Doing Business in Vietnam - 2011

Practical Advice for Investors

Guide to Doing Business in Vietnam 2011

Welcome

Vietnam is a unique country providing extensive opportunities for those willing to spend time to understand the market. Although not without its problems, Vietnam's economy continues to expand and modernise, and with the opening up of previously restricted industries and sectors, to meet their WTO commitments, more opportunities continue to develop.

Grant Thornton Vietnam has prepared this guide to assist those interested in doing business in Vietnam. This guide does not cover the subject exhaustively; however, it is intended to answer some of the more important broad generic questions that may arise. When specific problems occur in practice, it will often be necessary to refer to the laws and regulations of Vietnam and to obtain the appropriate professional advice. This guide contains only brief notes and includes legislation in force as of 15 February 2011.

We hope this guide helps you in learning about and understanding business in Vietnam. Should you require professional assistance then we will be only too willing to meet you to see if we can help.

Vietnam and growth opportunities
Consistently one of the world's fastest growing economies over the past 10 years, Vietnam still experienced an impressive growth of 6.78% in 2009, despite the global financial crisis.

Ken Atkinson
Managing Partner - Grant Thornton Vietnam

Contents

Country overview

Geography

- Located in South East Asia
- Landmass of 331,200 km^2
- Land borders with China, Laos and Cambodia

Government

- Capital: Hanoi
- Country lead by the Communist Party
- Obtained full membership of the World Trade Organisation (WTO) on 1 January 2007

(As at Jan 2011)

- Head of the Communist Party: General Secretary, Mr Nguyen Phu Trong
- Chief of State: President, Mr Nguyen Minh Triet
- Head of Government: Prime Minister, Mr Nguyen Tan Dung
- Head of National Assembly: Chairman, Mr Nguyen Phu Trong

Population

- Approximately 87.3 million
- Rural population around 70.1% of total
- Male / Female ratio: 49.4% / 50.6%
- 57% of population under 30 years old.

Climate and weather

Sub-equatorial climate in the south, with two seasons (rainy/sunny), average temperature of 27^{o}C. Sub-tropical climate in the north, with four distinct seasons.

GDP

- 2010 GDP per capita is estimated at US$1,200
- 2010 GDP growth rate of 6.78%, with an average growth rate over the previous 7 years of 6.8%

Foreign Direct Investment

- 2010 registered FDI: US$18.6 billion. 2010 disbursed FDI: US$11 billion (estimated)
- 2009 registered FDI: US$21.48 billion. 2009 disbursed FDI: US$10 billion

Foreign Trade

- 2010 import value: US$84 billion. Main imports include machinery and spare parts (US$13.5 billion), steel ($6.2 billion), petroleum (US$5.7 billion), fabric (US$5.4 billion), electronics and computers (US$5.2 billion), plastics in primary forms ($3.8 billion)
- 2010 export value: US$72 billion. Main exports include textiles (US$11.2 billion), footwear (US$5.1 billion), seafood (US$5 billion), crude oil (US$4.9 billion), electronics and computers (US$3.6 billion), wooden products (US$3.4 billion), rice (US$3.2 billion), machinery and spare parts (US$3 billion)

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Country profile

Overview

Vietnam is a rapidly developing country with a dynamic and emerging market economy. Located in South East Asia, the country has positioned itself as a focal point for investment, boasting an average annual GDP growth rate of 6.8% over the last seven years. GDP growth in 2009 was 5.3% and in 2010 was 6.8%.

Vietnam comprises a landmass of 331,200 km^2, a vast sea area including a large continental shelf, and a string of archipelagos stretching from the Gulf of Tonkin in the North to the Gulf of Thailand in the South.

Vietnam is an elongated "S" shape with a long borderline from China in the North, to Laos in the West and to Cambodia in the West and South West. Vietnam has a diversified topography of plains, midlands and mountains.

The capital of Vietnam is Hanoi, which lies in the north of the country. Other major cities include Ho Chi Minh City (often abbreviated to "HCMC" and also referred to as Saigon) and Can Tho in the South, Hai Phong in the North, Hue, Danang, and Nha Trang on the Central and South East Coast, and Dalat in the Central Highlands.

The more recent external economic challenges faced globally during the world-wide financial crisis posed a threat to Vietnam's growth and poverty reduction ambitions. However, unlike many other economies the country continued to experience real positive growth during this period, albeit at a slightly lower level than in preceding years.

Obtaining full membership of the World Trade Organisation (WTO) on 1 January 2007 provided a major confidence-boosting impact to the economy, particularly as regards foreign direct investment; manufactured exports and property (real estate). The results of which will continue to be felt in coming years as more sectors are opened up to foreign investment and competition.

Population and Area

Vietnam, with a land area of 331,200 km^2 is the 65th largest country by landmass.
It is the 13th largest country by population with over 87 million people.

Population and demographics

Vietnam has the third largest population in South East Asia (after Indonesia and Philippines) and is ranked 13th in the world in terms of total population, with an estimated population of 87.3 million in 2010. Rural population accounts for approximately 70% of the total, with 49.8% of the population being male and 50.2% female.

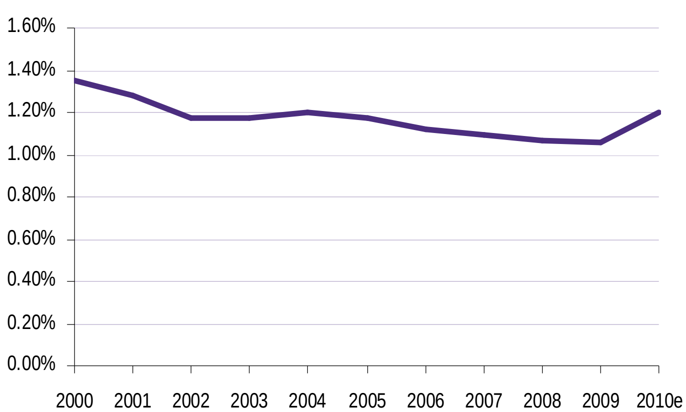
The city of Hanoi covers a large urban and rural area in the north of the country. The registered population was around 6.5 million as at April 2009.

Ho Chi Minh City, the primary economic hub for Vietnam, had an official registered population of around 7.2 million as at April 2009. However, the actual population of Ho Chi Minh City (and Hanoi, to a lesser extent) is likely to be significantly higher due to unrecorded migration from rural areas. In addition, Ho Chi Minh City is also bordered by the established industrial and urban areas of Binh Duong, Dong Nai and Long An Provinces, which arguably extend the City's limits into these provinces.

The country's average population growth from 1999 to 2010 was approximately 1.03 million people per year or 1.2% annual growth.

As at 2009, 65% of the population (55.6 million) were over 20 years of age. 69% of the population were aged between 15 and 64, 24.5% aged under 15 years and 6.4% aged above 64 years.

Population growth rate (2000-2010e)
Source: Vietnam Government Statistics Office (GSO)



Climate and weather

Vietnam lies in the tropical monsoon zone, characterised by warmth, humidity and abundant seasonal rainfall. There are, however, distinctive differences between Northern Vietnam and Southern Vietnam.

Southern Vietnam has a subequatorial climate, having two seasons with an average annual temperature of 27 degrees Celsius:

- Rainy/Wet season (May to October)
- Sunny/Dry season (November to April)

Northern Vietnam has a sub-tropical climate, with four distinct seasons and great fluctuations in temperature between the warmest and coolest periods.

- Spring (March to April) with temperatures of between 17 to 23 degrees Celsius
- Summer (May to August) with temperatures of between 30 to 39 degrees Celsius
- Autumn (September to November) with temperatures of between 23 to 28 degrees Celsius
- Winter (December to February) with temperatures of between 7 to 16 degrees Celsius

Demography
Approximately 57% of the Vietnamese population is under 30 years of age, providing Vietnam with one of the world's youngest populations.

Language

Vietnamese is the country's official language. Foreign languages such as English, French, Russian, Chinese, Japanese and German are also used to varying degrees. English, however, is by far the most widespread foreign language and is commonly used alongside Vietnamese in legal documents relevant to foreign trade and foreign direct investment. English is also featured on the websites of many businesses (both local and foreign-owned) and Government agencies.

Political and Legal Environment

Political and legislative system

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

The National Assembly is the supreme representative and legislative body and determines domestic and foreign policies, socio-economic tasks, national defence and security issues.

The Head of State (as at Jan 2011) is President Nguyen Minh Triet. He is elected by the National Assembly and represents the Nation in internal and foreign affairs.

The highest executive body in Vietnam is the Government, formerly known as the Council of Ministers. It is in charge of the general management of the economy and the state.

The court and prosecution system in Vietnam has a structure similar to the administrative system. At a central level, the Supreme People's Court is the highest judicial body in Vietnam. At a local level, courts exist at provincial and district levels.

Legal system

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

Ordinances are issued by the Standing Committee of the National Assembly to regulate an area where a law is not yet promulgated or regulated. On matters the National Assembly has entrusted to the Government, it issues decrees, decisions, circulars or directives to implement the issued laws or ordinances.

Decrees, decisions and circulars are normally issued by individual ministries and other State agencies, including People's Committees, with respect to subjects within their sphere of responsibility and the force of subordinate legislation.

It should be noted that while codes, laws and ordinances are referred to by name; decrees, decisions, circulars and directives are usually referred to by number, signing date and the name of issuer.

Social & Environment

The Vietnamese population has a relatively high literacy rate compared to other countries in the region, estimated at 94% in 2009, equal to that of Singapore.

Living standards

Local living standards have improved since Doi Moi ("reform" or "new thought") in 1987, with an increasing Gross Domestic Product (GDP) per capita over the past twenty years. However, the increase in living standards between urban and rural areas has not been equal, with a widening gap in living standards between these two areas. The national poverty rate fell from 37.4 per cent in 1998 to 14 per cent in 2008. The poverty rate in urban centres is higher than in rural areas due to higher living costs.

For foreigners, living standards can be considered reasonably good with a relatively low cost of everyday living. Good education, accommodation, easy local and international travel, and modern media and communications are all available to reasonable standards in major cities and in important economic regions.

Labour Matters

Recruitment

Employers have the right to recruit labour directly or through employment service agencies. They can also increase or reduce the number of employees in accordance with business requirements and in compliance with the provisions of the law.

