Real Estate Brokers (VARs), the total supply of real estate products in 2024 increased by more than 40% compared to the previous year. The State Bank of Viet Nam reported that, as of September 2024, credit growth for real estate outpaced overall credit growth, reaching 9.15% year-to-date. Notably, commercial real estate credit expanded by 16%, significantly higher than the 4.6% growth seen in residential real estate credit.

To support the real estate market's recovery, authorities have expedited key legal reforms, including amendments to the Real Estate Business Law, Housing Law, and Land Law — all of which took effect in August 2024, five months ahead of schedule. Concurrently, supportive policies such as interest rate reductions and credit assistance have been implemented to stabilise the market. While these measures indicate positive momentum, the pace of recovery is expected to be gradual. Continued monitoring of market sentiment and supply-demand dynamics will be essential.

### Energy, Resources and Industrials

Viet Nam's energy and electricity demand is on the rise as the country strives to meet its economic goals and accommodate a growing population. According to the International Energy Agency (IEA), Viet Nam became Southeast Asia's second-largest electricity market by 2022, just behind Indonesia<sup>10</sup>. Projections for 2025 suggest a 12-13% increase in electricity demand, which will require an additional capacity of around 2,200-2,500 MW<sup>11</sup>.

In 2035, Viet Nam is expected to maintain its position as Southeast Asia's largest renewable energy market, followed by Indonesia and

the Philippines. This positioning is driven by a combination of global trends, rising electricity demand, natural advantages, and a strong commitment to achieving net-zero emissions by 2050. To support this vision, the country is actively implementing policies to accelerate renewable energy adoption and phase out coal.

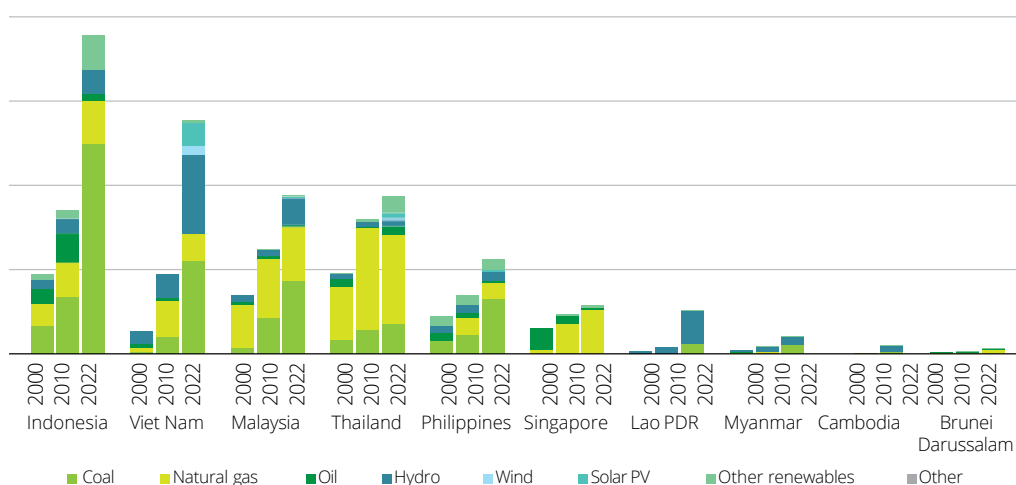
A milestone in this transition is the Prime Minister's Decision No. 768/QĐ-TTg issued on 15 April 2025, approving the revised National Power Development Plan VIII. Previously, the original PDP8, enacted in May 2023 under Decision No. 500/QĐ-TTg, laid out the strategic development for power sources and transmission grids at the voltage level of 220 kV or higher, industry and services in renewable energy, new energy in the territory of Viet Nam in the period of 2021- 2030, with a vision to 2050.

The Amended PDP8 sets more ambitious goals for energy transition by increasing the capacity targets for solar, wind, and hydropower and introducing nuclear power to the energy mix. It also shifts the planning period from 2021-2030 to 2025-2030, with sharpened expectations for 2031-2035. This reflects the determination of the Vietnamese government to prioritize renewable energy's contribution in the future, aiming for it to comprise around 74-75% of the national electricity generation. Along with favorable investment mechanisms, Decision 768 is expected to attract increased capital into the sector.

Regarding capital needs, the revised plan anticipates around USD 136.3 billion in investments from 2026 to 2030 for power generation and transmission grid development. Future investment needs are projected at roughly USD 130 billion for 2031- 2035 and USD 569.1 billion spanning 2036 to 2050, which is essential for infrastructure expansion and modernisation to meet these new goals.

**Viet Nam is the second-largest electricity market in Southeast Asia, with its power generation mix primarily driven by coal and natural gas.**

Electricity generation by country and energy source, 2000-2022



Notes: TWh = terawatt-hours. "Other renewables" include bioenergy, geothermal, concentrating solar and marine power. "Other" includes non-renewable waste and other sources.

Source: Southeast Asia Energy Outlook 2024

10. Southeast Asia Energy Outlook 2024. International Energy Agency.

11. "Prime Minister: Electricity demand is expected to rise by around 12-13% in 2025, but there will be no power shortage". VnEconomy. 19 Oct 2024.



## Power Generation Mix

According to the Viet Nam's eighth National Power Development Plan (PDP8) and the Amended PDP8

No.	Power Generation Source	Capacity targets (MW) by 2030				Capacity targets (MW) by 2050			
		PDP8	Share (%)	Amended PDP8	Share (%)	PDP8	Share (%)	Amended PDP8	Share (%)
1	Onshore wind power	21,880	14.5	26,066 - 38,029	14.2 - 16.1	60,050 - 77,050	12.2 - 13.4	84,696 - 91,400	10.9
2	Offshore wind power	6,000	4.0	6,000 - 17,032	3.27 - 7.2	70,000 - 91,500	14.3 - 16.0	113,503 - 139,097	14.7 - 16.6
3	Solar power	12,836	8.5	46,459 - 73,416	25.3 - 31.1	168,594 - 189,294	33.0 - 34.4	293,088 - 295,646	35.3 - 37.8
4	Biomass/waste-to-energy/ ammoniac	2,270	1.5	3,009 - 4,881	1.6 - 2.0	31,647 - 38,447	5.5 - 7.8	32,875 - 35,359	4.2
5	Hydropower	29,346	19.5	33,294 - 34,667	14.7 - 18.2	36,016	6.3 - 7.3	40,624	4.8 - 5.2
6	Coal	30,127	20.0	31,055	13.1 - 16.9	0	0	0	0
7	Gas/Hydrogen	37,330	24.8	33,385 - 37,454	15.4 - 18.6	35,830 - 44,830	6.7 - 8.4	43,593 - 54,647	5.3 - 6.7
8	Stored power (Pumped storage hydropower, Battery energy storage and other energy storage system)	2,700	1.8	12,400 - 22,300	6.8 - 9.4	30,650 - 45,550	6.2 - 7.9	116,674 - 117,447	14.9
9	Other (Cogeneration, Flexible power sources)	3,000	2.0	2,000 - 3,000	1.1 - 1.3	35,400 - 50,700	7.1 - 9.0	21,333 - 38,641	2.8 - 4.6
10	Nuclear Power	0	0	4,000 - 6,400	2.2 - 2.7	0	0	10,500 - 14,000	1.4 - 1.7
11	Import	5,000	3.3	9,360 - 12,100	4 - 5.1	11,042	1.9 - 2.3	14,688	1.8 - 1.9
Total		150,489		183,291 - 236,363		490,529 - 573,129		774,503 - 838,681	

Note: The highlighted power generation sources have been significantly revised in the Amended PDP8.

## Digital economy

Viet Nam has introduced pivotal programmes to promote digitalisation in all aspects with several key programmes such as the national digitalisation programme, the digital infrastructure strategy through 2025, with an orientation towards 2030. In terms of e-government, Viet Nam has climbed from the 86<sup>th</sup> to the 71<sup>st</sup> position among 193 countries in the UN E-Government Development Index (EGDI)<sup>12</sup>.

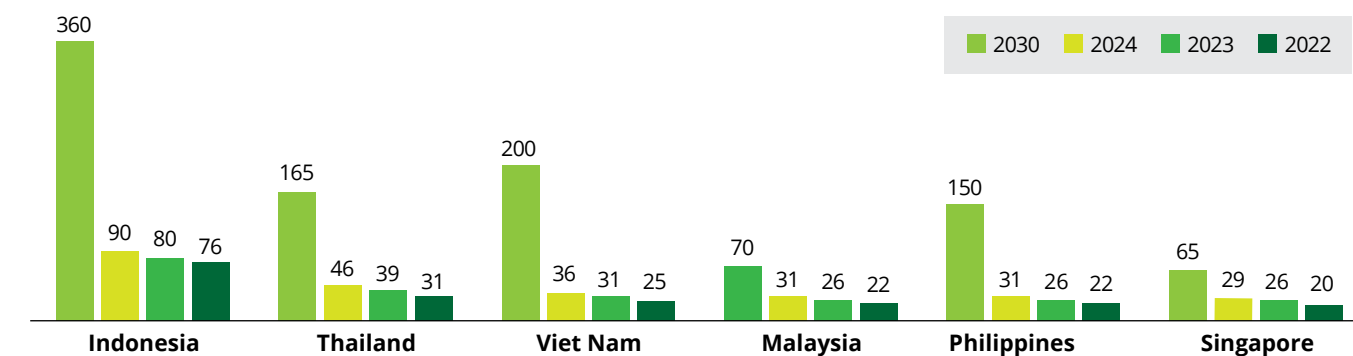
On the economic front, Viet Nam's digital economy is expected to contribute 18.3% of GDP in 2024, with an annual growth rate exceeding 20%, as noted in the report presented at the 10th meeting of the National Committee on Digital Transformation in February 2025<sup>13</sup>. According to e-Economy SEA, the total gross merchandise value (GMV) of overall digital economy in Viet Nam is expected to increase USD 25 billion in 2022 to around USD 90-200 billion by 2025. At this rate, Viet Nam is getting closer to the target of having the digital economy contribute 25% of GDP by 2025 and 30% by 2030, as mentioned in the national digital transformation programme until 2025 with a vision toward 2030.

Viet Nam is also ranked among the three largest and fastest-growing digital economies in Southeast Asia, following Indonesia and Thailand, with strong growth projected until 2030.

12. "Viet Nam rises 15 places in UN E-Government Development Rankings". Ministry of Science and Technology. 19 Sept 2024.

13. "Viet Nam's digital economy expands at record pace, now 18.3% of GDP". Vietnamnet. 07 Feb 2025.

### GMV of digital economy (USD billion)



Source: E-Conomy SEA 2024 report

Alongside the development of the digital economy, Viet Nam has also made efforts to ensure cybersecurity, with the adoption of Decree No. 13/2023/ND-CP in 2023. The country's commitment to cybersecurity has been recognised by international organisations. According to the 2024 Global Cybersecurity Index (GCI) by the International Telecommunication Union (ITU), Viet Nam ranks among the top 50 and is also a leading country in global cybersecurity rankings. In the Asia-Pacific region, Viet Nam ranks fourth among 11 countries included in the leading group of the 2024 Global Cybersecurity Index (GCI). Within ASEAN, Viet Nam holds the third position, trailing only Indonesia and Singapore. Compared to the GCI 2020 rankings published in 2021, Viet Nam has climbed 8 places globally and moved up one position within ASEAN<sup>14</sup>.

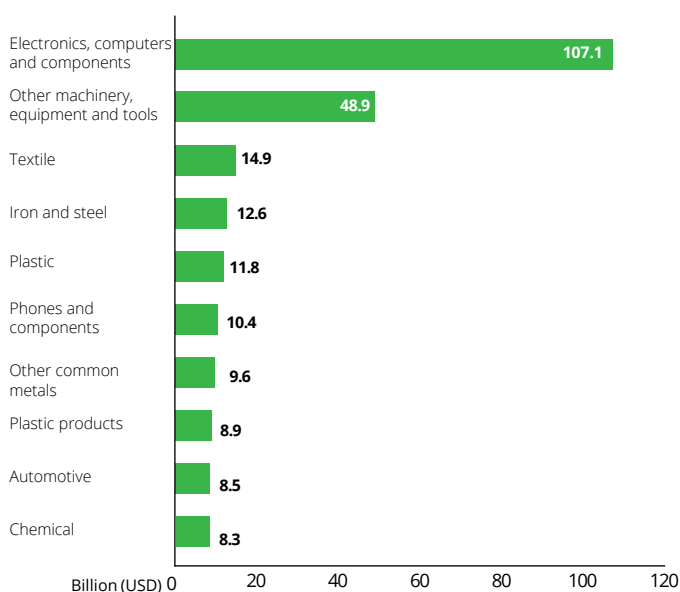
### 3.3. Trade highlight

Viet Nam's total trade revenue set a record of USD 786.29 billion in 2024, up 15.4 percent year-on-year, with a trade surplus of USD 24.77 billion. This marks the ninth consecutive year that Viet Nam's trade balance has recorded a surplus. Specifically, the domestic economic sector had a trade deficit of USD 25.52 billion, while the foreign-invested sector (including crude oil) achieved a trade surplus of USD 50.29 billion.

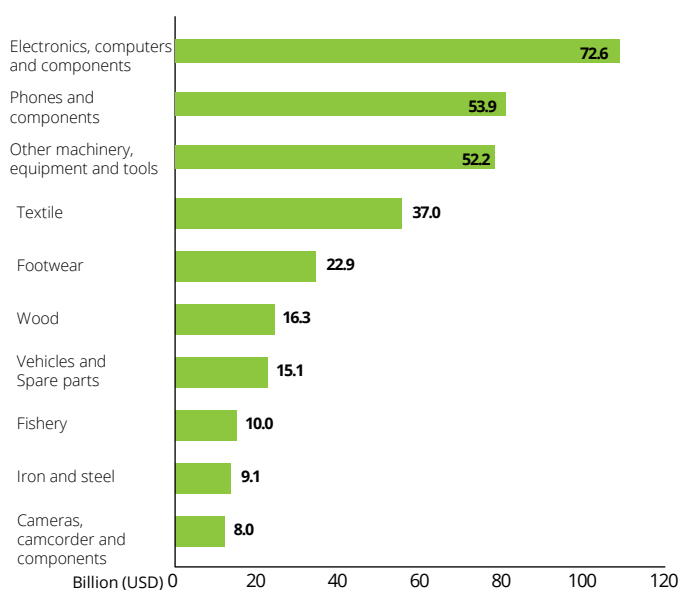
The country's exports expanded by 14.3% to USD 405.53 billion, while imports grew by 16.7% to USD 380.76 billion. Viet Nam's total export turnover in 2024 continued to maintain growth despite global economic risks and instability.