Employers must enter into labour contracts with employees. The contract should provide for either a definite term, an indefinite term or for work on a seasonal or limited basis. However, definite term contracts can only be renewed three times before automatically becoming indefinite term. Labour contracts must comply with a prescribed form published by the Ministry of Labour, War Invalids and Social Affairs (MOLISA).

Employers and employees may agree on a probationary period which must not exceed 60 days for work that requires special or highly technical skills and 30 days for other work. A probationary employee must not be paid less than 70% of the normal wage for that job.

Language
Although Vietnamese is the official language, English is becoming more accepted as the country's second language. Most students now study some English at school. English is the predominant international language for business dealings.

Employers may recruit foreigners for jobs requiring special expertise, which Vietnamese workers cannot perform. Foreigners who work for Vietnamese enterprises, organisations, or individuals must obtain a work permit from the local Labour Department. Work permits require specific documentation and can take some time to arrange, so they need to be planned in advance to ensure employment obligations are met. Additional requirements for work permits include appropriate educational qualifications for the position the work permit is being applied for, or specific identifiable experience in a particular field.

It is noted that foreigners are not required to obtain work permits in certain specific cases, such as where they are providing technical assistance for short periods of time. However there are usually other requirements that need to be met to satisfy these exceptions.

Work hours/Time zone

Normal working hours in Vietnam are 8 hours per day and 6 days a week. However, the standard working week for officials and public employees and employees in administrative organisations is 40 hours (5 days). Other organisations are encouraged to apply the standard working week of 40 hours. The total number of overtime hours should not exceed 4 hours a day or 200 hours a year.

Public Holidays in Vietnam

Public Holiday	Date	No. of
New Year's Day	January 1	1 day
Tet holidays	Lunar new year (varies)	4 days
Hung King's Anniversary	10th day of 3rd lunar month (varies)	1 day
Victory Day	April 30	1 day
International Labour Day	May 1	1 day
Independence Day	September 2	1 day

Employees who have been employed for 12 months are provided with minimum of 12 days of paid annual leave (vacation) per year.

Vietnam is in the GMT +07:00 time zone

Business etiquette and travel

Business cards

Always carry business cards when you visit Vietnam and distribute them at every business meeting. When you meet someone for the first time in Vietnam, it is polite to offer your card with both hands. Upon receiving a card, do not stuff it into your pocket. Take a minute to look at the person's card, take care to pronounce their name correctly and acknowledge their title to show your counterpart that you value the opportunity to meet them. When you have finished engaging with the individual, place the business card in your wallet or purse to show respect.

If you have a business card that is in English and Vietnamese, it is good etiquette to present the card with the Vietnamese side facing upwards.

The order for a Vietnamese name is family name, middle name and given name. Vietnamese names list the surname first, so when referring to a Vietnamese person, use their given name, prefixed by the appropriate term of reference. Hence, the Prime Minister of Vietnam, Nguyen Tan Dung should be referred to as Mr Dung.

Language hints

Keep in mind that many Vietnamese have learnt English at high school or university and may not necessarily have had any particular level of contact with native English speakers. Thus you will need to speak slowly and concisely. Remember to avoid using words in English that are specific to a particular country or region, and if someone does not understand certain words, try using a different version (eg footpath, sidewalk or pavement).

It is impolite to undermine the authority of a more senior Vietnamese person by directing questions or responding to a more junior person whose English skills may be better. When using interpreters, it is polite to talk directly to the person you are dealing with and to maintain eye contact.

Business attire

The climate in Vietnam can be quite hot all year round, so it is advisable to make allowances for this when selecting your business wardrobe. Probably the most suitable business attire is a lightweight suit for both men and women or smart trousers with a collar and tie for men, skirt and blouse for women.

Handshakes

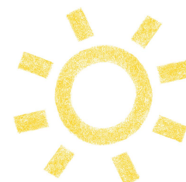
Handshakes are used upon meeting and departing. Handshakes only usually take place between members of the same sex. Some Vietnamese use a two-handed shake, with the left hand on top of the right wrist. Always wait for a woman to extend her hand. If she does not, bow your head slightly.

Business notes

Vietnamese are a polite people and will often smile and agree with you when in fact they may not have fully understood what you have said. The smile and nod are usually to acknowledge that you have spoken, and may not always indicate a firm agreement.

It is often advisable to have bilingual sales literature, including business cards and product manuals, available for more complex negotiations. It is useful to have an agenda and relevant papers translated into Vietnamese prior to the meeting so both sides are clear on what they wish to discuss.

Eating and drinking is a major part of doing business in Vietnam. Toasting at banquets and karaoke are common after-dinner activities. Many Vietnamese men may smoke during the meal. When cognac or whisky is served at a meal, the custom is for individuals to drink only after a toast is made. The glass should be held in the right hand, which is supported by the left. Returning a toast is standard practice. Common toasts are "Tram phan tram" (100% Bottoms Up) and "Chuc Suc Khoe" (Good Health).



Names
Vietnamese names are written in the reverse order to that of many other nations. The format is family name, middle name, given name. People are called by their given name, even when adding Mr or Ms.

Business meetings

Hierarchy and face manifest themselves in different ways within business meetings. For example, the most senior person should always enter the room first. Silence is also common in meetings where someone disagrees with another and remains quiet, so as not to cause a loss of face.

Relationships are critical to successful business partnerships. Always invest time in building a good relationship based on both personal and business lines. Any initial meeting should be used solely as a “getting to know you” meeting.

Currency

The official Vietnamese unit of currency is the Vietnamese Dong, often abbreviated as Dong or VND. Current regulations require most businesses to advertise prices in VND only. Although many businesses will accept US dollars and sometimes other foreign currencies, always carry sufficient VND for purchases for times when foreign currencies are not accepted.

When visiting Vietnam, it is still advisable to carry a supply of foreign currency, usually US dollars. Large bills receive better rates than small bills for currency conversions. US dollars have become an unofficial second currency in Vietnam and are helpful if you intend to spend a lengthy period of time in the country. Travellers’ cheques in US dollars can be exchanged at certain banks.

Automated Teller Machines (ATM's or cash dispensers) have experienced dramatic growth in recent years, with more than 13,000 machines located across the country. These provide a safe and cheap way to obtain Vietnamese currency. However, it is wise not to depend solely on ATM's when visiting areas outside of the main urban locations.

Tipping, although not customary in Vietnam, is appreciated with small tips becoming more common in recent years for the service industries.

Gifts

Gifts are not commonly exchanged when meeting for the first time. However a small token over dinner or at an appropriate moment is always appreciated. The gift is not as important as the sentiment sent with it.

A box of chocolates, a bottle of cognac (for a man), or a small souvenir from your country will show that you are a considerate person.

Travel to Vietnam

Visas

A valid visa is required for entry into Vietnam. Legally, tourist visas are not valid for business visits, although this requirement is not strictly enforced. Vietnam has signed bilateral agreements with most ASEAN countries to exempt entry visas for ASEAN citizens visiting another ASEAN country for a pre-determined period of time. East Timor and Myanmar are exceptions at this point of time. Vietnam has also exempted entry visas for citizens of Denmark, Finland, Sweden, Japan, South Korea, Norway, and Russia for citizens visiting Vietnam for less than 15 days.

In order to obtain a business visa, a businessperson should be sponsored by an organisation in Vietnam. The sponsorship can be by the visitor's Vietnamese partner or the visitor's representative office or branch, a trade-support institution, a consulting firm or authorised agent. There is usually a visa handling fee in addition to the embassy stamping fee for this service.

Business people should send the following information to their sponsoring agency at least seven days before they wish to pick up their visa from the Vietnamese Embassy abroad:

- Full name
- Date of birth
- Nationality
- Passport number
- Name of company or organisation
- Port and date of entry and exit or tentative schedule
- Location of embassy and date for visa pickup
- Brief statement of the purpose of the visit

Visitors must submit visa application forms with photographs and their passports to the Vietnamese Embassy in their country for visa issuance and pay a visa stamping fee.

A one-month renewable visa will generally be issued. Multiple entry-exit visas, which are valid for three to six months may be obtained for visitors who have regular business in Vietnam, although at the time of writing visas beyond three months are not being issued to visitors.

Visas can be pre-arranged through certain travel agents and collected upon arrival at Hanoi or Ho Chi Minh City airports, avoiding the need to visit a Vietnamese Embassy abroad.

Visas
Most visitors require a Visa to enter Vietnam. Tourist visas are usually valid for 30 days, and can generally be extended in-country. Visas need to be pre-arranged prior to entry into Vietnam and are not available upon arrival (although pre-arranged visas can be collected at selected airports)
Business Visas are required for those coming to Vietnam for business purposes.

ATM’s and Money
With over 13,000 ATMs throughout the country, these are the easiest way to access funds when travelling in Vietnam. However, in case of difficulties it is suggested that a supply of foreign currency is held, usually US dollars.

International airports and transport

Vietnam's two main points of entry by air are Ho Chi Minh City (Saigon) and Hanoi. Ho Chi Minh City's Tan Son Nhat international airport is located approximately seven kilometres from the city's downtown area. Allow around US$7 for the taxi fare into town. In Hanoi, the international airport is situated approximately 35 kilometres to the north of the city. The trip usually takes 45 to 50 minutes and costs approximately US$15 by airport taxi.

Visitors should only use metered taxis in Vietnam, preferably from one of the reputable taxi operators. There are many illegal or copy-cat taxi operators throughout the country. So to avoid inflated fares look for newer vehicles with distinctive corporate lettering and identification. Visitors are advised not to use transport if it is not metered unless booked through a hotel or reputable company.

Entry and departure requirements

Visitors to Vietnam can bring with them unlimited amounts of foreign currency, objects made of gold, silver, precious metals and gemstones or plated with silver or gold. However these must be declared in detail on customs forms. Foreign and Vietnamese currency equivalent to under US$7,000 and VND 15 million respectively need not be declared. There is no restriction on books or other printed matter apart from pornographic or politically sensitive material.

Books and other electronic media may be screened to ensure compliance with the law. It is illegal to bring letters, packages or correspondence for others into or out of the country. It is also illegal to export antiques or images of Buddha. All luggage is x-rayed on international arrival and for all departures. Remember to keep your baggage claim tag, as it is nearly always requested to collect baggage when travelling domestically.

Key trends and statistics

Overview

Vietnam's accession to the WTO in 2007 demonstrated that the Government is committed to continuing opening up the economy. This has created positive impacts on the economic growth in the past three years and further impetus to the expansion of the country's two-way international trade and has enabled a substantial reduction of trade barriers.

Import duties on inputs in the domestic manufacturing and services sector have been reduced.

There are still some goods that have restrictions, are prohibited for importation, have quantity controls, or require specific permits, such as explosive materials; cigarettes; firecrackers; certain children's toys; military technical equipment; used motor vehicles and parts; and used consumer goods. In August 2010, the Government published a Draft Decree to reduce the list of restricted goods.

Principal imports

In 2010, import turnover was US$84 billion, with the principal components shown in the table below:

Vietnam's Principal Imports
Source: Government Statistics Office (GSO)

Imports	2010 US$Billion	2009 US$Billion
Machinery & spare parts	13.49	12.37
Steel	6.16	5.28
Petroleum	5.74	6.16
Fabrics	5.38	4.22
Electronics, Computers & spare parts	5.17	3.93
Plastics (in primary forms)	3.77	2.82

Principal exports

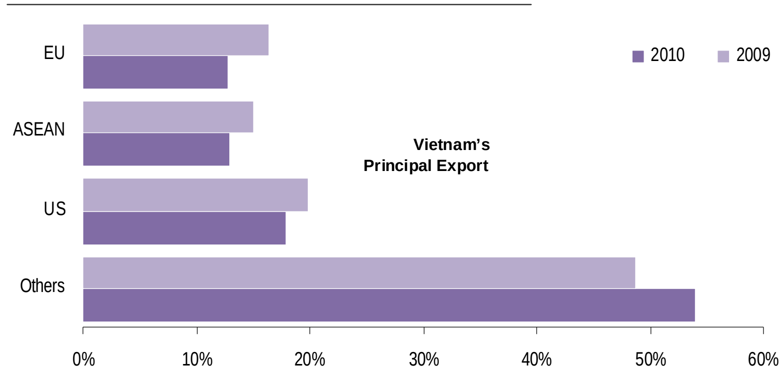
Vietnam's total revenue received from exports has grown significantly in recent years. In 2010, export revenue increased by 25.5%, over 2009, to US$71.6 billion.

The principal exports are detailed in the table below:

Vietnam's Principal Exports
Source: GSO)

Exports	2010 US$Billion	2009 US$Billion
Textiles	11.17	9.08
Footwear	5.08	4.02
Seafood	4.95	4.25
Crude Oil	4.94	6.21
Electronics & Computers	3.56	2.77
Wooden products	3.41	2.55
Rice	3.21	2.74

Vietnam is the world's second largest rice and coffee exporter, the world's largest exporter of black pepper and cashew nuts, and a major supplier of tea and seafood.



Markets (%)
Source: GSO

Economic environment

Gross Domestic Product (GDP) Growth

In 2010, the Vietnamese economy recorded an annual growth rate of 6.8%.

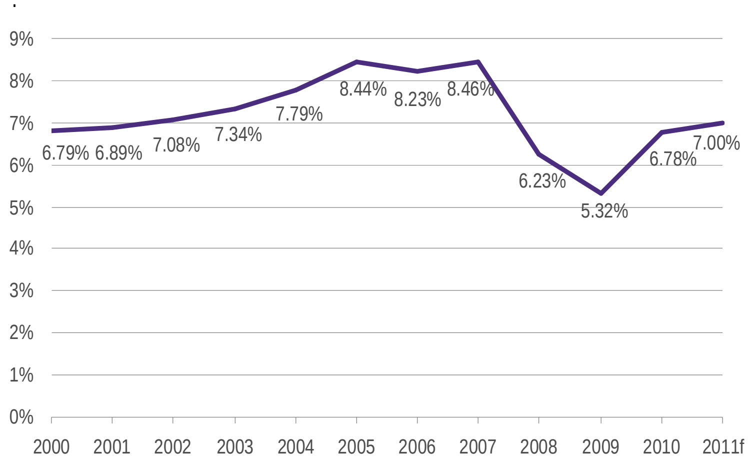
The National Assembly has stated that the primary objectives of Vietnam's government in 2011 are to utilise fiscal policies to stabilise the macroeconomic situation and improve economic growth; promote a competitive business environment; continue the economic restructuring towards improving efficiency and competitiveness of the economy; strengthen measures to promote export and reduce trade deficits; create jobs, reduce poverty and improve living standards; and improve the effectiveness and efficiency of State management.

The Consumer Price Index (CPI) is forecast to be around 7% by the end of 2011. Exports are forecast to increase by 10% compared with 2010. However, our current expectations are for a higher inflation rate and an improved percentage increase in exports.

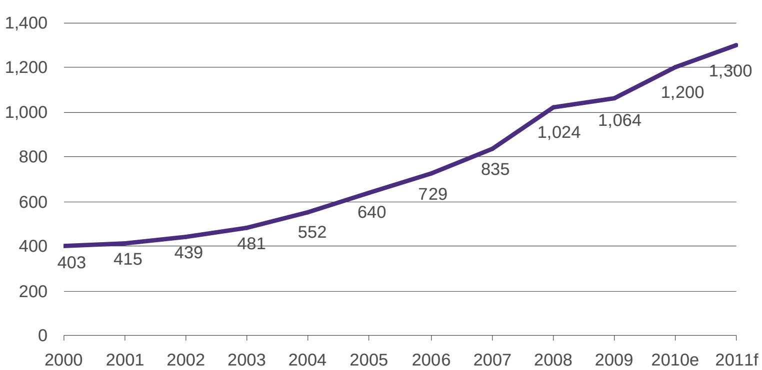
GDP per capita

GDP per capita has improved steadily and in line with GDP growth since 2000. The graph below shows the average national GDP; however, the actual GDP in cities such as HCMC and Hanoi is significantly higher.

GDP Growth Rate (2000-2011f)
Source: GSO



GDP per Capita US$ (2000-2011f)
Source: Ministry of Planning and Investment



Contributions to GDP

The main industries contributing to GDP include oil and gas; tourism; low-end assembly; extractive agriculture and aquaculture.

The agricultural sector's share of GDP declined from over 40% in the 1980s to approximately 21% in 2010. In 2010, the industry and construction sectors accounted for 41% of GDP, with the services sector accounting for 38% of GDP.

Of the sectors, the industrial and construction sector has benefited most from Vietnam's economic reform process. Since 2004, the industrial and construction sector has consistently contributed approximately 40% to GDP. In 2010, the sector made up about 41% of GDP. However, the sector does not have a strong base in heavy industries, such as steel, machinery and chemicals, and many facilities and technologies are outdated. This presents an obstacle to further development of this sector.

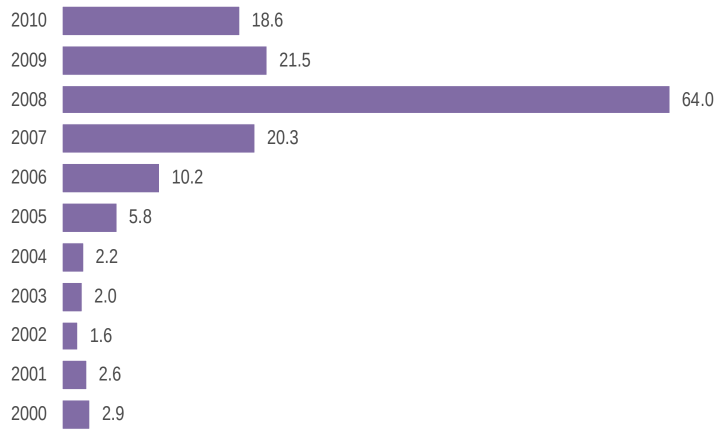
Foreign Direct Investment (FDI)

FDI has contributed considerably to the development of Vietnam's economy in recent years. The Government of Vietnam has continued to encourage foreign investors to invest in Vietnam given the relatively poor infrastructure situation the country faces and the need for foreign investment to fund economic growth.

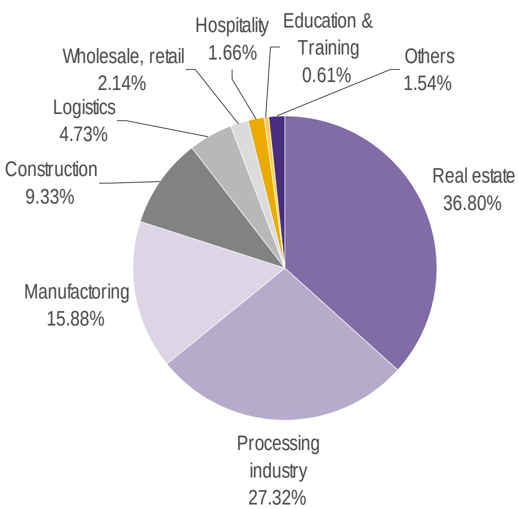
The major goal of Vietnam's FDI policy is to attract capital, advanced technology and management skills in order to effectively explore the country's potential, increase savings and improve the population's living standards.

Total registered FDI in 2010 was US$18.6 billion, equal to 82.2% of total registered FDI in 2009. However, disbursed FDI was estimated at US$11 billion, an increase of 10% compared to the same period in 2009.