### Viet Nam's trade of goods in 2024

#### Exports of goods in 2024 (Billion USD)



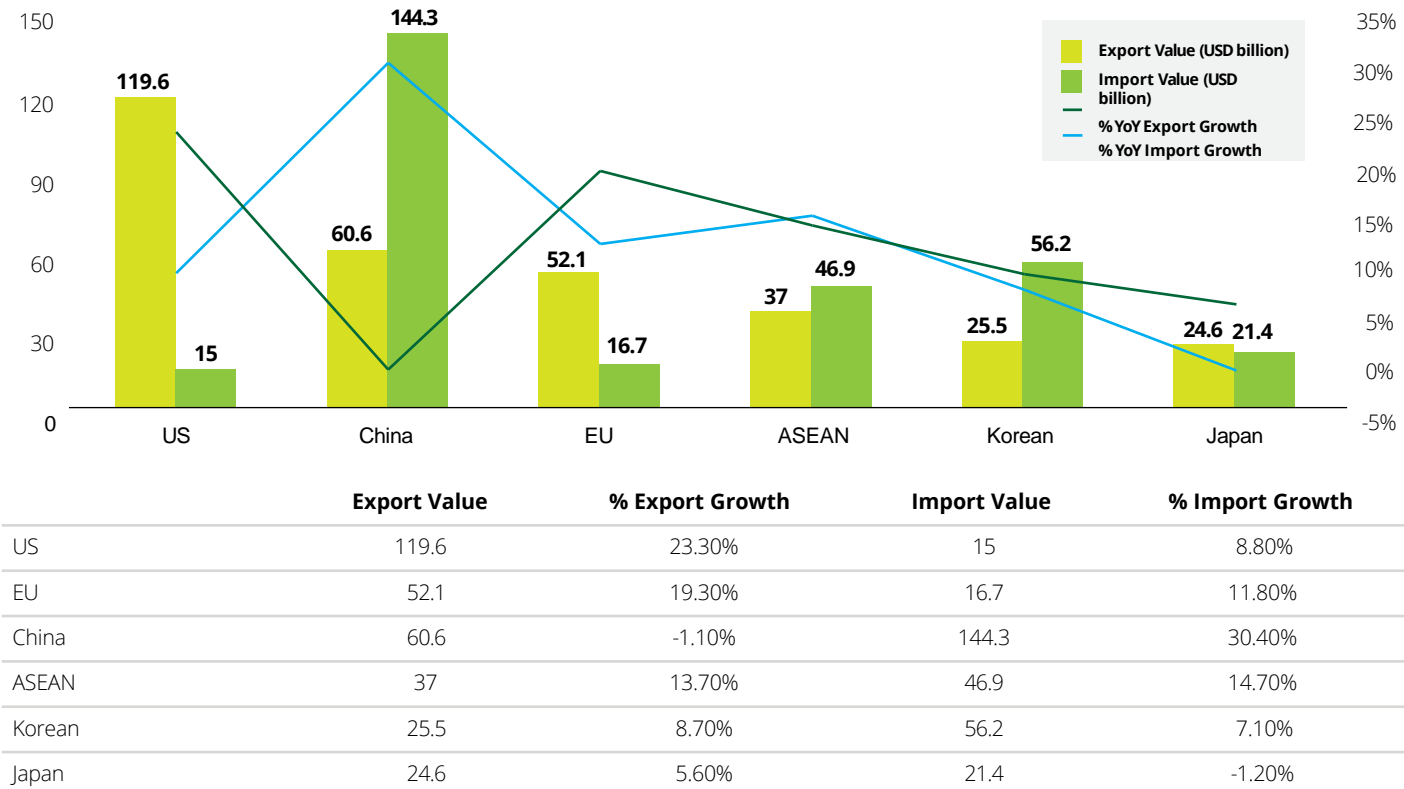
#### Imports of goods in 2024 (Billion USD)



14. "What factors contributed to Viet Nam's rise of 8 positions in global cybersecurity rankings?". Ministry of Science and Technology. 26 Sept 2024.

Viet Nam's main trading partner in 2024

The increase in exports mainly comes from large markets such as the United States, EU, Japan, South Korea, and China. Notably, the United States remains Viet Nam's top export partner with products such as electronics, textiles, footwear, and agricultural products<sup>15</sup>.



3.4. FDI Investment

Viet Nam has long attracted investors with favourable tax incentives, leveraging policies that support business expansion and economic growth. Alongside administrative reforms, streamlined procedures, continued investment in infrastructure and energy, and workforce development, the country remains committed to creating a competitive investment climate with a number of incentives. Key incentives include tax benefits, land use support, and preferential policies for investments in priority sectors and regions.

Looking forward, the regulatory environment in Viet Nam is expected to evolve toward alignment with global best practices. The most recent shift in Viet Nam's tax landscape is the adoption of the Global Minimum Tax (GMT), bringing the country in line with the OECD's Pillar Two initiative. While this move enhances Viet Nam's global standing, it also diminishes the impact of traditional tax incentives, particularly for multinational enterprises (MNEs) with an effective tax rate below 15% due to preferential policies.

In response to the Global Minimum Tax, Viet Nam has revisited the tax policies to maintain its appeal as a top destination for foreign investment. One of the most significant policy changes in 2024 is Decree No. 182/2024/ND-CP, which establishes the Investment Support Fund – a groundbreaking initiative designed to attract world-class high-tech businesses. The Investment Support Fund provides substantial benefits, particularly for businesses operating or planning investments in high-tech sectors. The fund also serves as a catalyst for innovation, offering subsidies for research and development (R&D) and workforce development in cutting-edge fields like semiconductors and artificial intelligence (AI).

Besides high-tech industries and semiconductors, Viet Nam is also focusing on attracting investment in other sectors such as manufacturing & processing, real estate and renewable energy.

15. Viet Nam's 2024 Import and Export Outlook: Recovery, Growth, and New Milestones. GSO.

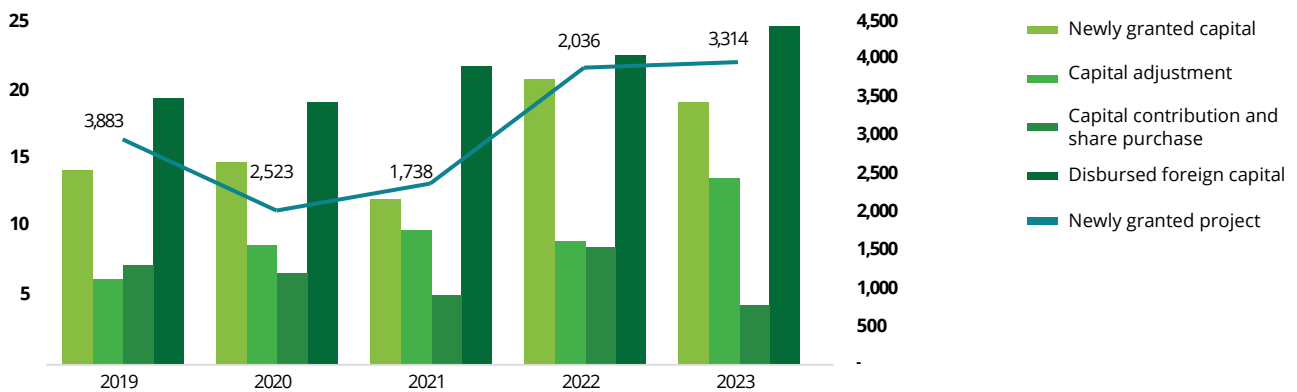


Below is the breakdown of FDI capital flows into Viet Nam from 2020 to 2024.

### FDI capital inflow by type from 2020 – 2024

In 2024, the disbursed FDI capital hit a record high of approximately USD 25.35 billion, marking a 9.4% increase compared to the previous year.

Capital inflow by type (Billion USD)

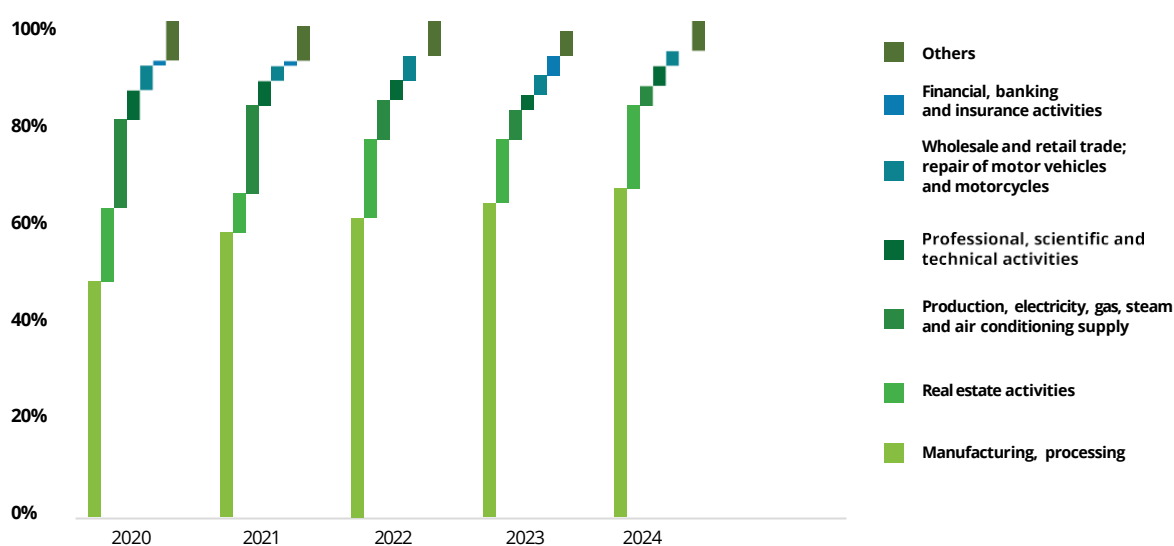


Source: MPI, Deloitte's analysis.

### Registered capital by sector (%) from 2020 – 2024

Viet Nam's export-oriented economy stands to gain significantly from robust foreign direct investment (FDI) inflows into its manufacturing sector. The manufacturing and processing sector has experienced a significant and steady rise in FDI registered capital over the years. Starting at 48% in 2020, FDI registered capital into the sector has consistently grown to 67% by 2024. This upward trend is expected to bring substantial benefits to Viet Nam's export-driven economy. The real estate sector remains the second most attractive for FDI, despite fluctuations.

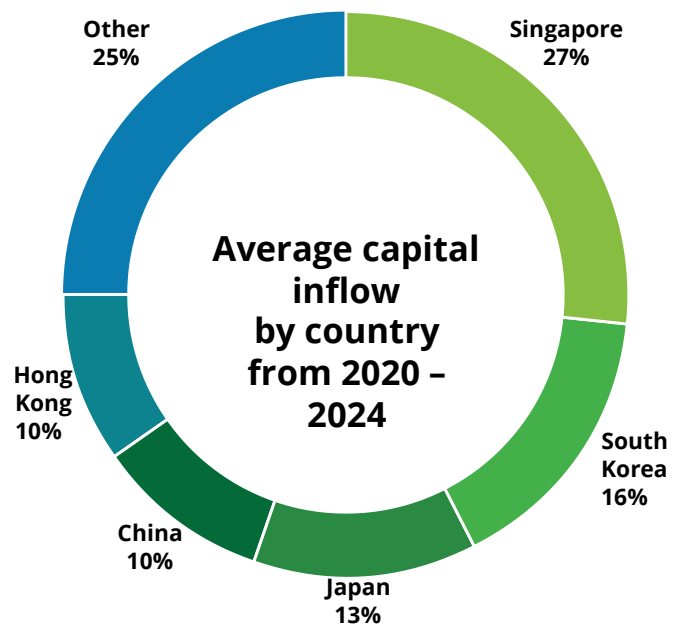
### Registered capital by sector (%)



Source: MPI, Deloitte's analysis.

Average capital inflow by country from 2020 – 2024

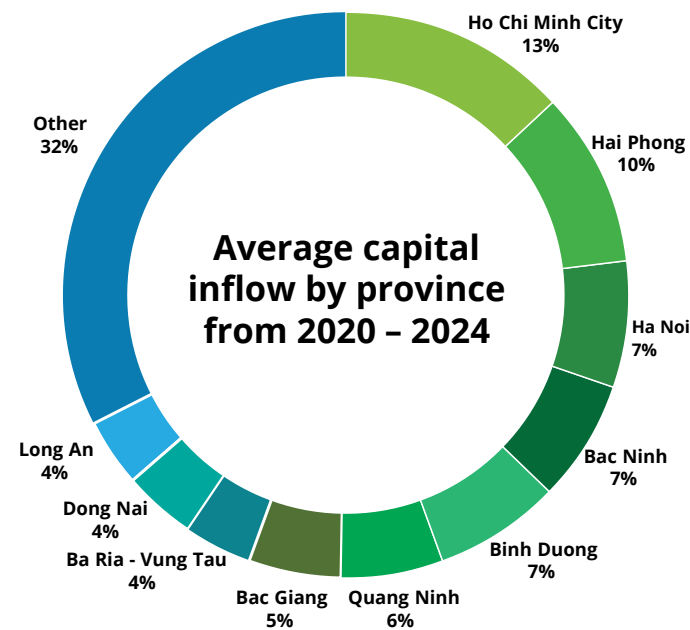
The robust and stable growth record of Viet Nam over the past decade has undoubtedly resonated with international investors. Viet Nam appears on the key list of desirable emerging markets for international investment. In terms of average capital inflow by country from 2020 to 2024, Singapore takes the dominant role with 27%, followed by South Korea at 16%, and Japan at 13%.



Source: MPI, Deloitte's analysis

Average capital inflow by province from 2020 – 2024\*

Ho Chi Minh City dominates FDI inflows with 13%, reinforcing its position as Viet Nam's top investment hub for years. Hai Phong follows at 10%, while Hanoi, Bac Ninh, and Binh Duong each attract 7%.



Source: MPI, Deloitte's analysis

\* Data by province based on the list of administrative units prior to the merger

# Chapter 2

## Forms of Foreign Direct Investment in Viet Nam





# I. Types of Investment in Viet Nam

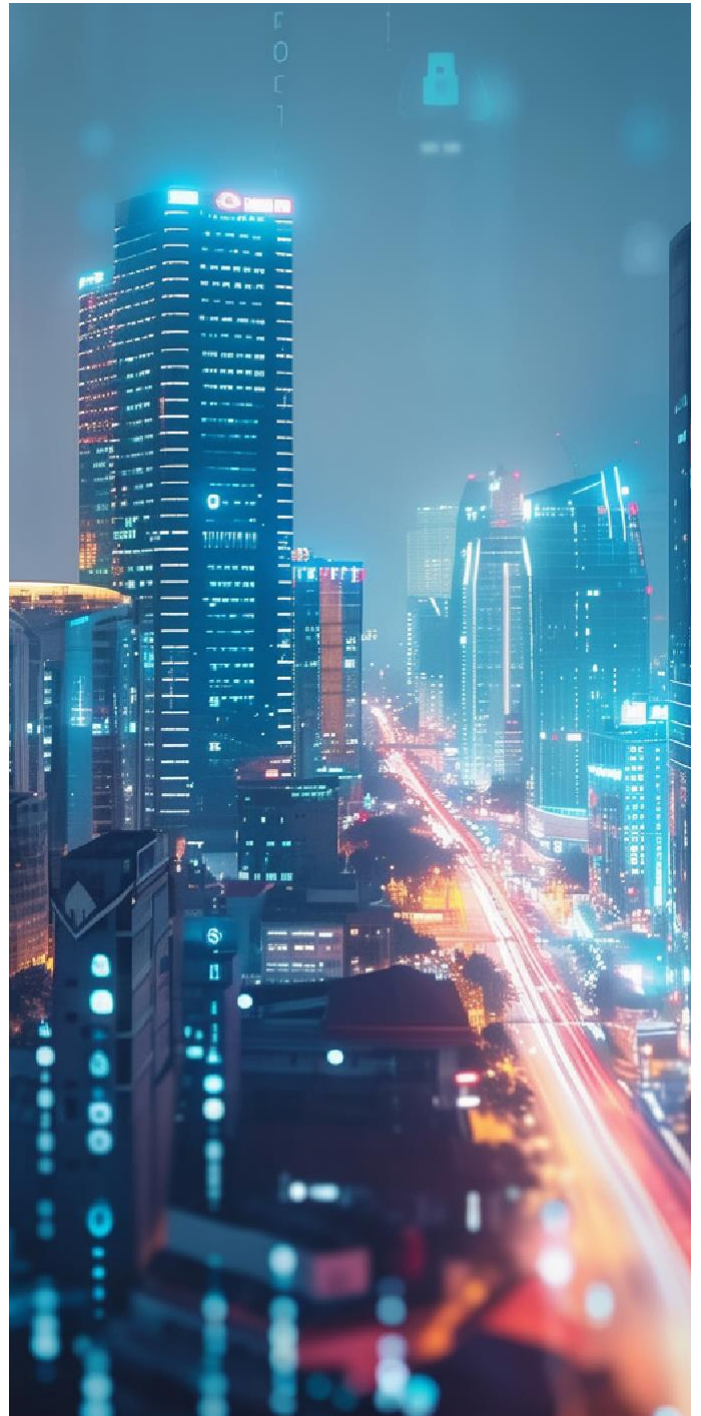
Foreign investors can engage in the following types of investments in Viet Nam:

## **Direct investment**

1. Investment by way of contractual arrangement;
2. Establishment of a new legal entity;
3. Business Cooperation Contracts (BCC) signed with other local or foreign investors;
4. Public Private Partnership (PPP) contracts with Vietnamese state bodies (e.g. Build-Operate-Transfer (BOT), Build-Transfer-Operate (BTO), Build-Own- Operate (BOO), Build-Transfer-Lease (BTL), Build-Lease- Transfer (BLT) and Operate-Manage (O&M) Contracts); and
5. Investment by way of share/capital acquisition of an existing legal entity.