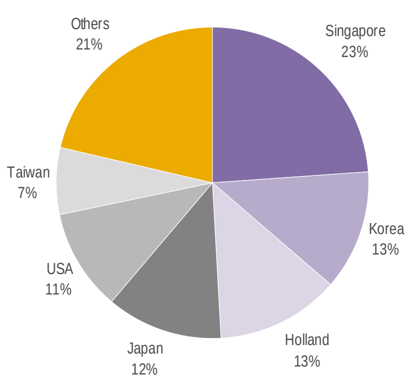
Registered FDI, US$ billion (2000-2010) – chart below moved to show 2010
Source: GSO



Registered FDI by sectors, US$ billion 2011
Source: GSO



Registered FDI by countries and territories, US$ billion 2011
Source: GSO

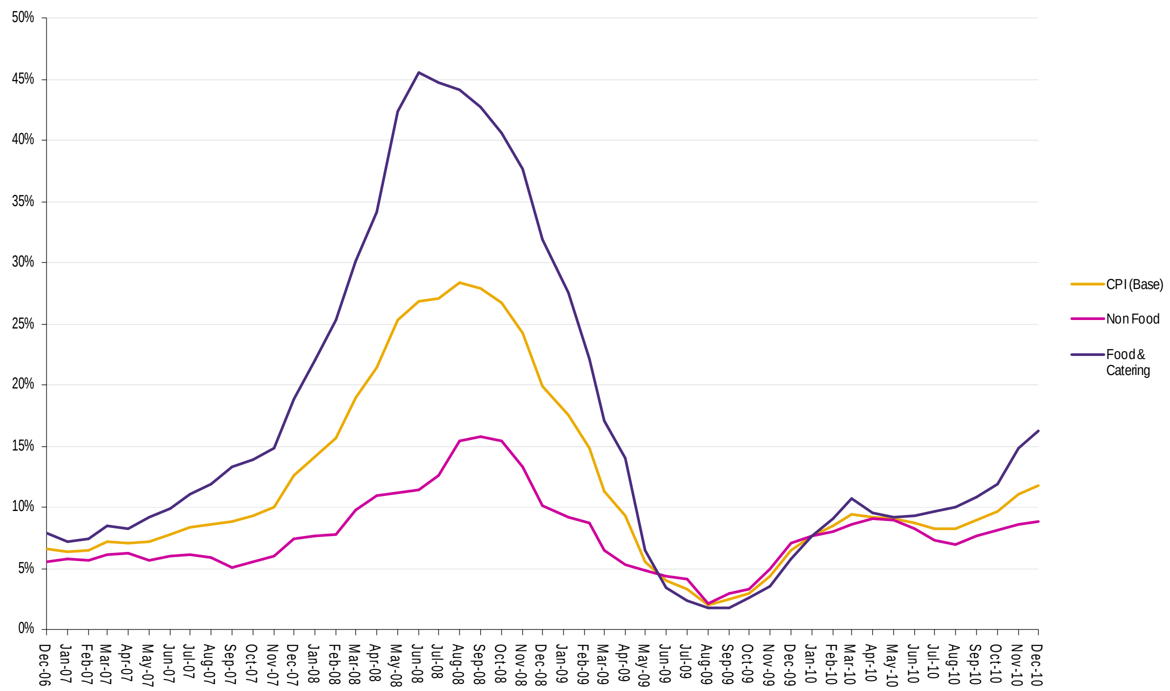


Inflation

During 2008 and into 2009 Vietnam experienced rapid inflation, peaking at 28% on an annualised basis. Although food items were the driving factor, partially lead by rice demand from neighbouring countries, non-food items such as record oil prices also had a significant effect. Annualised inflation for 2010 was approximately 11%

It should also be pointed out that there is a disparity between the expenditure of the average urban resident versus that of a rural resident, with the impacts of price fluctuations affecting both groups differently. It is also important to remember that Vietnam is a net food exporter, with the majority of rural residents actually receiving a net benefit from the rising food prices, as they are net food sellers.

Vietnam Annualised Inflation (CPI) (2006 - 2010)
Source: GSO



Regulatory environment

Overview

Vietnam is a Socialist State. The political system is dominated by the Communist Party, the sole political party and the only body that can form a Government. The National Assembly is an elected body and the highest legislative authority, with a term of five years. The Assembly elects its Standing Committee, which consists of the National Assembly Chairman, Vice Chairmen and members. The Standing Committee manages the daily affairs of the National Assembly when it is not in session.

The Government is the highest executive body of the State and is in charge of the general administration of the country. The Government includes the Prime Minister, Deputy Prime Ministers, Ministers and Chairpersons of agencies at the ministerial level.

Below the Central Government are People's Councils and People's Committees. People's Councils are directly elected by the people and People's Committees are elected by People's Councils. There are three levels of People's Committees and People's Councils: provincial, district and commune (or ward).

The People's Supreme Court and the People's Supreme Inspectorate are the highest legal authority in Vietnam. The Constitution is the Supreme Law of the country. Legal decisions are made by the People's Courts, the People's Inspectorate, Military Tribunals and Special Tribunals.

The legal system of Vietnam has been criticised for its incompleteness and inconsistencies in the past. The Government has made efforts to improve the legal system to create a more attractive investment environment to encourage foreign investors and to maintain a more stable environment for development. Many new laws have been promulgated and exiting laws have been reviewed and amended to bring them closer to international standards.

The economic legal system includes the following key legal documents relating to the business activities of foreign investors in Vietnam.

- Civil Code (2005);
- Labour Code (1994, amended in 2002, 2006, and 2007);
- Law on Enterprises (2005, amended in 2009);
- Law on Investment (2005);
- Law on Commercial (2005)
- Law on Intellectual Property (2005, amended in 2009);
- Land on Law (2003, amended in 2009);
- Law on Real Estate Business (2006);
- Law on Construction (2003, amended in 2009)
- Law on Residential Housing (2005, amended in 2009)
- Law on Credit Institutions (2010);
- Law on Bankruptcy (2004);
- Law on Accounting (2004)
- Law on Tax Administration (2006)
- Law on Value Added Tax (2008);
- Law on Personal Income Tax (2007, effective 1 January 2009)
- Law on Corporate Income Tax (2008, effective 1 January 2009),
- Law on Social Insurance (2006)

Land, Housing and Real Estate

Land and real estate have been among the hottest issues in Vietnam over the past decade. This is principally because land, according to Socialist doctrine, belongs to the people and is administered by the State. As such, individuals or entities cannot own land. Rather, they can only be granted "Land Use Rights" by the State. Buildings and fixtures, which are attached to the land, are therefore a critical issue.

Land in Vietnam

As all land is owned by the entire people with the State as the representative owner. In accordance with Socialist doctrine, individuals and entities cannot "own" land. Instead, they are granted Land Use Rights by the State to use the land in a specified manner.

Law on Land

The Land Law was passed in 1993 and further amended in 1998, 2001, 2003 and 2009. According to the Law, land users have the following key rights:

- To be issued a land use right certificate
- To be entitled to benefits resulting from the use of land
- To transfer the right to use land
- To use as contributions to business ventures
- To receive compensation for expropriation

The State may grant land use rights for business or residential purposes with or without fees. Businesses may lease land for not more than 50 years, and in exceptional cases 70 years, with the approval of the Prime Minister.

The Land Law underwent a radical revision in 2003, with a number of significant breakthroughs. Firstly, the notion of foreign land users was broadened. Secondly, the Law reserved one chapter to set forth rights and obligations of overseas Vietnamese, foreign organisations and individuals using land in an endeavour to handle the alleged discrimination on land use rights between locals and foreigners, including overseas Vietnamese. These changes were aimed at creating a legal "level playing field" that integrates the national unity policy as well as the open foreign policy of the Party and State of Vietnam.

Specifically, overseas Vietnamese are allowed to use land by:

- Being allocated land from the State of Vietnam with the payment of a land use fee
- Leasing land from the State of Vietnam with the payment of an annual rent
- Leasing land from the State of Vietnam with a one-off payment of rent for the entire term of the lease
- Holding land use rights in an industrial park, hi-tech park or economic zone
- Re-leasing land in an industrial park, hi-tech park or economic zone

Foreign investors are given additional incentives to use land in industrial parks, hi-tech parks, and economic zones. In particular, they are entitled to:

- Assign the right to use the leased or sub-leased land including assets owned and attached to the land
- Make capital contributions using the leased or sub-leased land in order to engage in a business co-operation with a foreign organisation during the term of the land lease
- Use land use rights and properties attached to the land to secure loans with credit institutions in Vietnam

Decree No. 181/2004/ND-CP was issued to provide guidelines on implementation of the 2003 Land Law and Decree No. 17/2006/ND-CP amended and supplemented a number of articles of some Decree guiding the Land Law, with the following important notes:

- In cases where investors lease land directly from the State, compensation and site clearance are the responsibility of the relevant People's Committee. Expenses incurred for compensation and site clearance will be considered part of the investment capital of the project
- In cases where land use rights are contributed by local partners, they will be responsible for compensation and site clearance, with expenses incurred becoming part of capital contributions by the local parties unless otherwise agreed by all parties
- The transfer of land use rights is not permitted as a way of selling building foundations without the building

Law on Residential Housing

The Law on Residential Housing, the first of its kind, was passed on 29 November 2005. Subsequently the Law on Real Estate Business was introduced to regulate the residential real estate boom in Vietnam.

The Law on Residential Housing recognises the right of every citizen to have residential housing, which is enshrined in Vietnam's Constitution. The Law regulates the use and transfer of residential housing by organisations and individuals as well as the State administration of residential housing and development of the real estate market. Domestic organisations and individuals are permitted to own residential housing anywhere in Vietnam, regardless of their registered places of business activities or permanent residence.

The Law on Residential Housing provides for management of housing complexes. It ensures that residential housing developments provide accommodation for citizens, taking into account the earning capacity of different people and the socio-economic conditions of the country and each locality; and promoting the establishment and development of the real estate market.

New regulations in 2010, allowing the mobilisation of capital to fund property developments through various channels such as banks, bonds, secondary investors, business cooperation with organisations and individuals,cash and shares.

Residential ownership by foreigners

On 3 June 2008 the National Assembly passed a resolution permitting foreign organisations and individuals, on a pilot basis, to purchase and own residential property (apartments not houses) in Vietnam. This legislation came into effect on 1 January 2009. Note that apartments must be in apartment buildings, and must be in completed buildings (ie no off-plan purchases).

A foreign individual who does not have Vietnamese nationality but meets one of the specified criteria and satisfies the following conditions:

- currently living in Vietnam;
- has a permanent or temporary residence card or a document permitting residence in Vietnam for 12 months or more; and
- not being persons entitled to diplomatic or consular immunity and privilege

is permitted to own at any one time one apartment in an apartment building in Vietnam for a period of 50 years as from the date of issuance of the residential house ownership certificate.

A foreign organisation operating in Vietnam will be permitted to own one or a number of apartments in an apartment building(s) for a period in accordance with the duration stipulated in its investment certificate including any extended duration if it meets all of the following conditions:

- is established by a foreign investor in order to conduct foreign investment activities in Vietnam;
- is a Vietnamese enterprise in which a foreign investor purchases shareholdings, merges or acquires to directly manage the business pursuant to the law(s?) of Vietnam;
- is not undertaking real property business; and
- has a need for a residential housing for its employees.

An overseas Vietnamese, who is permitted to reside in Vietnam for three months or more and meeting any of the following criteria:

- has Vietnamese nationality;
- has Vietnamese origin and returns for direct investment in Vietnam;
- has Vietnamese origin and their work has contributed to the country;
- is a scientist, cultural activist or a person with special skills required by a Vietnamese organisation and is working in Vietnam; or
- whose spouse is a Vietnamese citizen and lives in Vietnam

is entitled to own residential housing without limitation and a Viet Kieu (or "overseas Vietnamese") who does not meet the specified criteria but has a visa exemption certificate and is permitted to reside in Vietnam for three months or more is entitled to own one separate residence or one apartment in an apartment building.

Land rents

Land rents in Vietnam are calculated based on land categories, price ranges, location multiples, infrastructure condition multiples and sector multiples.

The land rent policy aims to improve the investment environment, encouraging investors to choose an appropriate form of land and to contribute to the development of the property market. It stipulates that the Provincial People's Committees will fix land use charges, which must closely follow the actual costs of land use right transfers applied in the free market, in normal conditions. These charges are announced on 1st January each year. The State collects revenue from land auctions and projects that use land.

Law on Real Estate Businesses

The Law on Real Estate Business was ratified by the National Assembly on 29 June 2006 and was effective from 1 January 2007. This permits Vietnamese individuals and businesses to engage in all forms of real estate activities, including real estate business and real estate related services. Foreign invested enterprises, however, are only permitted to invest in the development of housing and construction for sale or lease, and to provide brokerage and real estate management services.

The Law also stipulates that individuals and businesses engaged in real estate business may only conduct real estate business on licensed "transaction floors". This provision was the subject of controversy in the local media and received opposition from most real estate companies.

Pre-sale of real estate is now formally recognised, with pre-sale properties requiring approved construction designs. Real estate developers must only use buyers' advances for development of pre-sold properties.

Although it is still essential that contracts relating to real estate activities (including related services) follow standard forms prescribed by the Government, it is worth noting that notarisation and certification of sale or lease contracts is only required if agreed by the parties or subject to other laws. This notarisation and certification procedure had been a significant hurdle for real estate developers in the past. Public notaries often refuse to certify pre-sale contracts and sales contracts which are inconsistent with the prescribed form.

Foreigners and Residential Property

Although announced some time ago, and the legislation being passed effective 1 January 2009, as at the time of this publication there have been very few foreign residential apartment transactions that have been completed in Vietnam. This is mainly as a result of local authorities awaiting additional guidance in the form of Circulars or decrees, and is not an uncommon occurrence in Vietnam when changes to laws occur.

Decrees on Real Estate Business stipulate that companies and cooperatives engaged in real estate business must have a legal capital of at least VND 6 billion. The decree stipulates that investors must maintain an equity capital of at least 20 percent of the total investment capital for approved projects in new urban areas or industrial parks, 15 percent for housing projects under 20 hectares and 20 percent for housing projects over 20 hectares.

The decree requires advances for those houses or works to be paid in instalments where a property is under construction. The first advance instalment may be paid to the developer once the technical infrastructure of the projects is already under construction.

Exchange Controls

The management of foreign exchange for foreign-invested enterprises and foreign parties to business contracts is regulated by the State Bank of Vietnam (SBV).

Foreign invested enterprises and parties to business contracts must open bank accounts in Vietnam Dong or foreign currencies with banks permitted to operate in Vietnam. Where necessary, Vietnamese enterprises with foreign-owned capital may open accounts with banks abroad with the approval of the SBV. Furthermore, foreign invested enterprises and parties to business co-operation contracts are able to buy foreign currencies from commercial banks to cover permitted transactions. Although they have the right to cover, there is no guarantee that their foreign currency demands can be met, except for infrastructure development and other “critically important” projects.

Foreign invested enterprises and parties to business cooperation contracts are required to open a “capital account”, which is a bank account for all transactions in regard to capital remittance, medium and long term loans, profits and other legitimate types of income of foreign investment. In addition to this account, other VND or foreign currency accounts can be opened. Specific cases and conditions for Vietnamese companies opening bank accounts in a foreign country also apply.

All foreign loans must be approved and registered with the SBV. All foreign loan transactions that a foreign invested firm undertakes must be conducted via the capital account. The conversion of currencies into US$ or VND for various financial transactions is done at the rate set by the SBV, at the time of transfer.

Within two days of opening a capital account, foreign investors must register it with the SBV’s Department of Foreign Exchange and submit all account details, such as the account holder’s name, address and nationality, account number and account balance to this department. Within five days from receipt of submission, the SBV will confirm the legality of their accounts. Upon confirmation, foreign investors can proceed with their investments.

Also, in accordance with the relevant circular guiding foreign exchange controls and capital accounts, the investor must close the account and return the certification of account registration to the SBV in the following cases:

- Remittance of the total balance in the account to foreign countries or to an active securities account
- Liquidation, bankruptcy and termination of juridical personality (applicable to investors that are entities) and other cases as provided for by the SBV.

Every quarter (by the 5th of the first month of the following quarter) and every year (by the 10th of January of the following year), foreign investors must make a report to the SBV on capital contributions and share purchases in Vietnamese enterprises.

The above circular also addresses cases in which a foreign investor may have their registration of the account withdrawn because they breach certain provisions.

Residents receiving foreign currency income from goods and services exported or other non-resident sources in foreign countries must transfer such income to foreign currency accounts opened with authorised credit establishments in Vietnam in accordance with payment time-limits of contracts or payment vouchers.

Organisations receiving foreign currency from money transfers must transfer such currency to foreign currency accounts opened with authorised banks or sell it to authorised banks.

Intellectual Property

Vietnam recognises the importance of protecting intellectual property rights (IPR), which include patents, trademarks and service marks, copyright and industrial designs. With the implementation of the Bilateral Trade Agreement provisions regarding IPR, Vietnam has made a commitment to protecting intellectual property. The Bilateral Trade Agreement's property rights chapter was modelled on the WTO Agreement on Trade-Related aspects of Intellectual Property.

The National Office of Intellectual Property (NOIP) is the authority responsible for the registration of intellectual property. Foreign organisations and individuals who seek to register their intellectual ownership should file their applications through an authorised agent, who will transfer their applications to the NOIP.

The Office of Copyright Protection under the Ministry of Culture and Information is responsible for the protection of copyrights.

Patent and Industrial Designs

The term of protection for patents is 20 years while the term of protection for industrial designs is 15 years from the filing date. There are also provisions to protect the layout designs of integrated circuits, confidential trade secrets and industrial designs.

Trademarks

A trademark is protected for 10 years from the filing date; renewals may be filed for additional ten-year periods.

Copyrights

The length of protection of a copyright is fifty years from the author's death. Copyright protection is extended to written works; works expressed orally, stage performances; films, video recording, television and sound broadcasts or recordings; photographic works; musical works and live musical performances; sculptures and works of fine arts; architectural works; computer software and computer-related works; scientific projects and textbooks; geological maps; translations, adaptations or transformed works, anthologies and encrypted program-carrying satellite signals.

Dispute Settlement

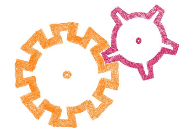
In Vietnam, disputes are encouraged to be settled by negotiation first and if unsuccessful, parties can choose to settle disputes either in court or by arbitration.

The court hierarchy of Vietnam has three tiers, namely Supreme People's Court, Provincial People's Courts and District People's Courts.

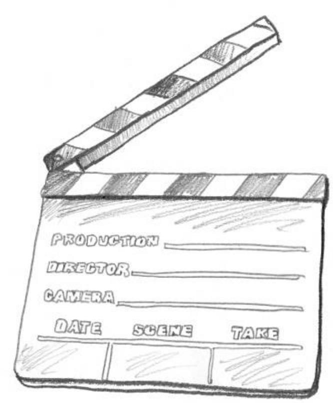
If the parties involved do not want to settle disputes in a local court (due to cost or time factors), they can refer to arbitration (both local and foreign). In these situations it is important to ensure that proper arbitration provisions are included in the contract or in a separate arbitration agreement as appropriate. An arbitral award given by an arbitration centre in accordance with the provisions of the Law on Commercial Arbitration will be enforceable in Vietnam.

There are a number of centres for arbitration in Vietnam including those operated by the Vietnam Chamber of Commerce and Industry. It is also common for foreign entities in Vietnam to use Singapore or Hong Kong arbitration for resolution due to their developed Commonwealth legal systems.

The award determined by a foreign arbitration will be enforceable in Vietnam after it is recognised by a Vietnamese court.



Dispute Settlement
Common practice is for agreements involving foreigners to include a dispute settlement clause conferring power to arbitrate in a foreign location. This is often preferable for a few reasons, including consistency and transparency. However, caution needs to be taken as the arbitration agreement is only enforceable in Vietnam once the decision is recognised by a Vietnamese court.



Investment Guarantees

The Government guarantees fair treatment for all investors. Capital and other legal assets of investors will not be expropriated or confiscated by administrative authorities; and businesses with foreign invested capital will not be nationalised. Foreign investors are allowed to remit investment capital and profits, loan principal and interest, and other legal proceeds and assets abroad.

Expatriates working for businesses with foreign invested capital in Vietnam are allowed to remit their income abroad without additional taxes.

According to the Law on Investment, foreign investors are protected from adverse impacts which may arise in circumstances due to changes in the law or Government policies. It is stipulated that if the changes cause disadvantages to the investors, the investors will still be entitled to the guaranteed incentives as stipulated in the original certificate of investment or be compensated by being entitled to compensatory tax exemptions, be permitted to amend its operations, or by other means of compensation. Moreover, if the changes create more favourable conditions to the investors, they will be entitled to the benefits stemming from such changes.

Establishing a business in Vietnam

Overview

Since 1 July 2006, both foreign and domestic investment laws were unified and are now regulated by the Law on Investment and the Law on Enterprises.

The Law on Investment introduces a common regime for investment by both domestic and foreign investors, and includes a single law governing both domestic and foreign investment, covering both direct and indirect sources.

Together, the Law on Investment and the Law on Enterprises changed Vietnam's business environment and made a far more level playing field, however some gaps still remain.