## **Indirect investment**

1. Purchase of shares, share certificates, bonds and other valuable papers traded on the stock exchanges;
2. By way of securities investment funds; and
3. Investment through other intermediary financial institutions.



## II. Forms of Foreign Direct Investment in Viet Nam

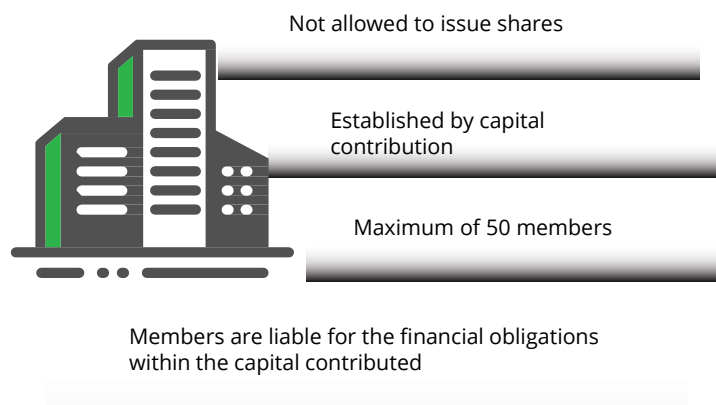
Viet Nam offers various options for foreign investors to do business in Viet Nam. The choice of investment vehicle will depend on factors such as the number of investors, industry, size of the project, future development (such as listed in the stock market, etc.). A foreign entity may establish a business presence in Viet Nam as a limited-liability company with one or more members, a joint-stock company, a partnership, a branch, a representative office or as party to a business cooperation contract.

### Legal entity

A limited liability company is a legal entity established by capital contribution which is treated as equity (or charter capital) from its owner or members. A limited liability company is not allowed to issue shares. The total number of members in a limited liability company is restricted to 50 (applied to form of a limited liability company with more than two members). Members of a limited liability company are liable for the financial obligations of the limited liability company within the capital contributed – or undertaken to be contributed - to the company.

A limited liability company may be established by foreign investors in either of the two following forms: i. A 100% foreign-owned enterprise (where all members are foreign investors); or ii. A joint-venture enterprise with at least one Vietnamese investor.

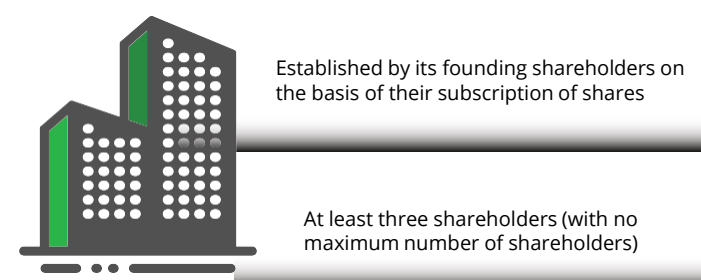
#### LIMITED LIABILITY COMPANY



A joint stock company is a legal entity established by its founding shareholders on the basis of their subscription for shares of the joint stock company. The charter capital of a joint stock company is divided into shares and each founding shareholder holds a number of shares corresponding to their subscribed and paid-up shares in the joint stock company.

A joint stock company is required to have at least three shareholders (with no maximum number of shareholders). A joint stock company may take the form of either (i) 100% foreign-owned; or (ii) a joint venture between foreign and domestic investors.

#### JOINT STOCK COMPANY



A partnership may be established between two individual managing partners. The managing partners have unlimited liability for all obligations of the partnership. Besides managing partners, a partnership may have contributing partners who are only liable for the financial obligations of the partnership up to the value of their contributed capital.

#### PARTNERSHIP



Managing partners have unlimited liability for all obligations of the partnership

Contributing partners only liable for the financial obligations of the partnership up to their contributed capital

A Business Cooperation Contract (BCC) is signed between foreign investors and Vietnamese investors in order to carry out certain business activities.

BCC is executed without the creation of a new legal entity. Instead, parties to a BCC shall establish a co-ordination board to implement and oversee the BCC. The investors to a BCC mutually agree on allocation of responsibilities and sharing of profits/losses arising from a BCC. BCC's parties hold unlimited liability for the financial obligations of the BCC.

#### BUSINESS COOPERATION CONTRACT



Signed between foreign investors and Vietnamese investors without the creation of a new legal entity

BCC's parties hold unlimited liability for the financial obligations of the BCC

A Public-Private Partnership (PPP) contract is an investment form set up on the basis of a contract between relevant government authorities and project companies to perform certain regulated infrastructure works and public services, e.g., transportation system, water supply system, power plants, educational and healthcare-related infrastructure.

PPP Contracts comprise Build-Operate-Transfer (BOT), Build-Transfer-Operate (BTO), Build-Own- Operate (BOO), Build-Transfer-Lease (BTL), Build-Lease- Transfer (BLT) and Operate-Manage (O&M) Contracts.

After signing PPP contracts with an authorised state agency, foreign investors must establish a project company in the form of a limited liability company or a joint stock company. PPP contracts clearly set out the rights and obligations of foreign investors to such contracts.

#### PUBLIC-PRIVATE PARTNERSHIP



Comprise BOT, BTO, BOO, BTL, BLT, O&M Contracts

Set up on the basis of a contract between relevant government authorities and project companies to perform certain regulated infrastructure works and public services



## Mergers and Acquisitions

Foreign investors may also acquire an interest in an existing domestic enterprise, subject in some cases to ownership limitations which vary depending on the industry sector. The legal framework for M&A is set out under the Law on Enterprise and Law on Investment and their guiding documents, which cover conditions, procedures and tax consequences of such activities. The Competition Law also has an effect on M&A activities. Where a merger or acquisition may result in a legal entity with a market share accounting for 30% to 50% of the relevant market, the legal representative of such entity must notify the competition management body before the merger/acquisition is implemented, unless the law provides otherwise.

## Other presence

Setting up a branch is not a common form of foreign direct investment and is only permitted in a few sectors (e.g. banking and foreign law firms). A branch is not an independent legal entity. Branches of foreign companies are different from representative offices in that a branch is permitted to conduct commercial activities in Viet Nam.

### BRANCH



Only permitted in a few sectors

Not an independent legal entity

Foreign companies with business relations or investment projects in Viet Nam may apply to open representative offices. Limited activities are permitted to carry out by a representative office: act as a liaison office, conduct market research, promote its head office' business and investment opportunity.

### REPRESENTATIVE OFFICE



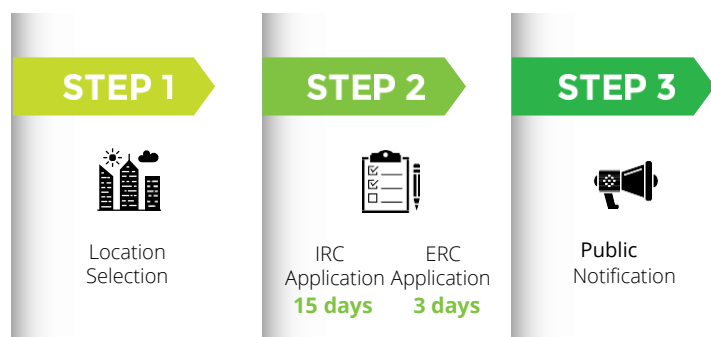
Carry out only limited activities act as a liaison office, conduct market research, promote its head office' business and investment opportunity

# III. Key Procedures For Establishment of a Presence in Viet Nam

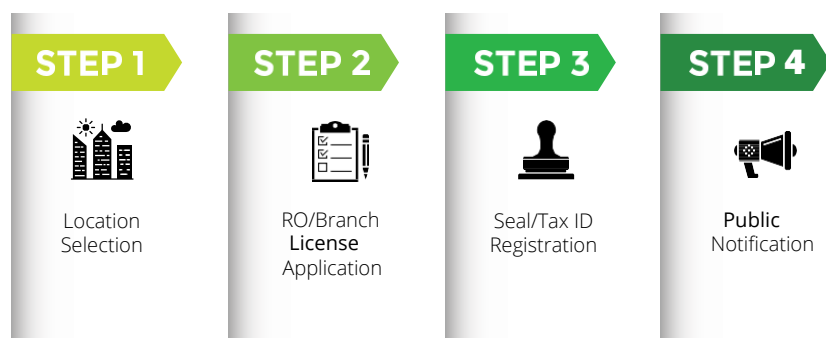
## Procedures for company set-up

In order to legally carry out business activities in Viet Nam, foreign investors must register their investment with the appropriate licensing authorities. Under Law on Investment and Law on Enterprises, foreign investors must now go through two steps:

- i: Obtaining Investment Registration Certificate (IRC), and
- ii: Obtaining Enterprise Registration Certificate (ERC).

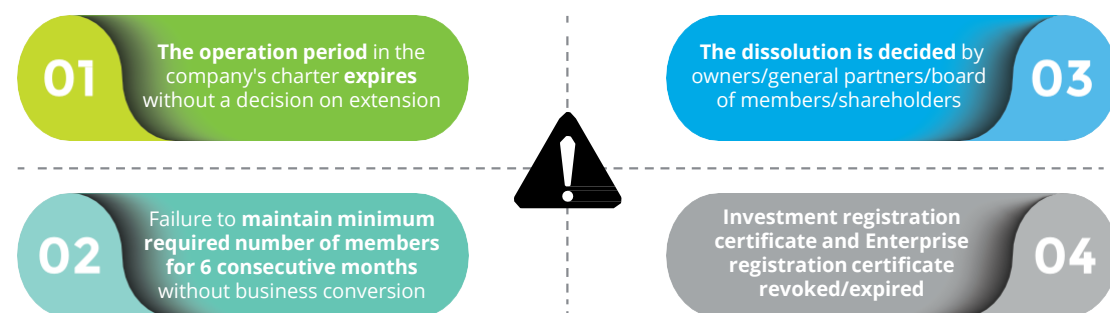


## Procedures for branch, representative office set-up



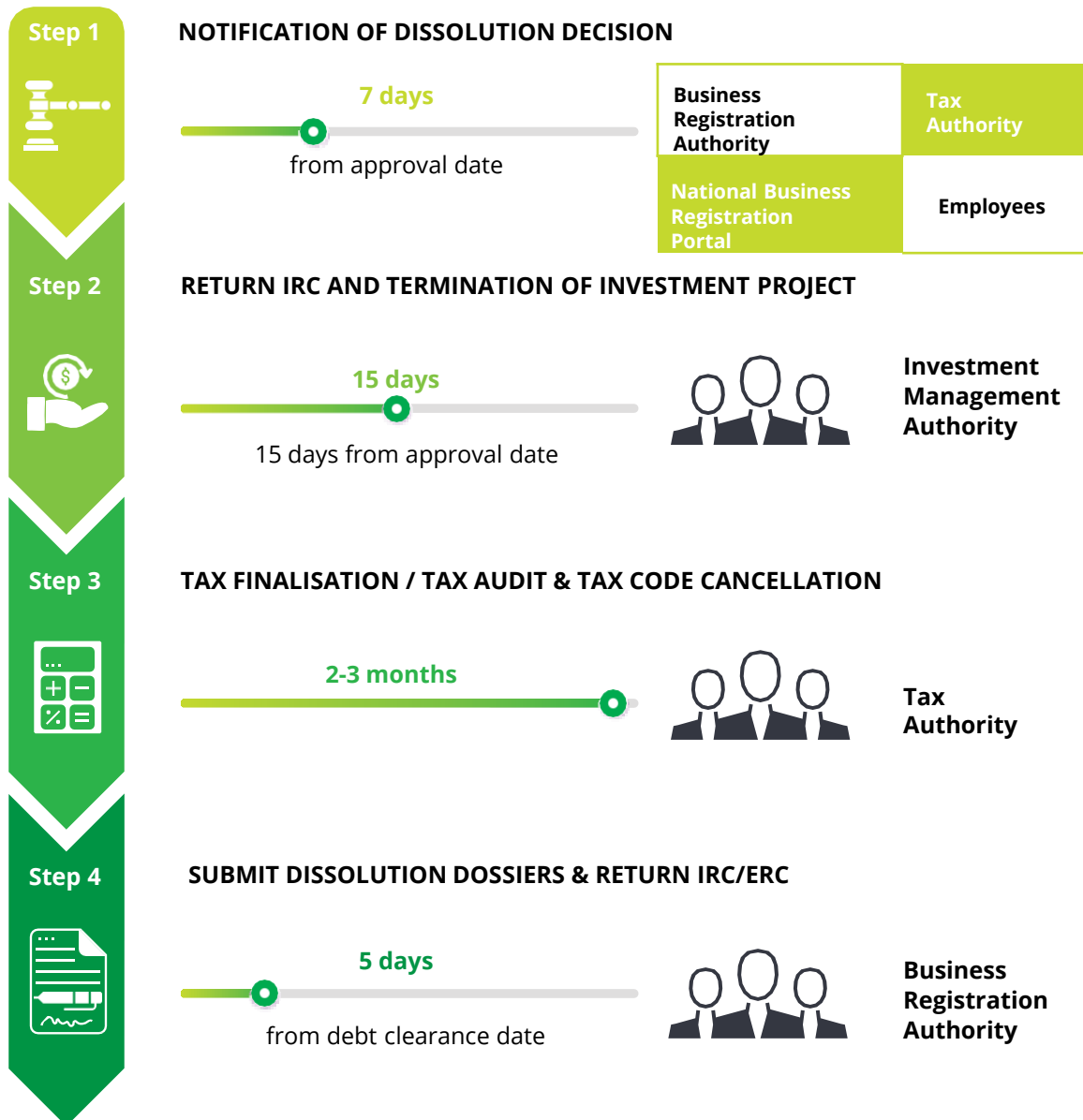
## Liquidation and closing business

The termination, liquidation, or dissolution, of an enterprise shall occur in the following circumstances:



(\*) The timeline for setting-up projects prioritized by national or provincial Government shall be shortened.

The company shall be dissolved only when all debts and liabilities are settled, and the company is not involved in any dispute at a court or arbitration body. The liquidation procedures generally take about 6 - 12 months in practice, which normally involves a final tax audit as part of the process.





# Chapter 3

# Accounting & Audit Requirements





### Accounting framework

In Viet Nam, companies must follow the Vietnamese accounting system and transactions must be recognized in accordance with Vietnamese accounting standards. There are specific guidelines for individual industries such as banking, insurance.

The Vietnamese accounting system is a general guidance on bookkeeping and reporting. It provides rules and forms for companies to follow including a standard chart of accounts, regulated financial statements template, accounting books and documents templates, detailed double entries for companies' transactions, required language.

There are currently 26 Vietnamese accounting standards which are mainly based on the old versions of the respective International Accounting Standards (IAS) at the time when they were issued. However, they have not yet been updated with recent changes of IAS and do not include some key accounting standards, such as financial instruments and impairment of assets.

The accounting framework in Viet Nam is generally rule-based rather than principle-based. Therefore, to be compliant, it requires careful attention to details of bookkeeping and various administrative work on supporting documents.

Accounting books and documents can be stored either in paper-form or electronic-form. However, upon request of the competent authorities, companies must print and have them signed and sealed properly. The retention periods of accounting books and documents are 5 years, 10 years or indefinitely, depending on type of the books, documents.



### Statutory reporting

Vietnamese accounting system requires regulated financial statements comprising:

- Balance sheet;
- Income statement;
- Cash flow statement;
- Notes to the financial statements.

The financial statements and accounting books are required to be signed by legal representatives and chief accountants.

The annual financial statements of all foreign-invested entities, financial institutions, insurance companies and public interest entities must be audited by a Vietnamese independent auditing company.

The annual financial statements including audited cases must be submitted to the local authorities within 90 days of the end of the financial year. Interim financial statements are required for certain cases such as listed companies.

### International Financial Reporting Standards (IFRS) adoption

The Ministry of Finance (MoF) issued Decision No. 345/QĐ-BTC approving the scheme for application of IFRS in Viet Nam with 3 stages:

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

As of now, the application of IFRS in Vietnam is not yet mandatory. While the Decision 345 sets forth a phased roadmap encouraging and eventually requiring certain large enterprises to implement IFRS after 2025, there remains a lack of official directives or detailed guidance from regulatory authorities regarding the mandatory application of IFRS. Therefore, IFRS adoption remains voluntary and dependent on each company's capacity and strategic considerations. In addition, the MoF is tending implement the transition from the VAS to the Vietnamese Financial Reporting Standards (VFRS), which have been developed based on the requirements of IFRS.

In May 2025, the MoF circulated a draft Circular guiding the application of IFRS in Vietnam for public comments. The key points of the Circular are enterprises with the capacity may choose to prepare financial statements under IFRS or VAS; those applying IFRS must fully comply with current standards, establish their own accounting systems, and are exempt from preparing VAS statements, their IFRS financial statements are official legal reports. This Circular is expected to take effect from 01 January 2026.







# Chapter 4

# Taxation and Customs



# I. Taxation

Most business activities or investment in Viet Nam will be subject to taxes in Viet Nam. All taxes are levied at the national level. There are no local taxes.

The main taxes are as follows:



No.		Monthly	Quarterly	Finalisation
		20th day of the following month	The last day of the first month of the following quarter	The last day of the 3rd month from the end of the calendar year or fiscal year
1	Corporate Income Tax	N/A	Provisional payment only	(Fiscal year)
2	Personal Income Tax (*)	✓	✓	(Calendar year)
3	Value Added Tax (**)	✓	✓	N/A
4	Foreign Contractor Withholding Tax	10th day following the payment day; or 20th of the month following the payment month if registering to file FCWT on a monthly basis		
5	Compulsory Social/Health/Unemployment Insurance	The last day of the month		
6	Export/ Import duties	Upon occurrence		

(\*) PIT is required to be declared on a monthly basis. If a company is eligible for quarterly VAT declaration, it may choose to declare PIT quarterly.

(\*\*) A newly established company shall file VAT quarterly, until having a full 12-month operation within a calendar year. Subsequently, it shall reassess the condition for quarterly and monthly VAT filing, i.e. quarterly VAT filing shall apply for companies with previous year's annual revenue of VND 50 billion or less, otherwise the monthly VAT filing shall apply. A company qualified for quarterly VAT filing could choose to file VAT on either a monthly basis or quarterly basis.

# 1. Corporate Income Tax (CIT)

## Tax rate & tax incentives

Companies are subject to the tax rates imposed under the CIT Law. The standard CIT rate is 20%. Companies operating in the oil and gas industry are subject to CIT rates ranging from 25% to 50% depending on the location and specific project conditions. Companies engaging in prospecting, exploration and exploitation of certain mineral resources are subject to CIT rates of 40% or 50%, depending on the project's location.

Tax incentives are granted to new investment projects based on regulated encouraged sectors, encouraged locations and the size of the project and to certain business expansion projects. Projects which are established as a result of certain acquisitions or re-organisations, are not considered as new investment projects.

### Before 01 October 2025:

- The encouraged sectors which could be entitled tax incentives, are regulated by the Vietnamese Government including education, health care, sport/culture, high technology, environmental protection, scientific research and technology development, infrastructural development, processing of agricultural and aquatic products, software production and renewable energy.
- The encouraged locations which could be entitled to tax incentives include qualifying economic and high-tech zones, certain industrial zones and difficult socio-economic areas.
- New investment or expansion projects engaged in manufacturing industrial products prioritised for development are entitled to CIT incentives if they manufacture either:
  - The products which support the high technology sector; or
  - The products which support the garment, textile, footwear, electronic spare parts, automobile assembly, or mechanical sectors.
- For business scale: the large manufacturing projects (except for the projects related to manufacturing products subject to special sales tax or exploiting mineral resources) could be entitled to CIT incentives in certain cases as follows:
  - If total capital of VND 6,000 billion or more, disbursed within 3 years since being licensed with either of the following condition:
- Minimum annual revenue of VND 10,000 billion by the 4th year of revenue generation at the latest; or
- Regularly employing more than 3,000 employees by the 4th year of operation at the latest.
  - If total capital of VND 12,000 billion or more, disbursed within 5 years since being licensed and using technologies being evaluated under the Law on Hi-technology, and the Law on Science and Technology.

### There are two main types of CIT incentives in Viet Nam:

- **Preferential tax rate:** lower tax rates compared to standard CIT rate (20%)  
Generally, a preferential tax rate is applicable from the first revenue-generation year; except high-tech enterprises or projects.
- **Tax holiday:** tax exemption for a certain period of time or throughout the project.  
Generally a tax holiday is available from the first profit-making year or the fourth revenue-generation year, where applicable, except high-tech enterprises

### By location

Activities	CIT incentives	
	Preferential tax rate	Tax holiday
<ul style="list-style-type: none"> <li>• With especially difficult socio-economic conditions</li> <li>• Economic Zones</li> <li>• High-tech Zones, including concentrated information technology parks established under the Prime Minister's decision</li> </ul>	10% for 15 years	<ul style="list-style-type: none"> <li>• 4 years of tax exemption; and</li> <li>• 50% reduction for the next 9 years</li> </ul>
<ul style="list-style-type: none"> <li>• With difficult socio-economic conditions</li> </ul>	17% for 10 years	<ul style="list-style-type: none"> <li>• 2 years of tax exemption; and</li> <li>• 50% reduction for the next 4 years</li> </ul>
<ul style="list-style-type: none"> <li>• Industrial Parks (which are not located in the favorable socio-economic locations)</li> </ul>	Not applicable	<ul style="list-style-type: none"> <li>• 2 years of tax exemption; and</li> <li>• 50% reduction for the next 4 years</li> </ul>

### By sector

The current incentive scheme is applicable for sectors that are prioritised for investment under the Government's development policies.

Activities	CIT incentives	
	Preferential tax rate	Tax holiday
<ul style="list-style-type: none"> <li>• High-tech enterprises (including science and technology enterprises); • research, application, and incubation of hi-technology projects</li> <li>• Environmental protection</li> <li>• Investment for infrastructure development (water plant, power, road, port, etc.)</li> <li>• Software production</li> <li>• Supporting industries</li> </ul>	10% for 15 years	4 years of tax exemption; and 50% reduction for the next 9 years
<ul style="list-style-type: none"> <li>• Socialised projects in regions with difficult/especially difficult socio-economic conditions</li> </ul>	10% for whole project's duration	4 years of tax exemption; and 50% reduction for the next 9 years
<ul style="list-style-type: none"> <li>• Socialised project not located in difficult or especially difficult socio-economic regions</li> </ul>	10% for whole project's duration	4 years of tax exemption; and 50% reduction for the next 5 years
<ul style="list-style-type: none"> <li>• Farming, husbandry, processing of agriculture and aquaculture in difficult regions; forestry in difficult regions; production of plant varieties, animal breeds; production of salt; preservation of agriculture products, aquaculture products and foods, etc.</li> </ul>	10% for whole project's duration	Tax exemption and reduction under incentives for location (if applicable)
<ul style="list-style-type: none"> <li>• Farming, husbandry, processing of agriculture and aquaculture products not located in difficult and especially difficult regions</li> </ul>	15% for whole project's duration	
<ul style="list-style-type: none"> <li>• Manufacturing of steel, energy saving products, machinery and equipment serving agriculture, forestry, fisheries and salt production, traditional crafts, etc.</li> </ul>	17% for 10 years	



## By business scale

Activities	CIT incentives	
	Preferential tax rate	Tax holiday
<ul style="list-style-type: none"> <li>High-tech enterprises (including science and technology enterprises); VND 6,000 billion capital project (1)</li> <li>VND 12,000 billion capital project (2)</li> </ul>	10% for 15 years	4 years of tax exemption; and 50% reduction for the next 9 years

## Special investment incentives

Outstanding investment incentives are granted to investment projects with significant socio-economic impacts, including:

- Innovation centers and Research and Development (R&D) centers with at least VND 3,000 billion investment capital and disburse at least VND 1,000 billion within 03 years.
- Projects in specially incentivised sectors with at least VND 30,000 billion investment capital and disburse at least VND 10,000 billion within 03 years.

Specific incentive schemes for the above projects must be approved by the Prime Minister, which may include:

- Preferential tax rate from 5% - 10% within 15 - 22.5 years and possibly extra extension of up to 15 years and not exceeding the duration of the investment project;
- Tax exemption from 4 - 6 years; and
- 50% tax payable reduction from 9 - 13 years.

### From 01 October 2025

The new CIT Law No. 67/2025/QH15 will take effect from 01 October 2025, and will apply to the 2025 tax year. The new CIT Law provide CIT rate of small and medium-sized enterprises (SMEs) as following:

- A CIT rate of 15% applies to enterprises with annual total revenue not exceeding VND 3 billion;
- A CIT rate of 17% applies to enterprises with annual total revenue over VND 3 billion but not exceeding VND 50 billion;

The revenue used as the basis for determining the applicable tax rate is the total revenue of the immediately preceding CIT period (The Government will provide detailed guidance on this provision). The Law on CIT excludes certain cases, such as income from specific sectors, cases where the taxpayer is a subsidiary or an affiliated company whose related parties do not meet the conditions for applying the preferential tax rates.

The new CIT law also provide supplement and revision of incentivised business activities & location:

### Supplement and revision of incentivised business activities

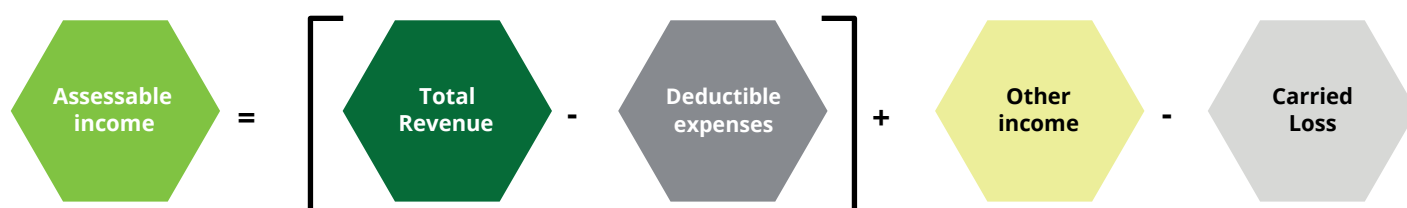
No.	Supplementary business sector	Applicable CIT incentive
1	Application of strategic technologies as prescribed by law.	✓ Exemption for 04 years, 50% reduction for 09 subsequent years;
2	Manufacturing of cybersecurity products and provision of cybersecurity services; production of key digital technology products and provision of key digital technology services; manufacturing of electronic equipment in accordance with the Law on Digital Technology Industries; R&D, design, manufacturing, packaging, and testing of semiconductor chip products; and development of artificial intelligence data centers.	✓ Preferential 10% rate for 15 years, which may be extended for up to 15 additional years for projects with a minimum investment capital of VND 6,000 billion and significant socio-economic impact warranting special encouragement.
3	Manufacturing of key chemical industry products and key mechanical engineering products in accordance with the provisions of law.	✓ Exemption for 02 years, 50% reduction for 04 subsequent years;
4	Supporting industrial products for the manufacturing of textiles and garments, leather and footwear, electronics and information technology (including semiconductor design and manufacturing), automobile production and assembly, and mechanical engineering.	✓ Preferential 17% rate for 10 years.
5	Science and technology enterprises in accordance with the Law on Science, Technology, and Innovation.	
6	Automobile manufacturing and assembly; production of other digital technology products.	✓ Exemption for 02 years, 50% reduction for 04 subsequent years;
7	Investment in and operation of technical facilities supporting SMEs, incubators for SMEs, and co-working spaces supporting innovative SME start-ups, in accordance with the Law on Support for SMEs.	✓ Preferential 17% rate for 10 years.

### Supplement and revision of conditions for preferential CIT incentivised locations

No.	Incentivised location being revised/supplemented	Applicable CIT incentive
1	Economic zones located in areas with difficult or especially difficult socio-economic conditions.	✓ Exemption for 04 years, 50% reduction for 09 subsequent years;
2	Centralised digital technology zones established by decision of the Prime Minister.	✓ Preferential 10% rate for 15 years
3	Economic zones not located in areas with difficult or extremely difficult socio-economic conditions.	✓ Exemption for 2 years, 50% reduction for 4 subsequent years; ✓ Preferential 17% rate for 10 years.
4	Industrial zones not located in areas with difficult or extremely difficult socio-economic conditions.	No longer eligible for incentive

### Tax payable calculation

**CIT PAYABLE = TAX RATE X ASSESSABLE INCOME**



Annual CIT finalisation is required for companies in Viet Nam (no quarterly provisional CIT returns are required but provisional CIT payments in the first 3 quarters of a tax year must not account for less than 75% of the final CIT liability for the year). This includes a section for making adjustments to accounting profit to arrive at taxable profit. Adjustments are generally the differences between accounting regulations and tax regulations, such as non-deductible expenses in accordance with tax regulations, exempt incomes, etc.

### From 01 October 2025

The new CIT Law grant tax exemption for certain incomes:

Income derived from the forestry, planting, live-stock production, processing of agricultural and aquatic products, in cases where such products are purchased for processing, by enterprises operating in specially-difficult socio-economic locations;

- A 03-year tax exemption limit is introduced for income from the performance of scientific research, technological development, innovation, digital transformation contracts; income from the sale of products created using newly applied technologies for the first time in Viet Nam; and income from the sale of trial production products, including from controlled-trial production period;
- Sponsorships received from unrelated enterprises or organizations/individuals (domestic and foreign) for activities related to scientific research, technological development, innovation, and digital transformation;
- Income received as compensation from the State in accordance with applicable laws, income from the initial transfer of carbon credits, interest on green bonds, and the initial transfer of green bonds;
- Financial support from State budget, and from Investment Support Fund of the Government.