The table below summarises the system under these laws:

:

Investment Licensing and Permits Process in Vietnam
Source: Law on Enterprises and Law on Investments

Permit	Who is entitled?	Investment process applicable	Investment documents received
Business Registration (only)	Domestic investment projects with invested capital below VND 15 billion (approximately US$943,990), excluding conditional projects	None, unless recording of investment incentives is desired	None, a business registration certificate is issued under the Law on Enterprises
Investment registration/ certification	Domestic investment projects with invested capital from VND 15-300 billion; Foreign invested projects with invested capital below VND 300 billion (approximately US$18,880,000); excluding conditional projects	Registration of investment on a sample form at the provincial State administrative body for investment, accompanied by prescribed documentation (more onerous for foreign projects)	For foreign projects, an investment certificate (which is also a business registration certificate in the case of the initial establishment of an economic organisation to undertake the first investment project); For domestic projects, an investment certificate and a business registration certificate (a one-step but two-part process)
Investment evaluation/ certification	Conditional projects; projects with invested capital of VND 300 billion (approximately US$18,880,000) or more	Different project file depending on sub-category of project: (i) projects below VND 300 billion which are in conditional sectors, (ii) projects over VND 300 billion which are in conditional sectors, and (iii) projects over VND 300 billion which are *not* in conditional sectors.	For foreign projects, an investment certificate (which is also a business registration certificate in the case of the initial establishment of an economic organisation to undertake the first investment project); For domestic projects, an investment certificate and a business registration certificate (a one-step but two part process)

Enterprise Forms in Vietnam
Source: Law on Enterprises and Law on Investments

Enterprise Form	Characteristics	Management, Decision Making and Liability
Limited Liability Company	2 forms exist: - 1 member Limited Liability Company - 2 or more members Limited Liability Company. Limited Liability Companies cannot issue shares or stocks. Maximum 50 shareholders.	Companies (if there is more than 1 shareholder) elect a members council. If there are more than 11 members, then a Supervisory Board is to be established. A General Director, appointed by the members, is in charge of daily operations.
Joint Stock Company	3 or more shareholders required. Company is divided into shares, which can be freely transferred or sold. Can issue ordinary and preference shares.	General Meeting of Shareholders elects a Board of Management. The Board elects a General Director to run daily operations. A Supervisory Board is required for most joint stock companies, depending upon the number and type of investors.
Partnership	Requires at least 2 General Partners (which must be individuals). Can also have Limited Liability Partners.	Not a separate legal entity and cannot issue securities of any form, General Partners are individually liable for the partnership debts.
Private Enterprise (Sole trader)	Individual trading under their own name.	No legal entity status (other than being an individual). Full individual liability for all debts.
Joint Ventures & Business Co-operation Contracts	Are forms of Joint Ventures.	Structure and regulations based upon respective agreements between the parties.

Online link to establishing a company in Ho Chi Minh City, Hanoi, or Danang

http://vietnam.e-regulations.org/

The United Nations together with Vietnamese authorities have developed a website detailing specific procedures and forms required for the establishment of a new company in Vietnam

Remittance of Profit Overseas Circular No. 1862010TT-BTC

Circular No. 186/2010/TT-BTC dated 18 November 2010 of the Ministry of Finance provides guidance on the overseas remittance of profit which has arisen from direct investment in Vietnam by foreign organisations and individuals in accordance with the Law on Investment ("Circular 186").

- Circular 186 came into effect on 3 January 2011 and replaced Circular No. 124/2004/TT-BTC dated 23 December 2004 of the Ministry of Finance.
- Circular 186 distinguishes annual transfers from those made when an investment is completed. Annual transfers are those net profits made within a fiscal year which are in accordance with the relevant enterprises' audited statements or CIT declarations. Alternatively transfers upon completion of an investment are the total net profits made from the entire investment minus those already remitted abroad in previous years.
- Circular 186 strictly prohibits the remittance of profits where there is an accumulated loss in an enterprises' audited financial statements as a result of losses which have been carried forward from a previous year.
- A foreign investor either personally, or by delegation by their invested enterprise, must complete a notification of remittance of profits overseas and send the same to the tax office, directly managing the said enterprise, at least 7 days prior to actually conducting the overseas remittance.

Representative Offices and Branches

In accordance with Commercial Law, foreign investors can also set up a resident Representative Office or Branch in Vietnam.

The following regulations are in place regarding Representative Offices and Branches:

- All foreign businesses, which have been in operation for more than a year will be allowed to open representative offices in Vietnam.
- Foreign businesses shall only be entitled to set up a branch in Vietnam with the condition that it has been in operation for at least five years.
- Licenses for representative offices and branches will be valid for five years but may be extended or re-issued upon expiry.
- Branches shall be entitled to do business in accordance with the branch licenses.
- Representative offices and branch staff shall be subject to the relevant tax obligations, in accordance with the laws of Vietnam.
- Branches shall have to follow the accounting regime, as required by the laws of Vietnam. The financial year runs from 01 January to 31 December. Other year-ends can only be used subject to Ministry of Finance approvals.
- Branches are required to report annually to the Ministry of Trade, once a year, on the operational and financial position of the business.
- Representative offices are required to submit annual reports to the provincial Trade Department office.

Opening up to foreign investment

Before and after WTO accession

Since opening up its economy to foreign investment in the late 1980's, Vietnam has experienced dramatic improvements in living standards and the economy in general. This modernisation and economic growth led to a long period of negotiation and finally accession to full WTO membership in 2007.

In the period from 1989 to 2007, the number of foreign invested projects increased significantly, as did the value of the projects. However the growth in number and value of projects jumped dramatically following Vietnam's membership of the WTO.

To comply with conditions of WTO membership, Vietnam passed a range of laws opening up selected markets and industries to foreign investment that were previously restricted. Some of these restrictions were removed with immediate effect, whilst others were to be phased in by 2015.

During 2009, Vietnam continued to pass new laws, decrees and circulars to implement its WTO commitments. For example, the new Law on Intellectual Property (IP) and reform of the criminal code relating to IP infringement addressed many key issues in this sector.

Vietnam moved towards implementing a single rate of tax for all distilled spirits above 20% alcohol content, removing the previous complicated and distorting tax structure, and at the same time the government also reduced the Special Consumption Tax on imported spirits above 20% alcohol from 65% to 45%.

Vietnamese laws were implemented so that in 2009 we saw foreign investors more easily acquiring 100% of the shares or capital of existing Vietnamese enterprises, which was previously restricted or problematic in implementation.

There are, of course, a range of goods excluded from WTO negotiations that have restrictions, are prohibited for importation, have quantity controls, or require a specific permit, such as explosive materials, cigarettes, firecrackers, certain children's toys, military technical equipment and facilities, used motor vehicles and parts, and used consumer goods.

Problems faced

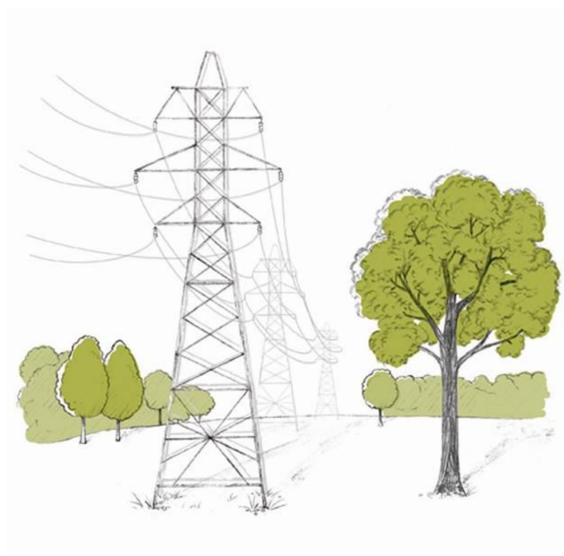
2009 saw the retail and distribution sectors opened to foreign service providers, allowing the establishment of 100% foreign-owned companies in these sectors. However, they remain subject to significant administrative and procedural obstacles at local and central levels. This includes foreign investors being required to satisfy an “Economic Needs Test” (ENT) as a local condition before establishing any additional retail sales outlets. The establishment of foreign companies in the banking sector remains subject to burdensome and lengthy procedures. To date only a limited number of licences have been issued, with additional licenses on hold until a further review of the market is conducted.

Despite Vietnam's accession to the Agreement on Trade Related Aspects of Intellectual Property Rights, protecting and enforcing intellectual property rights still remains a problem in Vietnam.

Some local Departments of Planning and Investment have shown resistance to Vietnamese laws on mergers and acquisitions and in some cases have tried to prevent acquisitions by foreign parties from being made, or have significantly delayed registering such acquisitions despite guidance that they are within the law.

Timeframes for Further Opening up of Selected Sectors under WTO Commitments
Source: WTO

Sector	Date	Discussion
Insurance services	January 2012	Foreign insurance providers entitled to establish non-life insurance branches
Securities services	January 2012	100% foreign invested enterprises permitted to provide stock and asset investment services
Banking	January 2012	Branches of foreign banks to have certain deposit restrictions removed
Maritime Transport	January 2012	Foreign shipping companies permitted to establish 100% foreign owned enterprises
Warehouse and transport agency services	January 2014	100% foreign invested enterprises permitted to operate.
Tourism and travel	by January 2015	Restrictions of foreign investment removed, although foreign invested travel agencies still restricted to inbound tourism
Recreational, cultural and sporting services	January 2012	49% foreign investment permitted in entertainment services (theatres, live bands and circuses)



Taxation

General Overview

Since the commencement of the "Doi Moi" policy in 1986, Vietnam's economy has shifted from being centrally based to a market based economy. The tax system of Vietnam has therefore undergone crucial reforms since that time. In particular since Vietnam obtained memberships of international organisations eg ASEAN (1995) and WTO (2007), we have seen tax policy and tax reform move towards better alignment with international rules and practices, and at the same time improving tax collection and administration.

In 2007, the Law on Tax Administration was first implemented. The Law provides rules on tax administration, management of information, tax collection and enforcement, and has provided guidance in areas previously open to wide interpretation.

Later in 2007 the National Assembly also passed the first Law on Personal Income Tax, covering taxation of all income of individuals in Vietnam for the first time. This Law introduced the concept of personal and family deductions in determining taxable income of individuals.

In 2008, three major tax laws were amended: Corporate Income Tax, Value Added Tax and Special Sales Tax.

All four of these laws were implemented in 2009.