The New CIT Law also provide changes on offset incomes:

Vietnamese enterprises that earn income from business and production activities abroad during a tax period are allowed to offset the CIT paid overseas against their CIT payable in Viet Nam. However, the offsetting amount must not exceed the CIT amount calculated in accordance with Vietnamese CIT regulations. This represents a significant change from the current regulation;

In cases where a Vietnamese enterprise is subject to additional CIT payments under the Income Inclusion Rule (IIR) on global minimum taxable income, such additional CIT may also be offset against the CIT payable in Viet Nam in accordance with the Law on CIT.

### Deductible expenses

An expense is deductible for CIT purpose if the following conditions are met:



### Non-deductible expenses

**Below are the main types of non-deductible expenses:**

- Depreciation expenses of fixed assets not in accordance with prevailing regulations, i.e. (i) not related to business activities; (ii) not supported by proper documentation; and (iii) exceeding the regulated depreciation rates, etc.;
- Costs of raw materials, supplies, fuel, power and goods exceeding the reasonable consumption levels as stipulated by the Government;
- Leasing of assets from individuals without sufficient documents;
- Labour expenses recorded but not actually paid or not stipulated with clear conditions and amounts under labour contracts, collective labour agreements or company's financial policies;
- Staff's welfare expenses exceeding the cap of one-month average salary;
- Contributions to voluntary pension funds and purchase of voluntary pension insurance, life insurance for employees exceeding VND 3 million/person/month;
- Interest on loans from non-economic and non-credit organisations exceeding 1.5 times of the interest rate announced by the SBV
- Interest on loans corresponding to the portion of charter capital not yet contributed in accordance with registered contribution schedule;
- Net interest expense exceeding 30% of EBITDA (if having related party transaction). The excess amount shall be carried forward within the next 05 consecutive years.
- Provisions for financial investment losses, inventory devaluation, bad debts, product warranties or construction works, vocational risks not in accordance with the prevailing regulations;
- Periodical accrued expenses not paid or not fully paid at the end of the period;
- Unrealised foreign exchange losses from the year-end revaluation of foreign currency items other than accounts payable
- Business management costs allocated to the Permanent Establishment (PE) by foreign companies exceeding the amount determined based on the revenue-based allocation ratio;
- Sponsorship other than for education, health care, natural disaster or building charitable homes, etc.;
- Administrative penalties, fines, late payment interests.

Expenditures on insurance business, lottery business, securities trading, etc. shall comply with corresponding documents issued by the Ministry of Finance.

Companies are allowed to set up a tax-deductible R&D fund (up to 10% of annual profits before tax, subject to various conditions).

**From 01 October 2025**

The New CIT Law provide significant changes in deductible expenses and non-deductible expenses:

- Additional expenses (calculated as a percentage of actual incurred costs) related to the enterprise's research and development (R&D) activities during the tax period;
- Donations for cultural activities; disaster and epidemic prevention, response, and recovery; contributions as prescribed by the Government or the Prime Minister for localities in areas with extremely difficult socio-economic conditions; and sponsorships for scientific research, technological development, innovation, and digital transformation;
- Expenses for scientific research, technological development, innovation, and digital transformation;
- Certain business-related expenses not directly matched with revenue generated in the same period, subject to guidance from the Government;
- Supporting expenses for the construction of public facilities that also serve the enterprise's business purposes;
- Expenses related to greenhouse gas emission reduction for carbon neutrality and net-zero goals, as well as for reducing environmental pollution, provided they are also related to business activities;
- Contributions to certain funds established under decisions of the Prime Minister and regulations of the Government;
- Expenses supported by sufficient invoices and non-cash payment evidence in accordance with regulations, except for specific cases as stipulated by the Government. This provision is aligned with the Value Added Tax (VAT) Law No. 48/2024/QH15, effective from 01 July 2025;
- Input VAT on goods and services directly related to the enterprise's business operations where such VAT cannot be fully credited and is not eligible for a refund.
- Interest expenses during the investment phase that have already been capitalised into the investment value; and interest on loans from non-credit institutions that exceed the limits set out under the Civil Code;
- Supplement non-deductible expenses include those that fail to meet the conditions or purposes of expenditures as prescribed by relevant sector-specific regulations.

**The new CIT Law also grant more favourable treatments for R&D activities:**

- The maximum appropriation rate is increased from 10% to 20% of the annual taxable income;
- The interest rate used to calculate interest on the amount of CIT recovered due to unused funds will be the yield of 05-year government bonds, or 10-year bonds if 05-year ones are unavailable, issued nearest to the time of recovery. The interest calculation period is 02 years;
- For enterprises undergoing restructuring such as mergers, consolidations, demergers, conversions of ownership or business type, the newly established entity or the receiving entity (after the merger/consolidation/demerger/conversion) shall inherit and be responsible for managing and using the Science and Technology Development Fund of the pre-restructured enterprise.



### Tax loss carried forward

A tax loss is carried forward within a maximum period of 5 years after the loss-making year. The tax loss must be carried forward fully and consecutively even during the tax exemption period.

Losses from incentivised business activities can be offset against income from non-incentivised activities. Losses from the transfer of real estate, investment projects, rights to participate in investment projects (except for mineral exploitation and exploration projects) can be offset against profits from other business activities.

#### From 01 October 2025

The new CIT Law introduces a new provision allowing income from real estate transfers, investment project transfers, and the transfer of rights to participate in investment projects, to be offset against losses from other business activities (except for income from activities currently enjoying CIT incentives). Under previous regulations, enterprises were only allowed to offset losses from real estate transfers against profits from business activities, the reverse offset was not allowed. The change under the 2025 Law on CIT is expected to enhance transparency, better align with practical realities and international practices, and support the development of the real estate market. It is also anticipated to unlock the potential of economic sectors, particularly the private sector, which is increasingly operating across multiple industries and business sectors.

### Profit remittance

Foreign investors are permitted to remit their profits annually at the end of the financial year or upon termination of the investment in Viet Nam in cases where they do not have accumulated losses (with notifying to the Tax authorities at least 7 working days prior to the scheduled remittance).

### Tax on capital transfer

Gains derived from the transfer of a Viet Nam company are subject to 20% CIT.

$$\text{CIT} = 20\% \times (\text{sales proceeds} - \text{cost} - \text{transfer expenses})$$

(\*) cost is the capital contributed or the initial value of contributed charter capital for the first transfer

(\*\*) the Tax authorities have the right to adjust the transfer price for CIT purposes where the price is not at an arms length market level.

Recently there has been a move to tax not only the direct transfer of a Vietnamese entity, but also the indirect transfer (e.g. transfer of an overseas parent of a Vietnamese company).

Transfers of securities (bonds, shares of public joint stock companies, etc.) by a foreign entity are subject to CIT on a deemed basis at 0.1% of the total sales proceeds.

#### From 01 October 2025

The New CIT Law adopts a fixed rate tax based on gross sales proceeds, replacing the current gain-based taxation. For foreign entities without a permanent establishment, this means paying a predetermined percentage of the transfer value, potentially altering tax obligations for cross-border transactions.

## Transfer pricing

On 05 November 2020, the Viet Nam Government issued revised transfer pricing (TP) regulations (Decree No. 132/2020/ND-CP, referred to as “Decree 132”), which took effect from the tax year 2020 going forward and replaced Decree No. 20/2017/ND-CP issued in 2017.

Most importantly, Decree 132 redefines the arm's length range from a Viet Nam perspective is from the 35th (previously was from the 25th, or the lower quartile) to the 75th percentile.

Decree 132 provides clearer requirements in terms of Country-by-country (CbC) reporting by adding specific cases regarding notifications and local filings of the CbC Report in Clause 5, Article 18. In a recent update, on 03 January 2025, Viet Nam signed the Multilateral competent authority agreement on the automatic exchange of Country-by-country reports (MCAA CbCR) between Viet Nam and other signatory jurisdictions of the MCAA. However, at this stage, Viet Nam has not yet committed to a specific timeline for executing such commitment. Please refer to the OECD's latest announcement <sup>16</sup> for more details.

Deductibility of expenses incurred for intra-group services (i.e. such as business consulting, management, business support services, etc.) has also been scrutinised more stringently during a tax or a specific transfer pricing inspection. Pursuant to Decree 132, in the assessment of the reasonableness of such expenses, the taxpayer should be able to provide sufficient supporting documents in line with the following tests:

- a. Benefit test:** assess whether and / or how the local service recipient receives economic, financial, and commercial benefits from such services.
- b. Capability test:** assess whether the service provider possesses the capabilities (such as human resources, assets, experiences, intangibles, etc.) to provide the services
- c. Arm's length test:** assess whether the transfer pricing policy meets the arm's length principle and is applied consistently within the MNE group;

Along with Decree 132 providing detailed guidance on TP compliance and technical matters, Decree No. 45/2021/TT-BTC (Decree 45) provides guidance for the application of unilateral, bilateral, or multilateral Advance Pricing Agreements (APA) with the Tax authorities. Accordingly, the most significant change in Decree 45 is that the covered period has been now reduced to only three (03) years from five (05) years.

On 10 February 2025, the Vietnamese Government provided an update to Decree 132 by issuing Decree No. 20/2025/ND-CP (referred to as Decree 20) applying from the tax year 2024 onward. Particularly, Decree 20 revises and amends the following notable points:

- **Regarding relationship types:** Decree 20 clarifies the following points in Clause 2, Article 5:
  - No longer consider cases where a company enters into guarantee or loan transactions with credit institutions as related party relationship, provided that there is no capital contribution, management, or control relationship between the parties.
  - Clarify that independent (accounting) branches are also subject to TP disclosure requirements and fall within the scope of TP regulations.
  - Expand its coverage to include the relationships between credit institutions and their controlling parties, affiliates, and subsidiaries referring to the same definition in the Law on Credit Institution.
- **Regarding deductible net interest expenses:**
  - Decree 132 specifies that the quantum of deductible net interest expenses is capped at 30% of the taxpayer's EBITDA. The cap also includes interest paid to third parties. The net interest expense exceeding the deductible cap is eligible to be carried forward for a five-year consecutive period.
  - Decree 20 clarifies the carry-forward rules for non-deductible interest expenses arisen from only credit institutions incurred in tax years on or before 2023. If the taxpayer is no longer engaged in any other related party transactions in 2024, the unutilized non-deductible interest expenses would be allocated evenly to the remaining years as prescribed by Decree 132. If the taxpayer is still engaged in the other related party transactions in 2024, the carry-forward scheme applies as specified in Decree 132.
- **Regarding cooperation role of State Bank of Viet Nam (SBV):** Clarifies SBV's responsibility in coordinating the provision of information upon request from the Tax Authority.

In terms of controversy and inspection, taxpayers who are in the following situations may be considered as having high TP risks, therefore, being the target of TP inspections:

- Generating low profits or incurring losses for several consecutive years or having significantly lower business performance compared to others in the same industry.
- Recording a fluctuating profit margin.
- Having significant intercompany transactions.
- Incurring expenses from complex transactions such as royalty, intragroup services, financial transactions.

## 2. Base Erosion and Profit shifting (BEPS) Action Plan in Viet Nam

Viet Nam signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (“the Convention” or “the MLI”). The Convention enters into force:

- with respect to taxes withheld at source on amounts paid or credited to non-residents, from 01 January 2024; and
- with respect to all other taxes levied by Viet Nam, from 01 January 2025.

As a result, up to 75 of Viet Nam’s double tax agreements (“DTAs”) could be altered. Taxpayers should be aware of these potential changes to DTAs and the impact these may have on their plans for structuring their investments and transactions in Viet Nam.





### Global Minimum Tax policy in Viet Nam

On 29 November 2023, the 15th National Assembly has issued the Resolution No. 107/2023/QH15 on application of additional CIT in accordance with the Global Base Erosion (GloBE) Rules on GMT, effectively from 01 January 2024, including Qualified Domestic Minimum Top-up Tax (QDMTT) and Income Inclusion Rule (IIR).

The Resolution provides that Viet Nam will adopt (i) the QDMTT rule and (ii) IIR. Both rules are intended to protect Viet Nam’s tax revenue in the context of Pillar 2 global implementation. The QDMTT rule essentially targets foreign inbound investment while the IIR targets Viet Nam’s outbound investment.



Application of QDMTT and IIR rules are guided in the Resolution with the following key contents:

	QDMTT rule	IIR rule
 Scope	<p><b>Constituent entities in Viet Nam of:</b></p> <ul style="list-style-type: none"> <li>MNEs with parent entities located <b>overseas (in-bound investment)</b> and;</li> <li>Vietnamese MNE's.</li> </ul>	<p><b>Parent entities in Viet Nam</b> (including Ultimate Parent Entity, Intermediate Parent Entity, and Partially Owned Parent Entity) of MNE's holding direct or indirect ownership in constituent entities outside Viet Nam (<b>out-bound investment</b>)</p>
 Formula	<p><b>Top-up = (Top-up Tax percentage x Excess profits)</b> + Additional Current Top-up Tax (if any).</p> <p>In which:</p> <ul style="list-style-type: none"> <li><b>Top-up Tax</b> = 15% (-) ETR</li> <li><b>Effective Tax Rate (ETR)</b> = the sum of the Adjusted Covered Taxes of each Constituent Entity located in the jurisdiction/the Net GloBE Income of the jurisdiction for the fiscal year</li> <li><b>Excess profit</b> = Net GloBE Income (-) Substance-based Income Exclusion</li> <li><b>Net GloBE Income</b> = GloBE Income (-) GloBE Loss of all constituent entities.</li> <li><b>Substance-based income Exclusion</b> = 5% of the aggregate carrying value of Eligible Tangible Assets of all constituent entities (+) 5% of the aggregate Eligible Payroll Costs, after the transitional carve-out period from 2024 to 2032.</li> </ul>	<p><b>Top-up Tax = (Top-up Tax percentage x Excess profits)</b> + Additional Current Top-up Tax (if any) — QDMTT.</p>
 Top-up Tax Income and Top-up Tax Allocation	<ul style="list-style-type: none"> <li>All income of constituent entities is subject to QDMTT, <b>disregarding ownership ratio</b>;</li> <li>The allocation of Top-up Tax under QDMTT <b>is not yet mentioned</b>.</li> </ul>	<ul style="list-style-type: none"> <li>Top-up Tax payable is charged on the parent entity's <b>ownership ratio</b> in the constituent entities;</li> <li>Top-up Tax then is allocated to each constituent entity on the basis of a <b>GloBE Income ration</b>.</li> </ul>
 Filing obligations	<p>QDMTT and IIR taxpayers need to prepare and submit:</p> <ul style="list-style-type: none"> <li>GloBE Information Return.</li> <li><b>Supplementary GMT return</b> together with the <b>explanatories on variances due to different accounting standards</b>.</li> <li>Deadline: <b>12 months</b> after the last day of the fiscal year.</li> <li>Taxpayers: Constituent entity in Viet Nam. In case the Group has <b>more than 01 constituent entity</b>, the Ultimate Parent Entity (within 30 days from the end of the fiscal year) will designate to <b>constituent entity</b> as the filing entity.</li> </ul>	<ul style="list-style-type: none"> <li>Deadline: <b>18 months</b> after the last day of the fiscal <b>year for the first year</b> and <b>15 months</b> for the subsequent years.</li> <li>Taxpayers: Parent entities in Viet Nam.</li> </ul>



# 3. Personal Income Tax (PIT)

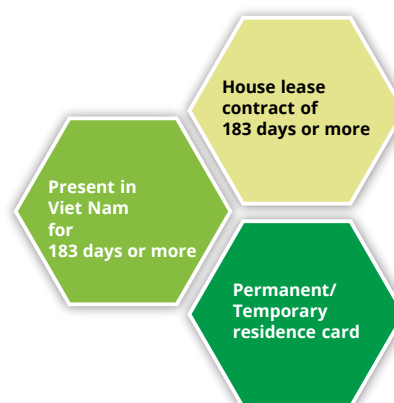
## Overview

Taxpayer	Tax Resident	Tax Non-Resident
Taxable income	Worldwide income	Viet Nam-sourced income
Tax rate on employment income	Progressive rate (5~35%)	Flat rate (20%)
Tax calculation	Assessable Income = Taxable Income – Deductions	Assessable Income = Taxable Income
Deductions	<ul style="list-style-type: none"> <li>• Personal deduction;</li> <li>• Dependent deduction;</li> <li>• Compulsory and (capped) voluntary insurance contribution;</li> <li>• Charitable or humanitarian donation</li> </ul>	No deduction is claimable
Tax finalisation on employment income	Required	Not required
Tax relief	Foreign tax credit is allowed on the foreign-sourced income	Tax treaty exemption may be applicable if conditions are met

## Tax Residency

An individual is a tax resident if he/she meets one of the following conditions:

- Residing in Viet Nam for 183 days or more in 12 consecutive months from the first arrival date or in a calendar year;
- Having a registered permanent residence in Viet Nam as recorded by a temporary/permanent residence card;
- Having accommodation(s) in Viet Nam (e.g. rented a house/hotel in Viet Nam, etc.) with a term of 183 days or more within a tax year.



Note: An individual having registered address or rented house over 183 days but residing less than 183 days in Viet Nam may still be a tax resident if being unable to prove residency of another country.

Tax residents are subject to PIT in Viet Nam on their world-wide income regardless of where such income is paid, earned or charged. Worldwide employment income is subject to tax at progressive rates ranging from 5% to 35% depending on income level.

Individuals who do not satisfy any of the above conditions are classified as non-residents and subject to tax only on Viet Nam-sourced income at a flat rate of 20%. Both residents and non-residents are also subject to PIT in Viet Nam on non-employment income (for non-residents Viet Nam-sourced) which are taxed at different flat rates.

### Tax Year

The Vietnamese standard PIT reporting period is the calendar year. For a foreign individual, the first tax year will be the 12-consecutive-month-period from the first arrival date in Viet Nam in case the individual is present in Viet Nam for less than 183 days during the first calendar year. From the second year onwards, the tax year will be the calendar year.

### Employment Income

Employment income includes salaries and wages, and all forms of remuneration and fringe benefits whether in cash or in kind. However, certain income items are not subject to tax, typically:

- Once-off relocation allowances for example, paid to foreigners first time coming to work in Viet Nam; or
- Vietnamese citizens residing overseas return to work in Viet Nam;
- Transportation allowance: from home to work and vice versa under the company's policy;
- Wedding and funeral allowances under the company's policy and being capped at one-month average monthly salary;
- Airfare in kind one round trip per year for employee to travel back to home country;
- Tuition fee in kind for children to study from nursery to high school level at host country;
- Insurance premium: voluntary non-accumulative insurance for health & death;
- Membership/ healthcare/ entertainment in kind & non-identified beneficiary;
- Supports for cure of fatal diseases to employees (and close family members);
- Per-diem: Fully exempted if paid under the company's policy;
- Housing benefit: In excess of 15 percent of total taxable income;
- Uniform allowance in cash below VND 5 million/year or in kind;
- Overtime in excess of the normal rates

### Non-Employment Income

Non-employment income is subject to various flat PIT rates, includes:

- Business income (including rental income in excess of VND 100 million/year);
- Income from capital investment (e.g. interest, dividend, etc.);
- Income from capital assignment (e.g. securities transfer);
- Income from real estate transfer;
- Income from prize winnings/ gifts in excess of VND 10 million (excluding income from winnings at casinos);
- Income from franchising, copyrights, royalties in excess of VND 10 million;
- Income from inheritance in excess of VND 10 million.

### Tax Deductions

Tax residents of Viet Nam are entitled to the following deductions from taxable income:

- A personal deduction of VND 11 million/month;
- A deduction for qualified dependent of VND 4.4 million/month. The deduction is not automatically granted, taxpayer needs to register and provide supporting documents to the Tax authority;
- Eligible charitable or humanitarian donations;
- Compulsory social insurance, health insurance and unemployment insurance paid by employees; and
- Contribution to private pension fund made by the employer and the employee capped at VND 1 million/month pursuant to the Ministry of Finance's guidance.

## Tax Relief

### Foreign Tax Credit

A tax resident is entitled to claim a Foreign Tax Credit (i.e. the amount of tax paid overseas according to overseas regulations) against their Vietnamese PIT on their foreign-sourced income with supporting documentation. However, the creditable amount shall not exceed the Vietnamese PIT payable according to Vietnamese PIT tariff allocated on the income arising overseas.

### Tax treaty relief

A tax non-resident may enjoy PIT exemption in Viet Nam via tax treaty application if certain conditions under the treaty are met. To enjoy exemption, notification procedures are required.

### Tax rates

#### Employment Income

Monthly assessable income (VND mil)	Tax rates	
	Residents	Non-Residents
Up to 5	5%	
Over 5 to 10	10%	
Over 10 to 18	15%	
Over 18 to 32	20%	20%
Over 32 to 52	25%	
Over 52 to 80	30%	
Over 80	35%	

#### Non-Employment Income

Non-Employment Income	Tax rates	
	Residents	Non-Residents
Business Income	1% for trading; 2% manufacturing, construction, transportation and others; 5% for services	
Capital investment, i.e. interest, dividends (except for bank interest)	5%	
Capital transfer	20% on net gain	
Securities/ JSC share transfer	0.1% in sales proceeds	0.1% on sales proceeds
Real estate transfer	2% on sales proceeds	
Income from winning prizes (in excess of VND 10 million)	10%	
Income from copyright, royalty/ franchising (in excess of VND 10 million)	5%	
Income from gifts/ inheritances (in excess of VND 10 million)	10%	

### Tax declaration and payment

Each individual taxpayer must register for a personal tax code **prior to the time limit for their first PIT filing**. In case the employer makes tax registration for employees earning income from salaries or wages and tax registration for employees' dependents, the registration deadline shall be **within 10 working days before the submission of annual PIT finalisation return**.

#### There are two tax filing methods:

- **Direct tax filing under the individual's tax code number**

The individuals shall have the obligation to lodge the tax filings directly to the Tax authorities under their individual's tax code number:

- On a quarterly basis when they receive the offshore employment income paid by an overseas entity without charge-back to Viet Nam;
- On an annual basis and/or at the time filing the departure tax finalisation if they do not qualify the conditions to authorise a Viet Nam entity to conduct the tax finalisation on their behalf;
- On occurrence basis at the time they have non-employment income.

- **Withholding tax filing under the Viet Nam entity's tax code number**

When a Viet Nam entity paying income to individuals or when a Viet Nam entity receives a recharge of employment costs from overseas, it is the obligation of such Viet Nam entity to declare and withhold PIT arisen on such income on behalf of the individuals under its withholding tax filings:

- On either monthly or quarterly basis (i.e. depending on the VAT filing cycle) during the year; and
- On an annual basis at the tax-year end.

Filing requirement	Due date for filing and payment
Initial or arrival registration	The 10 <sup>th</sup> day following the first day of earning taxable
Dependent registration	10 days before the deadline of annual tax finalisation applicable to dependents having direct family relationship; or 31st December of the relevant calendar year applicable to other kinds of dependent
Monthly tax return – by employer	The 20 <sup>th</sup> of the following month
Quarterly tax return – by employer and employees	The last day of the month following such quarter
Annual year-end PIT return – by employer	The last day of the 3 <sup>rd</sup> month of the following tax year
Annual year-end PIT return - by employee	The last day of 4 <sup>th</sup> month of following calendar year; or Within 90 days applicable to the first tax year covering 12 consecutive months from the first arrival month
Departure tax return for expatriate assignees.	Before departure date or within 45 days following the last date of assignment in Viet Nam



# 4. Social, Health and Unemployment Insurance (SHUI)

Compulsory insurance in Viet Nam comprises of Social Insurance (SI), Health insurance (HI) and Unemployment insurance (UI), which are jointly borne by the employer and employee.

SI contributions are payable by foreign individuals working in Viet Nam, holding a work permit, and employed under a Viet Nam labour contract with an indefinite term or a definite term of one (01) year or more.

HI contributions are required for Vietnamese and foreign individuals that are employed under Viet Nam labour contracts for at least three (03) months. UI contributions are applicable to Vietnamese individuals only.

Certain foreign employees internally transferred within a group and employees who have reached the statutory retirement age are not subject to compulsory SI contributions.

## SI/HI/UI contribution rates

The insurance contribution levels for Vietnamese employees:

Contribution rate	Employee portion	Employer portion	Total
Social Insurance	8%	17.5%	25.5%
Health Insurance	1.5%	3%	4.5%
Unemployment Insurance	1%	1%	2%
<b>Total</b>	<b>10.5%</b>	<b>21.5%</b>	<b>32%</b>

The insurance contribution levels for foreign employees applicable from 01 July 2022 as follows:

Contribution rate	Employee portion	Employer portion	Total
Social Insurance	8%	17.5%	25.5%
Health Insurance	1.5%	3%	4.5%
Unemployment Insurance	-	-	-
<b>Total</b>	<b>9.5%</b>	<b>20.5%</b>	<b>30%</b>

The income subject to SI/HI/UI contributions includes salary, certain allowances and other regular payments. The capped salary for SI and HI calculation purpose is 20 times of Government monthly minimum salary, and for UI calculation purpose is 20 times of regional monthly salary. The minimum salary and minimum regional salary are set by the Government and annually reviewed.

# 5. Value-Added Tax (VAT)

## Scope of application

VAT is an indirect tax imposed on goods and services used for production, trading and consumption in Viet Nam (including those purchased from overseas organisations and individuals). In addition, VAT applies on the dutiable value of imported goods. Importers must pay VAT to the Customs authorities at the same time they pay import duties. For imported services, VAT is levied via the Foreign Contractor Tax mechanism.

## VAT exemption

There are stipulated categories of VAT exemption. When providing and rendering these goods and services, no output VAT is charged and input VAT paid on related purchases is not creditable. Major VAT exemption incomes are as below:

- Certain agricultural products, input products and services specifically used for agricultural
- Funeral services
- Ceratina maintenance, repair and construction activities using capital contributed by people and humanitarian aid
- Qualified magazines, newspapers, books publishing, importing and distributing activities
- Public passenger transportation
- Goods and services provided by individuals having annual revenue of VND 200 million or below
- Imported goods and services for humanitarian aid
- Goods imported by financial leasing companies for financial lease to enterprises in non-tariff zones
- Insurance related to humans
- Medical services; elderly and disabled people care services
- Qualified teaching and training activities
- Printing and publishing of newspapers, magazines and certain types of books
- Interest and certain fees under qualified loan activities
- Certain securities trading activities; debt selling, foreign exchange activities
- Machinery, equipment, spare parts and supplies that cannot be produced domestically & imported for direct use in R&D activities, oil&gas fields
- Airplanes, helicopters, gliders, drilling rigs, boats hat cannot be produced domestically & imported to create fixed assets of companies
- Financial derivatives and credit services (including credit card issuance, finance leasing and factoring); sale of VAT able mortgaged assets by the borrower under the lender's authorisation in order to settle a guaranteed loan, and provision of credit information
- Temporarily imported goods
- Land use rights
- Transfer of technology, software and software services except exported software
- Gold imported in pieces which have not been processed into jewellery
- Exported natural resources which are unprocessed or processed
- Some other goods such as imported goods to support the prevention and control of natural disasters, epidemics, wars; goods bought and sold and exchanged to serve the production and consumption of border residents

## Tax Rates

For those goods and services subject to VAT declaration and payment, there are three VAT rates:

Tax rate	Types of goods and services
0%	<p>From 01 July 2025, inland export goods is also entitled to 0% VAT. Exported goods include goods from Viet Nam sold to overseas organisations and individuals and consumed outside Viet Nam; goods from inland Viet Nam sold to organisations in non-tariff zones and consumed in non-tariff zones directly used for production to export activities;</p> <p>Export services include services provided directly to organisations and individuals abroad and consumed outside Viet Nam; provided directly to organisations in non-tariff zones and consumed in non-tariff zones directly serving export production activities;</p> <p>International transportation;</p> <p>Aviation and maritime services provided either directly for foreign entities or through agents;</p> <p>Goods sold in the quarantine area to individuals (foreigners or Vietnamese) who have carried out exit procedures; Goods sold at duty-free shops.</p>
5%	Clean water, pesticide, services for digging, embanking, dredging of canals, agricultural machinery and equipment, medical equipment, teaching aids, fertiliser, fishing vessels in offshore and border areas; special-use machinery and equipment for agricultural production, etc.
10%	Standard VAT rate, applicable to goods and services other than those mentioned above

The Government released Decree No. 174/2025/ND-CP, dated 30 June 2025, stipulating the VAT reduction of 2% for certain goods and services subject to 10% VAT rate for up to 31 December 2026.

To apply VAT rate 0% for exported goods and services, the business needs to meet the requirements on supporting documents including contracts, non-cash payment evidence, customs declarations, etc.

There are certain cases that goods and services exported are not entitled to VAT rate of 0%:

- Reinsurance services with insurers overseas;
- Technology transfer, transfer of intellectual property to parties overseas;
- Transfer of capital, provision of credit, investment in securities overseas;
- Derivative financial services;
- Outgoing international postal or telecommunications services (including postal or telecommunications service provided to organisations and individuals in non-tariff zones; and provision of pre-paid phone cards with codes and with fixed prices to foreign countries or non-tariff zones);
- Products for export being exploited natural resources or minerals which have not been processed into other products;
- Goods or services provided to individuals who do not have business registration in a non-tariff zone;
- Tobacco, alcohol, beer imported and then exported, then the export is not required to calculate the output VAT but not deduct the input VAT;
- Petrol and oil sold to automobiles of companies in non-tariff zones which are purchased domestically;
- Automobiles sold to organisations and individuals in non-tariff zones;
- Services provided to organisations and individuals in non-tariff zones comprising leasing of housing, meeting-halls, offices, hotels or warehouses; transport services for employees; food and beverage services (excluding services of provision of industrial meals, and food and beverage services in non-tariff zones).

## Tax calculation method

For general business activities, VAT liabilities must be paid to local Tax authorities where general business activities take place. While for imported goods, VAT liabilities will be collected by Customs authorities upon importation.

There are two methods for VAT declaration: Credit method and Direct method.

- Credit method: VAT liabilities are calculated by offsetting input VAT with output VAT;
- Direct method: VAT liabilities for specific goods and services are calculated using deemed VAT rates.

### Credit method

The credit method is adopted by enterprises maintaining complete books of accounts, invoices and documents in accordance with relevant regulations, including:

- Enterprises with annual revenue subject to VAT of more than VND 1 billion;
- Enterprises in other cases who voluntarily register for VAT declaration under the credit method.