Corporate Income Tax ("CIT")

Entities liable to CIT

Organisations conducting business and earning taxable income are subject to CIT. These include:

- Enterprises established pursuant to the law of Vietnam;
- Foreign enterprises earning income in Vietnam with or without a resident establishment in Vietnam;
- Enterprises established pursuant to the Law on Co-Operatives;
- Professional entities established pursuant to the law of Vietnam; and
- Any other organisation conducting activities of production or business that earns income.

Foreign companies, foreign organisations, and foreigners conducting business in Vietnam other than pursuant to the Law on Enterprises and the Law on Investment or having income sourced in Vietnam are to pay CIT in accordance with the regulations on taxation of foreign contractors.

Corporate Income Tax
Vietnamese Corporate Income Tax applies to all Vietnamese entities, along with foreign entities having income in Vietnam. Caution needs to be exercised to ensure that foreign enterprises understand when they may be subject to CIT even when they don't have a physical presence in Vietnam.

Taxable income

Taxable income includes income earned from production and trading of goods and services.

Other taxable income includes:

- Income from capital transfers and real property transfers;
- Income from transfer, leasing out or liquidation of assets;
- Interest on deposits and loans or income from sales of foreign currency;
- Recoveries from contingency reserves;
- Recoveries from written-off debts;
- Income being debts payable to unidentifiable creditors;
- Income from business which were unreported in previous years; and
- Other income including income from business outside Vietnam.

Basis of tax assessments

Assessable income is calculated as taxable income less tax exempt income, and losses carried forward from prior years.

Taxable income is calculated as gross turnover less deductible business expenses, plus other income.

Income from real property transfers must be separately determined in order to declare and pay tax.

Tax rates

The CIT rate is generally 25%, except for those business establishments conducting prospecting, exploration and mining, which are subject to CIT rates from 32% to 50%.

The amount of CIT payable is equal to the assessable income multiplied by the applicable CIT rate. Where an enterprise has already paid income tax outside Vietnam, the amount of CIT already paid will be credited at a maximum rate not in excess of the total amount of CIT payable.

The CIT rate is generally 25%, except for those business establishments conducting prospecting, exploration and mining, which are subject to CIT rates from 32% to 50%.

Tax incentives

Companies engaged in preferred areas of investment or located in special geographical areas are generally entitled to preferential tax rates, as follows:

- 10% CIT rate for 15 years for new investment projects in an area with especially difficult socio-economic conditions, in economic zones and in high-tech zones; and to new investment projects in the sectors of high technology, scientific research and technological development, investment in development of especially important infrastructure facilities of the State, and production of software products
- 10% CIT rate for the entire operational period is applicable to enterprises operating in the sectors of education and training, occupational training, health care, culture, sport and the environment
- 20% CIT rate for the first 10 years applies to new investment projects in areas with difficult socio-economic conditions
- 20% CIT rate for the entire operational period is applicable to agricultural service co-operatives and to people's credit funds

Aside from the preferential tax rates, qualified projects may also be entitled to tax exemption or fifty percent reduction of CIT for a certain number of years during the incentive period.

Allowable deductions

Taxpayers are allowed to deduct from their taxable income such reasonable and valid business expenses as provided under the law. In general, a business expense will be deductible if it is not in the list of prohibited deductions and satisfies both of the following conditions:

- The expenses actually arose and relates to the business of the enterprise
- The expenses are accompanied by complete invoices and source vouchers as stipulated by law

Losses

Businesses that incur losses after tax finalisation are entitled to carry forward those losses to be offset against the assessable income of future years. Tax losses have a maximum availability of five years before they expire.

Enterprises which incur a loss from real property transfers are only be entitled to carry forward the loss to be offset against assessable income from similar activities.

Tax Losses
Tax losses can be carried forward and utilised by most entities for up to 5 years, and offset against other income.

Tax Incentives
Traditionally a tool used widely by Government agencies to attract investment into Vietnam, the range of tax incentives available has been reduced in recent years. New businesses commencing may have to compete against more established enterprises with long-term legacy incentives but which new entrants cannot access.

Tax declarations and payment

Taxpayers subject to CIT are to file tax declarations and pay taxes on a quarterly and annual basis. The quarterly income tax return is to be filed and taxes paid not later than the 30th day of the following quarter. The annual CIT finalisation return is to be filed and the taxes paid not later than 90 days from the end of the fiscal or calendar year.

Enterprises are to pay tax in the place where it has its main head office. If an enterprise has a "dependent accounting production establishment" in another province or city, then the amount of CIT assessable and payable will be determined in accordance with a ratio of expenses as between the production establishment and the main head office.

Capital assignment tax

Taxable income earned by organisations assigning part of the entire capital investment in a business establishment to other organisations (including sale of an entire enterprise) is subject to the 25% CIT. The tax is imposed on assigned value of the capital less initial value and assignment expenses.

If the foreign transferor is a resident of a country with which Vietnam has an existing tax treaty, the provisions of the tax treaty will prevail.

Transfers of real property

Economic organisations trading goods and services that earn income from the assignment or transfer of property (including assignment of land use rights and assets on the land) will be liable to pay tax at the rate of 25%.

Dividends

Dividends or income distributed from activities being capital contributions, joint ventures or associations with a domestic enterprise after payment of CIT are tax exempt income. No profit remittance tax is imposed.

However, profits can only be remitted on an annual basis.

Interest and royalties

Interest and royalties paid to foreign parties are generally subject to a withholding tax of 10% unless the applicable tax treaty dictates a different rate.

Transfer pricing

Related party transactions must be conducted at arm's length and must comply with the transfer pricing rules and documentation requirements. Parties are related if they hold directly or indirectly at least 20% of the equity or the total property of the other business establishment. The definition of related parties also extends to certain significant suppliers, customer and funding relationships between otherwise unrelated parties such as a business establishment, which directly or indirectly controls more than 50% of the sales turnover (calculated on the basis of each type of product) of the other business establishment.

Vietnam transfer pricing rules generally adopted the revised Organisation for Economic Co-operation and Development (OECD) transfer pricing guidelines and acceptable methods of determining the "arms length principle" such as comparable uncontrolled price, cost plus, resale price, comparable profits and profit split.

Contemporaneous documentation is required to be prepared and maintained. Such documentation is required to be presented to the tax authorities (translated into Vietnamese) within 30 days of receiving a written request. In addition, a declaration is required to be filed together with the CIT return providing details of related transactions and the methodologies adopted.

Science and Technology Development Fund

Vietnamese enterprises are entitled to deduct up to 10% of their annual assessable income to establish a Science and Technology Development Fund ("the Fund").

The enterprise has 5 years to utilise at least 70% of the Fund. Otherwise, the enterprise will pay into the State Budget part of its CIT calculated on the income that was used to establish the Fund and was not entirely used up or was used for a different purpose plus interest arising on such amount of CIT.

Transfer Pricing
Formalisation of the concept of transfer pricing is a recent introduction to the Vietnamese tax regime, and one that presents substantial risks to enterprises operating across borders. Expectations are that stringent enforcement will commence shortly, so it is strongly recommended that all companies look to ensure they are in compliance with transfer pricing regulations

Value Added Tax ("VAT")

Taxpayers

Organisations and individuals producing and trading VAT taxable goods and services in Vietnam, or importing VAT taxable goods or services from foreign countries are liable to pay VAT.

VAT exempt goods and services

Primary categories of goods and services that are not subject to VAT include: products of cultivation, husbandry, aquaculture, seafood and fisheries that have not yet been processed; animal breeding stock and plant varieties including breeding eggs, young animals, seedlings, seeds, sperm, embryos and genetic materials; salt products; transfers of land use rights; life insurance; credit services; securities business activities; assignments of capital; derivative financial services; medical health services and veterinary services including medical examinations; education and vocational training; publications, importation and distribution of newspapers, magazines, specialised newsletters, political books, textbooks and teaching materials.

Other items that are exempt from VAT when imported include: machinery, equipment and materials that are not yet able to be produced domestically and are required for direct use in scientific research and technological development activities; machinery, equipment, replacement parts, specialised means of transportation and materials which are not yet able to be produced domestically and are required to be imported to carry out prospecting, exploration and development of petroleum and natural gas fields; aircraft, drilling platforms and watercraft which are not yet able to be produced domestically and which are required to be imported to form fixed assets of enterprises or are leased from foreign parties for use in production and business or in order to be sub-leased.

Business establishments are not entitled to a credit and refund of input VAT in respect of goods and services used by businesses which are not subject to VAT.

VAT rates

Applicable VAT rates
Source: Circular 129/2008/TT-BTC

Rate	Applicable to
0%	exported goods and services; construction and installation operations of export processing enterprises; goods sold to duty-free shops; international transportation, and to goods and services that are not subject to VAT and that are exported, except for the following: technology transfers and intellectual property transfers to foreign countries; services being reinsurance offshore; credit services, assignment of capital and derivative financial services; post and telecommunications services; and export products being exploited natural resources and mined minerals that have not yet been processed.
5%	areas of the economy considered as essential goods and services, including clean water for manufacturing and for living purposes; fertilisers; ore used for production of fertilisers; pesticides and growth stimulants for animals and crops; feed for cattle, poultry and other animals; fresh food produce; sugar and its by-products; products made from jute, sedge, bamboo, rattan, thatch, coconut fibre, coconut shell, water hyacinth, and other handmade products produced by using agricultural raw materials; semi-processed cotton; newsprint; medical equipment and instruments; medical sanitary cotton and bandages; preventive and curative medicines; and pharmaceutical products and pharmaceutical materials which are the raw materials for producing preventive and curative medicines; scientific and technological services as stipulated in the Law on Science and Technology.
10%	all other goods and services not subject to the 0% and 5% rates.

Methods of calculating VAT

VAT payable is to be calculated by the tax credit method or by calculating tax directly on the basis of added value.

The tax credit method applies to business establishments that fully implement the regime on accounting, invoices and source vouchers as stipulated by law, and register to pay VAT by the tax credit method.

The method of tax calculation based directly on added value only applies to business establishments, foreign organisations and individuals conducting business without a resident establishment in Vietnam, which have income arising in Vietnam and do not implement the regime on accounting, invoices and source documents; and activities of purchasing and selling gold, silver and precious stones.