VAT calculation under credit method is:

$$\text{VAT PAYABLE} = \text{OUTPUT VAT} - \text{INPUT VAT}$$

Of which:

- Output VAT: is equal to the total VAT on goods or services sold as stated in the VAT invoice, which is calculated by multiplying the taxable price by the applicable VAT rate.
  - Taxable prices of goods and services are the selling price exclusive of VAT;
  - For goods and services subject to SST, taxable prices are the prices inclusive of SST and exclusive of VAT; For goods subject to EPT, taxable prices are prices inclusive of EPT and exclusive of VAT;
  - For imported goods, taxable price are the import dutiable value plus import duty plus SST (if applicable) plus environment protection fee (if applicable).
- Input VAT shall be:
  - VAT amount as recorded in all VAT invoices for the purchase of goods or services;
  - VAT amount stated on receipts for VAT payment on imported goods;
  - VAT amount stated on receipts for VAT payment on behalf of foreign contractors.

In case the credit method is applied, taxpayers should note the following principles regarding credits:

VAT	Output	Corresponding input
Non-taxable	Nil	Not eligible for credit
Declaration and payment not required	Nil	May be credited
Taxable (0%)	Nil	May be credited
Taxable (5%, 10%)	Yes	May be credited

If goods/services/fixed assets are used for the production/trading of both taxable goods/services and non-taxable goods/services, then only the input VAT of goods/services/fixed assets used for the production/trading of taxable goods may be used for credit.

Taxpayers must separate the credit-eligible input VAT from non-credit-eligible inputs. Otherwise, the input VAT shall be credited based on the ratio of the revenue of goods/services subject to VAT, and not required for VAT declaration to the total revenue from sales of goods/services.

In order to claim deductible input VAT, taxpayers must obtain the following documents for each type of goods/services purchased:

	Goods/Services Locally Purchased	Imported Goods	Payments on Behalf of Foreign Contractors
VAT invoice	Yes		
VAT payment receipt		Yes	Yes
(*) Non-cash payment voucher	Yes	Yes	Yes
Customs returns		Yes	



### Direct method

The direct method is adopted in the following cases:

- Enterprises with annual revenue subject to VAT of less than VND 1 billion unless they voluntarily register for the credit method;
- Enterprises not maintaining proper books of accounts and foreign organisations/individuals carrying out business activities not regulated under the Law on Investment;
- Business individuals and households;
- Enterprises engaging in trading in gold, silver and precious stones.

VAT calculation under direct method:

$$\text{VAT PAYABLE} = \text{REVENUE} \times \text{VAT RATE}$$

Of which, the applicable VAT rate shall be:

- 1% for distribution, supply of goods;
- 5% for services, construction excluding supply of materials;
- 3% for manufacturing, transportation, services attached to the supply of goods, construction, including supply of materials;
- 2% for other cases.

For those enterprises engaging in the business of gold, silver and precious stones, VAT payable shall be calculated as 10% of the added value. The value added of gold, silver, and precious stones equals their selling price minus their purchase price which are recorded by proper VAT invoices or payment receipts/vouchers.

Once selected, the VAT declaration method must be maintained for 2 consecutive years.

### Tax refund

VAT refunds from the Tax authorities can be granted in certain below-mentioned cases. In other cases, the taxpayers will have to carry their outstanding input VAT (after offset their output VAT) forward to next periods and offset against future output VAT. VAT refund shall not be applied to goods that have been imported and then exported to other countries

- Exporters having excess input VAT creditable over VND 300 million (subject to conditions & the capped refundable amount);
- Qualified new projects of taxpayers who adopt VAT deduction method which are in the pre-operation investment phase and have accumulated input VAT creditable over VND 300 million; qualified expansion investment projects;

- Supplement the time limit of one (01) year for submission of VAT refund dossiers from the date of the investment project or investment stage completion; and
- Certain ODA projects, diplomatic exemption, foreigners buying goods in Viet Nam for consumption overseas;
- VAT refund for the production of goods and provision of services subject to 5% VAT rate:
  - If a business establishment only produces goods or provides services subject to 5% VAT rate and has an unpaid input VAT amount of VND 300 million or above, after 12 consecutive months or 04 consecutive quarters, it shall be entitled to a VAT refund;
  - If a business establishment apply different VAT rates, they shall be refunded according to the allocation rates prescribed by the Government.

### The prohibited acts in VAT deduction and refund

The acts are prohibited including the purchase and sale of invoices; using illegal invoices/documents; creating bogus transactions; making invoices when suspending business (except for valid cases); failure to transfer e-invoice data as prescribed; falsifying or illegally accessing the invoice information system; bribery or fraud for tax gain, and collusion between related parties for tax evasion or appropriation purpose.

### Invoicing

From 01 July 2022, implementation of electronic invoices (e-invoices) is compulsory for all enterprises.

There are two types of e-invoices: e-invoices with verification code and e-invoices without verification code.

#### E-invoices with verification code

Enterprises and business organisations shall use e-invoices with verification code when selling their goods/ services, regardless of the value of each sale, except for the certain cases where e-invoices without verification code can be used. Enterprises have to submit the registration via the authorities' web portal.

#### E-invoices without verification code

Enterprises allowed to use e-invoices without verification codes from the Tax authorities are those in certain economic sectors such as electricity, petrol, telecommunication, transportation, credit institutions, insurance, e-commerce, supermarkets, etc. as well as other companies which satisfy certain conditions. Enterprises have to register and obtain pre-approval from the Tax authorities.

## 6. Foreign Contractor Withholding Tax (FCWT)

### Taxpayers

FCWT is applicable to foreign organisations/individuals who conduct business or earn income in Viet Nam on the basis of a contract/ agreement with (i) a Vietnamese party (as a main foreign contractor); or (ii) another foreign contractor to implement part of the contractual scope of works (as a foreign sub-contractor). FCWT is a tax collection mechanism that normally comprises both CIT and VAT, but may also include PIT for payments to foreign individuals.

### Scope of application

	Subject to FCWT	Not subject to FCWT
Services	Services provided or consumed inside Viet Nam	Services provided and consumed outside Viet Nam
Goods	Supply of goods accompanied by services Supply of goods in which the delivery point is inside Viet Nam	Supply of goods not accompanied by services and the delivery point is overseas or outside border gate of Viet Nam
Others	<ul style="list-style-type: none"> <li>• Construction &amp; installation</li> <li>• Interest</li> <li>• Royalties</li> <li>• Trademarks</li> <li>• Penalty/ compensation</li> <li>• Income from transportation activities</li> <li>• Security transfer</li> </ul>	

Note that there is no dividend withholding tax in Viet Nam on corporate shareholders.



### Tax declaration

There are three methods for FCWT declaration including: (i) Deemed method; (ii) Hybrid method; and (iii) Declaration method

While the Deemed method can be applied by foreign contractors without any specific conditions (and is the most common method, which can be applied), the Hybrid method and Declaration method require foreign contractors to satisfy the following conditions:

- Maintaining a contract duration of 183 days or more;
- Having a Permanent Establishment (PE) in Viet Nam (e.g. a Project Office); and
- Applying the Vietnamese Accounting System (either simplified VAS or full VAS).

### Tax rates

In case of the deemed method, the following rates shall be applied for some notable cases:

No	Criteria	Deemed Method	Declaration Method	Hybrid Method
<b>1</b>	<b>Filing responsibility</b>	Vietnamese Party	Foreign Contractor	Foreign Contractor
<b>2</b>	<b>Compliance timeline</b>		10 days from payment date; or	
	VAT declaration	<ul style="list-style-type: none"> <li>• 10 days from payment date; or</li> <li>• Monthly</li> </ul>	Monthly	Monthly
	CIT declaration	<ul style="list-style-type: none"> <li>• 10 days from payment date; or</li> <li>• Monthly</li> </ul>	Quarterly	<ul style="list-style-type: none"> <li>• 10 days from payment date; or</li> <li>• Monthly</li> </ul>
	Finalisation	45 days from contract termination date	<ul style="list-style-type: none"> <li>• 90 days from the end of the financial year; and</li> <li>• 45 days from contract termination date</li> </ul>	90 days from the end of the financial year; and
<b>3</b>	<b>Tax calculation</b>			
	VAT	VAT=Taxable income x deemed rate	VAT=Output VAT - Input VAT	VAT=Output VAT-Input VAT
	CIT	CIT=Taxable income x deemed rate	CIT=Taxable income x CIT rate	CIT=Taxable income x deemed rate
<b>4</b>	<b>Auditing</b>	No	Not compulsory	Not compulsory
<b>5</b>	<b>Revenue/ Profit remittance</b>	Tax liability would be withheld before remittance	No detailed requirements	No specific requirements to fulfill tax liability before remittance

Nature of incomes	Deemed VAT rate	Deemed CIT rate
Goods (associated with services rendered in Viet Nam) including in-country export-import & import, distribution of goods in Viet Nam where the seller bears risks relating to the goods in Viet Nam	Exempt	1%
Services	5%	5%
Restaurant, hotel, casino management services	5%	10%
Construction, installation without supply of materials, machinery or equipment	5%	2%
Construction, installation with supply of materials, machinery or equipment	3%	2%
Transportation	0% or 3%	2%
Loan interest	Exempt	5%
Income from royalties	Exempt, 2% or 5%	10%
Financial derivatives	Exempt	2%
Securities transfer	Exempt	0.1%
Others	2%	2%

\* From 01 July 2025, certain services are subject to 3% under new VAT law.

#### FCWT for e-commerce businesses

Foreign companies doing e-commerce, digital business and other business in Viet Nam without a permanent establishment (PE) are subject to FCWT in Viet Nam and would declare tax under a separate filing mechanism. These will be granted a tax code and required to declare tax online at the portal of the General Department of Taxation on a quarterly basis.

If the foreign companies do not directly register, declare and pay tax in Viet Nam, the Vietnamese parties involving in transactions with these foreign companies (such as Vietnamese customers, commercial banks, payment intermediary companies, etc.) have certain responsibilities for declaring on behalf or reporting to the Tax authorities.

In 2022, The General Department of Taxation launched an official website for tax declaration and tax payment by the foreign e-commerce companies. The list of registered foreign companies are published in the website and updated regularly with 148 companies up to April 2025.

Law on VAT No. 48/2024/QH15 (effective 01 July 2025) clarifies which taxpayers from e-commerce and digital platform-based businesses are included the following categories:

- **Foreign suppliers:** entities without a permanent establishment in Viet Nam that conduct e-commerce or digital platform-based business with organisations and individuals in Viet Nam.
- **Foreign platform operators:** organisations managing foreign digital platforms responsible for withholding and paying tax on behalf of foreign suppliers.
- **Vietnamese business organisations:** applying the VAT credit method that purchase services from foreign suppliers, are responsible for tax withholding, declaration and payment on their behalf of foreign suppliers.
- **E-commerce trading platforms:** organisations (both foreign and domestic) managing e-commerce platforms having the functions of payment, tax declaration, and tax payment on behalf of business households and individuals operating on their platform.

According to VAT No. 48/2024/QH15, goods and services provided by foreign suppliers without PE in Viet Nam provided to Viet Nam market via B2B or B2C on e-commerce platform and digital platform is subject to the same VAT rates as goods/services supplied by domestic suppliers, i.e. standard rate of 10%. And, in case the foreign suppliers directly register to pay taxes to the Vietnamese Tax authorities, tax payment documents by the foreign suppliers would be considered valid for input VAT creditability of Vietnamese organisations.

#### Double taxation avoidance agreement

Viet Nam has a comprehensive tax treaty network, with most treaties following the OECD - model treaty. Treaties generally provide for relief from double taxation on all types of income, limit the taxation by one country of companies' residents in the other and protect companies' residents in one country from discriminatory taxation in the other. Viet Nam's treaties generally contain OECD-compliant exchange of information provisions. Tax relief under Double Taxation Avoidance Agreements (DTAs) is not automatically granted. Instead, foreign taxpayers are required to submit certain application dossiers to Vietnamese Tax authorities within 15 days prior to the tax payment deadline. Application dossiers normally include tax residence confirmation, which must be translated into the Vietnamese language and notarised, along with various Vietnamese Government forms. In the case the statutory deadline above is missed, taxpayers can still retain their right to claim tax treaty benefits as long as the notification is submitted within 3 years from the tax payment due date. From 01 January 2022, the Tax authorities will either issue a decision approving the tax relief or written notification on the reason of reject within 40 days upon receipt of the application.

The documentation can be submitted before the payment is made and Vietnamese tax is withheld, or alternatively, after tax has been withheld, in which case, the applicant would be seeking a tax refund.

Viet Nam has signed around 80 DTA agreements with countries and territories around the world.



# 7. Other Taxes

## Special Sales Tax (SST)

SST is a form of excise tax that applies to the production or import of certain goods and the provision of certain services. SST taxpayers include producers and importers of goods and providers of services that are subject to SST.

### Taxable price

Generally, the taxable price of goods and services is the selling price exclusive of SST and EPT. With respect to imported goods, the taxable price is the dutiable price plus import duties.

### Tax credits

Taxpayers producing SST liable goods from SST liable raw materials are entitled to claim a credit for the SST paid on raw materials imported or purchased from domestic manufacturers.

Where taxpayers pay SST at both the import and selling stages, the SST paid at importation is creditable against SST paid at the selling stage.

### Tax rates

SST rates are presented in the table below:

Goods/ Services	Tax Rates* (%)
Cigarettes, other products derived from tobacco plants	75
Spirit/ Wine	
Spirit/ Wine with ABV $\geq 20^\circ$	65
Spirit/ Wine with ABV $< 20^\circ$	35
Beer	65
Automobiles having fewer than 24 seats	10-150
Motorcycles with cylinder capacity above 125cm <sup>3</sup>	20
Aircraft/ Yacht	30
Air-conditioner (<90,000 BTU)	10
Gasoline	7-10
Playing cards	40
Votive papers	70
Dancing club business	40
Massage, karaoke business, betting business	30
Casino business, electronic casino game business	35
Golf course business	20
Lottery business	15

\* From 01 January 2026, the new SST law is effective and there are certain changes in taxable goods/services and tax rates. Some key changes are adding soft drinks (with sugar content over 5g/100ml), adding hybrid tax base for tobacco products, and reducing the cases eligible for tax refund.



### Environment Protection Tax

Environment protection tax (EPT) is applicable to the production and importation of certain goods deemed detrimental to the environment. Environmental protection taxpayers are organisations, households and individuals producing and/or importing goods that are subject to the EPT.

#### Tax rates

The tax rates are presented in the table below:

Goods	Unit	Tax rate (VND)
Petrol, diesel, grease, etc.	litre/kg	1,000 – 4,000
Coal	ton	15,000 – 30,000
HCFC solution	kg	5,000
Plastic bags	kg	50,000
Herbicides restricted from use	kg	500
Termiticides restricted from use	kg	1,000
Forest product preservatives restricted from use	kg	1,000
Storehouse disinfectants restricted from use	kg	1,000

### Natural Resources Tax

Natural resources tax is an indirect tax, payable by industries exploiting Viet Nam's natural resources including petroleum, minerals, natural gas, forestry products, and natural water.

The tax rates vary depending on the natural resource being exploited and range from 1% to 40%, and are applied to the production output at a specified taxable value per unit.

### Property Tax

Foreign investors generally have to pay rental fees for land use rights to local authorities. The range of rates varies depending on many factors (location, infrastructure, etc.). Owners of houses and apartments have to pay non- agricultural land use tax with tax rates ranging from 0.03% to 0.15%.

## II. Customs duties and procedures

### Overview

Viet Nam is a member of the World Trade Organisation ("WTO") and applies the rules and the regulations of the WTO. These include adoption of the Customs Valuation and Trade Facilitation Agreements into national legislation. Viet Nam also has an extensive network of Free Trade Agreements. Viet Nam has adopted the Harmonised System (HS) for tariff classification, Customs valuation, and Import/Export controls broadly following international standards.

### Customs Duties

Generally, goods imported into Viet Nam are subject to import duties, covering import duty and import VAT. Duties rates payable, are determined based on the accepted HS codes for the imported goods, and their country of origin.

In general, the main categories of Customs tariff in Viet Nam are summarised as below:



### Customs Duties - Exemption Schemes:

To support foreign investment into Viet Nam, and trade facilitation, the Viet Nam Government including Customs Authority has established schemes providing exemptions, from import charges, on materials, components, machinery and equipment, imported for use in the manufacture/processing of finished goods for export. In which the main business models to be followed are:

<b>Export Processing Enterprise (EPE)</b>	Imported goods (incl. machineries, equipment, fixed assets) can be imported <b>without</b> payment of import duties and import VAT
<b>Manufacturing for Export</b>	Imported raw materials for export-manufacturing activities can be <b>exempted</b> from import duties and import VAT
<b>Contract Manufacturing/ Processing</b>	Imported raw materials, borrowed/leased machinery & equipment, can be <b>exempted</b> from import duties and import VAT

There are certain critical Customs compliance areas that companies operating under the abovementioned schemes need to comply with, especially on duty-free management and annual reporting requirement. However, recognising the benefits of improving cash-flow and cost savings, more and more FIEs in Viet Nam operate under these models.

In addition, where applicable, importers can register an “import duty exemption list” for goods imported to Viet Nam to form fixed assets, or for use in eligible incentive investment projects (e.g., importing materials for projects construction phase) or for use in the development of science, technology, innovation, and the digital technology industry.

### Dutiable Customs Value

Viet Nam has adopted the WTO Valuation Agreement into Viet Nam Customs law. Accordingly, Viet Nam Customs apply the “transaction value”, i.e. the price paid or payable by the buyer to the seller, as the primary method for determining the Customs values of goods imported into Viet Nam.

In practice, Viet Nam Customs maintain databases of “benchmark values”, against which all declared customs values are tested. At the time of importation, where the declared value for a product falls outside the database’s range, the importer may be requested to provide evidence to support the declared value, through a formal “Price Consultation” process.

Values of imported goods traded between related parties, are frequently subject to challenges – either at border points or during Post-clearance Audits, and the importers may be requested to demonstrate that the “special relationship” between the parties does not impact the declared values. Typically, importers will be asked to provide evidence that the purchase prices had been negotiated, and agreed, in a way consistent with how prices are determined in trade between unrelated parties. If the importers cannot provide satisfactory evidence, Viet Nam Customs will consider applying the other prescribed valuation methods in hierarchical order and may deem a “customs value” on which import duties, and other border taxes, will be charged.

For certainty of treatment on customs values for import/export duty liabilities, there is an available scheme for companies to obtain advanced Customs valuation rulings from Viet Nam Customs Headquarters. Rulings issued are binding nationally, and generally valid for up to three (03) years.

For exported goods, Viet Nam Customs generally accept the contracted selling prices of the goods, at the Viet Nam border point. Where the exported goods are subject to export duties, values declared will be tested against Customs’ benchmark values.

### HS Codes

Viet Nam has adopted the HS Codes published by the WCO. Accordingly, Viet Nam’s tariff codes align with tariff codes adopted by other HS signatories, but only up to 6-digit level.

HS codes need to be declared at 8-digit level on customs declarations, and classification declared should be determined by the specification/function of the goods, and with reference to guidance issued by the WCO, Viet Nam Customs Tariff, and Decisions issued by Viet Nam Customs on HS codes they consider applicable to certain imported/exported goods.

Declaration of an inappropriate/ wrong HS code determination can lead to: the wrong customs duties being applied, breach of import/export license controls, rejection of Certificates of Origin, imposition of penalties, and downgrading of the Importer’s/ Exporter’s Customs Compliance status – which can negatively impact Customs clearance times.

Viet Nam Customs Headquarters can issue advanced HS rulings that are binding across the country and valid up to three (03) years, which is strongly recommended for companies that are looking for certainty of treatment on HS codes for their imported/exported goods.



### Import Duties Refund

In certain cases, refund of import duties paid might be granted including but not limited to when:

- Goods for which import duties have been paid but which are not actually physically imported;
- Imported raw materials that are not used and must be re-exported;
- Imported materials serving the production of products to be sold in the domestic market, but actually used for the production of products to be exported (either exported abroad or into the Export Processing Zone (EPZ))

Import VAT can be also refunded against export sales when:

- The export declaration procedure is completed following prevailing Viet Nam Customs regulations; and
- The company has an amount of remaining input VAT that has not yet deductible of at least VND 300 million on its exported goods and services in a month (if the company declares VAT liability every month) or in a quarter (if the company declares VAT liability every quarter).

Export duties:

Most common goods, when being exported from Viet Nam, are not subject to export duties, except for some specific goods such as natural resources, minerals or agricultural products, etc. with the duty rates ranging up to 40%.

### Authorised Economic Operator (AEO)

#### Who can apply:

Organisations that can apply to become AEOs in Viet Nam, including;

Enterprises who have operated import/export activities in Viet Nam from 02 years or above, except for High-tech enterprises as announced by the Ministry of Science and Technology;

Customs brokerage companies who have operated in Viet Nam from 02 years or above;

Special investment projects approved by the Prime Minister.

### Benefits

The benefits of being recognized as an AEO, include:

- Highest priorities in customs declaration and clearance procedures, by having 24/7 customs operations support;
- Almost 100% green-lane customs declaration: no document/ physical inspection, which significantly reduces customs brokerage & demurrage fees;
- Customs clearance by uncompleted declarations (with subsequent supplements);
- Priority in import control: allowed to keep goods at AEO's premises/warehouses while waiting for import control assessment;
- Goods delivery before completion of on-the-spot Customs Declarations;
- Monthly customs declaration for multiple shipments delivered in the month;
- Import duty: allowed to apply for import duty refund first, audit later;
- Deferral of duty payment until the 10th day of the following month;
- Customs Post Clearance Audit: maximum 1 time per 3 years & must be at AEO's premises;
- Cross-borders mutual-recognition programme: certified as trusted trading partner by authorities and other AEOs in the region.

### Qualifications

To apply for, and be assessed for AEO status, enterprises need to satisfy the following qualifying criteria:

- Annual value threshold (except for High-tech enterprises as announced by the Ministry of Science and Technology):
  - Annual import-export turnover ranging from USD 30 million to USD 100 million, depending on business types;
  - Customs brokerage companies have registration at least 20,000 declarations/ year;
- Legitimately compliant with Viet Nam Customs, Tax and Accounting regulations;
- Apply electronic declaration for Tax & Customs registrations and procedures;
- Process payments via banks for all import and export activities;
- Implement qualified internal control mechanism to manage supply chain security;
- Establish a comprehensive enterprise management system & process.

### Customs Inspections and Audits

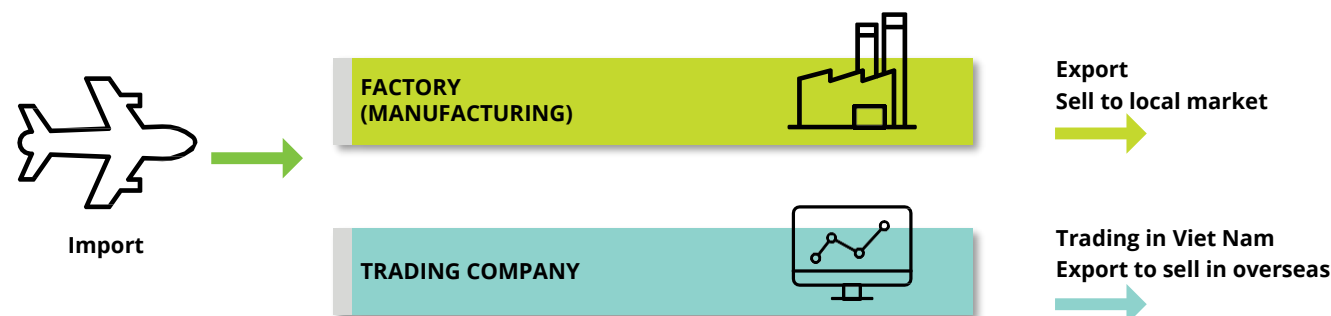
Customs inspections, and audits, are performed by the Viet Nam Customs Authorities, to confirm that an enterprise is compliant with the customs regulations. Inspections are generally performed at the import/export border points before the goods are cleared through Customs controls. Audits (commonly referred to as Customs Post-clearance audit or “PCAs”) are either be performed at the Customs Authority offices, or at companies’ premises.

### Customs inspection at import/export border points:

Customs challenges at the time of import/export at borders, typically focus on the following high-risk customs areas: HS tariff classification, determination of customs value, exposure to import/export controls, and claims to preferential duty rates under FTAs; and customs declaration registration (covering the rights of parties to register the Import/ Export Customs declaration to Viet Nam Customs).

### High-risk Customs areas

The illustration below highlights issues commonly challenged by Customs during checks/inspections at border points:



#### HS code classification

- Compliance with guidance issued by Viet Nam Customs on HS code classification, or where there are reasons for Customs to suspect that goods have been incorrectly classified in an attempt to pay lower tariff rate(s).

#### Customs valuation

- Import prices of goods in related party transactions and declared prices which are outside “benchmark values” Viet Nam Customs hold in their databases. Both situations can lead to a formal “Price Consultation” with Viet Nam Customs.

#### Commodity policy

- Imports of used tools/ equipment classified under chapter 84, 85 of Viet Nam Customs Tariff
- Imports of goods subject to import license/ goods and/or requiring conformity certificate

#### Claiming preferential rate under FTAS

- Verifying proof of origin (“P/O”) presented and checking there is consistency of information in customs declarations and supporting documentation

### Customs post-clearance audit (PCA)

Companies which are involved in import or export activity are subject to PCA. Selection for, frequency, and scope of the PCA, are driven by a combination of Customs' risk management systems, and the company's customs compliance status assigned by Viet Nam Customs. Companies that have a high-risk rating face increased challenges at the borders, and more frequent PCAs.

The customs topics commonly challenged by Viet Nam Customs during their PCA, include but not limited to:

- Management of duty-free inventories/ goods which have imported for EPE Activities, Export Manufacturing, or Export Processing Activities;
- The declaration of "Viet Nam origin" for exported goods (covering the origin declarations in Export customs declarations, or non-preferential or preferential Certificates of Origin obtained for exported goods);

With increased coordination between the Viet Nam Tax authorities we observe that Viet Nam Customs may notify the Tax authority of significant non-compliance identified during their PCAs, for them to consider the corporate tax implications.

In view of the above, companies are guided to establish effective internal compliance procedures, to manage their customs compliance and the risk of customs duties claw-back/penalties.

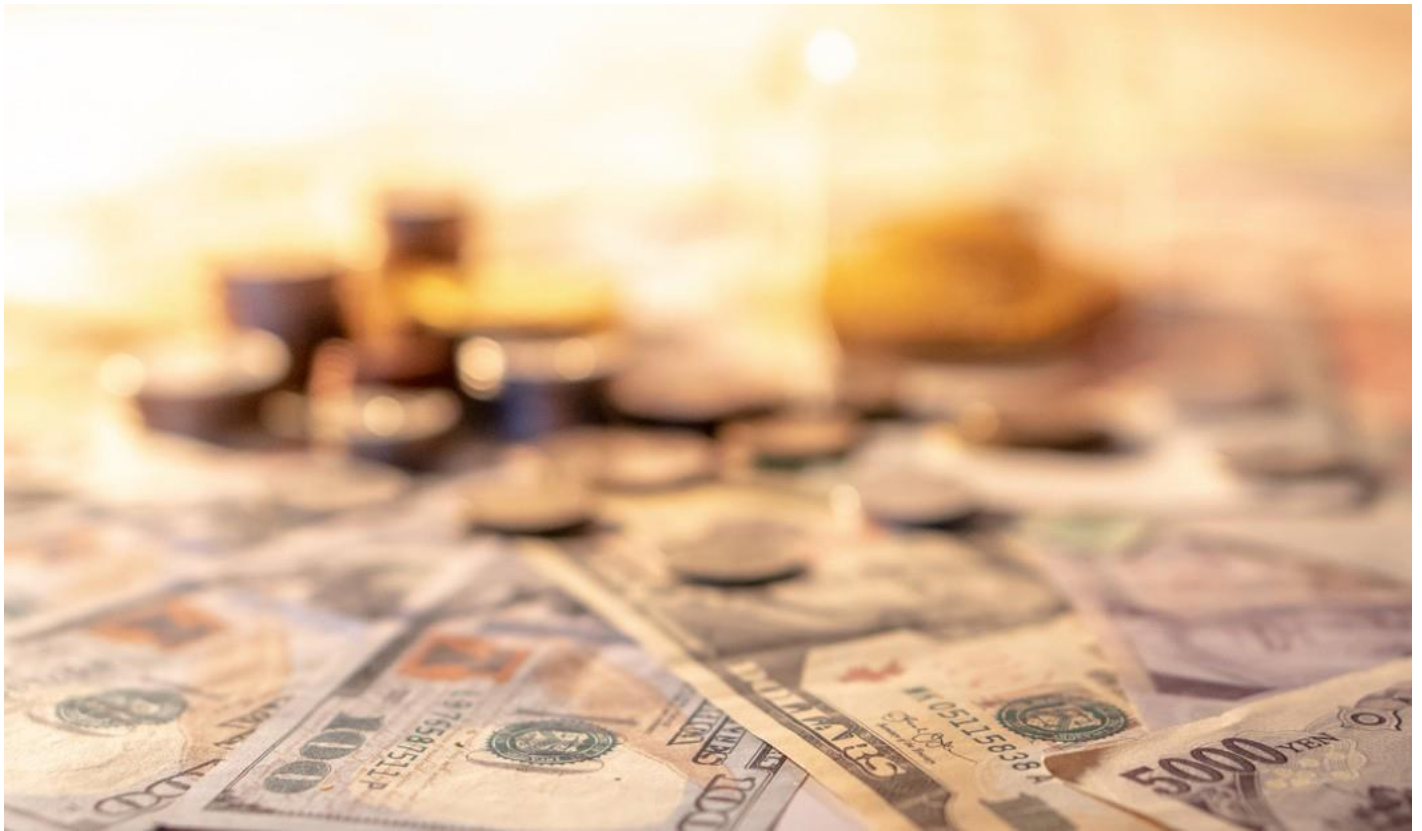


# Chapter 5

## **Foreign Exchange Control**







Foreign currency capital for indirect foreign investment must be exchanged into Vietnamese dong and any profits in doing must be converted into foreign currency for remittance abroad.

Within Viet Nam's territory, except for certain specified cases, all transactions of offerings, payments, advertisements, quotations, price setting, and other similar forms (e.g. conversion/ adjustment of prices of goods/ services or value of contracts and agreements) are not allowed to be conducted in foreign currency.

However, foreigners working in Viet Nam are still allowed to receive salaries, bonuses and allowances in foreign currency and may deposit these earnings in interest-bearing foreign currency accounts in Viet Nam. Also, the restrictions on foreign currency earnings, payments and exchange transactions do not apply to companies operating in EPZs.

Foreign investors may purchase foreign currency at prescribed banks in Viet Nam without a permit from the State Bank. Ordinary foreign currency accounts may be used to service current account transactions and regulatory approval is not required. However, a special, separate foreign currency bank account is needed to conduct certain capital transactions, including: offshore transfers of legal capital, profits and revenue; offshore medium and long term loan repayments; and foreign currency withdrawals and deposits.

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