Credit for input Value Added Tax

Business establishments that pay VAT in accordance with the tax credit method are permitted a credit for input VAT as follows:

- Input VAT levied on goods and services used by businesses subject to VAT is fully credited
- Input VAT levied on goods and services that are used in a business that has elements subject to VAT and elements not subject to VAT, only the amount of input VAT levied on the goods and services used in elements subject to VAT will be credited. Input VAT levied on fixed assets used in both VAT businesses and non-taxable businesses will be fully credited

Upon determination of the tax payable for a month, creditable input VAT arising during such month will be declared and credited. Where the business establishment discovers an amount of VAT which was not deductible upon declaration, due to omission of an invoice or receipt for tax payment which was not declared for credit, it is permitted to make a declaration for an additional credit; the maximum period for the declaration and additional credit is six months from the month dated on the invoice or receipt omitted.

The following conditions must be satisfied to be able to credit the input VAT:

- There is an added value invoice for the purchase of the goods and services or a receipt for payment of VAT at the import stage, and
- There is evidence of payment via a bank for the purchased goods and services, except where the goods and services have a value below VND 20 million

VAT declarations and payment

The monthly value-added tax declaration is to be submitted and tax paid no later than the 20th day of the following month.

Foreign Contractors

Withholding tax for foreign contractors

Foreign corporations doing business in Vietnam or earning income in Vietnam without establishing a legal entity therein are subject to a withholding tax on foreign contractors particularly CIT and VAT.

The tax depends on whether or not the foreign contractors adopt the Vietnamese Accounting System (VAS).

Foreign contractors and foreign sub-contractors adopting the VAS are to pay VAT in accordance with the tax credit method and CIT on the basis of the declaration of turnover and expenses for calculation of taxable income, or pay VAT in accordance with the tax credit method and CIT at a rate as a percentage of turnover.

Foreign contractors and foreign sub-contractors that do not adopt VAS will pay VAT directly on the basis of added value and pay CIT at a rate as a percentage of turnover.

CIT for foreign contractors

For computing the CIT to be withheld, the CIT rate as a percentage of taxable turnover is multiplied by the CIT-taxable turnover. The CIT rates in the following table apply as a percentage of taxable turnover.

Foreign Contractor CIT rates as a percentage of taxable turnover
Source: Circular 134/2008/TT-BTC

Business Activities	CIT rates as % of taxable turnover
Trading: distribution and supply of goods, raw materials, supplies, machinery and equipment associated with services in Vietnam	1%
Services, lease of machinery and equipment, insurance	5%
Construction	2%
Other production or business activities; and transportation (including sea and air transportation)	2%
Leases of aircraft, aircraft engines, aircraft spare parts and ocean going vessels.	2%
Reinsurance	2%
Assignments (transfer) of securities	0.1%
Loan interest	10%
Income from royalties	10%

VAT for foreign contractors

VAT is calculated based on the added value as a percentage of taxable turnover, multiplied by the applicable VAT rate stipulated by the Law on VAT. The rates of added value as a percentage of taxable turnovers are as follows:

Foreign Contractor VAT rates as percentage of taxable turnover
Source: Circular 134/2008/TT-BTC

Business Lines	Rates of added value as % of taxable turnover
Services, machinery and equipment leasing businesses, and insurance contracts	50%
Construction, assembly and installation that includes supplying of materials, machinery and equipment.	30%
Construction, assembly and installation that does not include supplying of materials, machinery and equipment.	50%
Transportation, production and other businesses	30%

Double Tax Agreements

Vietnam has signed nearly 60 Double Tax Agreements (DTA's) with other nations. However, to be applicable the relevant parties must comply with the documentation requirements in order to benefit from the relevant tax treaty terms and conditions.

Preferential treaty provisions prevail over the general tax regulations.

Countries with existing tax treaties with Vietnam include:

Algeria, Australia, Austria, Bangladesh, Belarus, Belgium, Brunei Darussalam, Bulgaria, Canada, China, Cuba, Czech Republic, Denmark, Egypt, Finland, France, Germany, Hungary, Hong Kong, India, Indonesia, Iceland, Ireland, Israel, Italy, Japan, Kuwait, Laos, Luxembourg, Malaysia, Morocco, Mongolia, Myanmar, Netherlands, North Korea, Norway, Oman, Pakistan, Philippines, Poland, Republic of Korea, Romania, Russia, Seychelles, Singapore, Slovakia, Spain, Sri Lanka, Qatar, Sweden, Switzerland, Taiwan, Thailand, Ukraine, United Arab Emirates, United Kingdom, Uzbekistan and Venezuela.

Notably, of Vietnam's major trading partners there is no tax treaty with the United States at present.

Personal Income Tax

The new Law on Personal Income Tax took effect on 1 January 2009. This replaced the previous ordinance and regulations covering Income Tax of High Income Earners in Vietnam.

Taxpayers

Resident individuals are subject to PIT and are taxable on worldwide income, with non-resident individuals being taxed on income arising within Vietnam.

Residency

Any individual is considered a resident for tax purposes if he satisfies one of the following conditions:

- Being present in Vietnam for a period of one hundred and eighty-three (183) days or more within one western calendar year or for twelve (12) consecutive months
- Having a regular residential location in Vietnam in one of the following cases:
  - Having permanent residence recorded in the residence card or temporary residence card, or
  - Having a lease contract of ninety (90) days or more

A non-resident is any individual who does not satisfy the above conditions.

For individual stays in Vietnam of more than 90 days but less than 183 days in a tax year; or in 12 consecutive months from the date of arrival in Vietnam, the individual will be viewed as a Vietnam tax non-resident if the individual can prove that he/she is tax resident of another country.

Taxable income

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

Tax exempt income

Income not subject to tax generally includes: one-off regional transfer allowances for foreigners moving to reside in Vietnam; the cost of one return air ticket paid by the employer for a foreign employee to return home for holiday once per year; employee training fees paid to training centres; school fees of expatriate employees' children paid directly to schools in Vietnam; and the taxable value of employer-provided accommodation being the lower of the actual rental paid and 15% of the employee's gross taxable income (excluding the taxable housing). In addition, income not subject to tax includes: income from real property transfers between certain related parties; income from the transfer of a sole residential house or residential land use right in Vietnam; receipt of an inheritance or gift of real property between certain related parties; interest on money deposited at a bank or credit institutions; income from life insurance policies; foreign currency remitted by overseas Vietnamese; that part of night shift or overtime salary payable that is higher than the day shift or normal working hours salary stipulated by the Labour Code; scholarships; compensation payments from life and non-life insurance contracts and compensation for labour accidents.

Tax rates for residents

The scale of progressive tax rates on business income and salary received by residents is as follows:

Progressive tax rates for resident Individuals on salary and business income
Source: Circular 84/2008/TT-BTC

Tax Bracket	Portion of Annual Assessable Income (VND)	Portion of Monthly Assessable Income (VND)	Tax Rate
1	up to 60 million	up to 5 million	5%
2	from 60 to 120 million	from 5 to 10 million	10%
3	from 120 to 216 million	from 10 to 18 million	15%
4	from 216 to 384 million	from 18 to 32 million	20%
5	from 384 to 624 million	from 32 to 52 million	25%
6	from 624 to 960 million	from 52 to 80 million	30%
7	over 960 million	Over 80 million	35%

Income other than salary and business income received by residents is subject to the following flat tax rates:

Resident Individual Tax rates on other income
Source: Circular 84/2008/TT-BTC

Income source	Tax rate
Income from capital investment (such as dividends and interest)	5%
Income from copyrights and commercial franchising	5%
Income from winnings and prizes	10%
Income from inheritances and gifts	10%
Income from capital transfers	20%
Income from securities transfers	0.1% on transfer price or 20% on capital gain
Income from real estate transfers	2% on transfer price or 25% on capital gain

Assessable income

Assessable income from salaries and wages is total taxable income less the following deductions:

- Insurance premiums for compulsory social insurance and medical insurance and premiums for other insurance that is compulsory pursuant to law
- Deductions for family circumstances
- Deductions for contributions to charitable, humanitarian or study promotional funds ("*charitable funds*")

Deductions for family circumstances comprise the following two components:

- A deduction applicable to all taxpayers of VND 4,000,000 per month (VND 48,000,000 per year)
- A deduction for each dependant of VND 1,600,000 per month

The level of deduction for dependants is determined on the principle that each dependant may only be assessed for deduction on one occasion from taxable income of one taxpayer.

Dependants are individuals whom the taxpayer has the responsibility to rear or care for, and comprise:

- Children, including adopted and illegitimate children, who are still minors; children who are handicapped or unable to work and children currently studying
- Individuals who do not receive income or who receive income that does not exceed VND 500,000 per month including a spouse who is incapable of working; a parent, parent-in-law or stepmother, stepfather who are retired or incapable of working; and any other feeble person including grandparents, brothers-in-law, sisters-in-law, nephews and nieces whom the taxpayer directly rears or cares for

Deductions are allowable for contributions to charitable and humanitarian funds are as follows:

- Contributions to institutions or establishments that raise or care for children in an especially difficult situation, for disabled people, or for elderly feeble people
- Contributions to charitable, humanitarian and study promotional funds

Tax rates for non-residents

Tax rates applicable to non-residents receiving business income are as follows.

Tax rates on business incomes for non-residents
Source: Circular 84/2008/TT-BTC

Business Income	CIT Rates
Gross income from sales of goods	1%
Gross income from services	5%
Gross income from production, construction, transportation and other business activities	2%

Salaries and wages for work done in Vietnam are subject to 20% income tax in Vietnam regardless of where the income is paid. Other incomes are subject to the following rates:

Tax rates on other incomes for non-residents
Source: Circular 84/2008/TT-BTC

Type of Income	CIT Rates
Capital investments (such as dividends and interest)	5%
Royalties and franchises	5%
Winnings and prizes	10%
Inheritance and gifts	10%
Capital transfers*	0.1%
Transfers of real property*	2%

** based upon transfer value, not profit*

Income subject to withholding tax

The following types of income are subject to withholding tax at source:

- Income of non-resident individuals
- Income of resident individuals being:
  - salary
  - income from capital investments
  - income from capital transfers and from transfers of securities
  - all types of prizes
  - income from copyright (royalties)
  - income from franchising

Tax declarations and payment

Income paying organisations making payments of income subject to withholding tax are required to make monthly tax declarations not later than the 20th day of every month. If an income paying body deducts lower than VND 5 million, it can make the tax declaration on a quarterly basis not later than the 30th day of the first month of the following quarter. The total income withheld must be finalised not later than 90 days after the end of the western calendar year.

Business individuals who comply with the accounting regime for invoices and source documents must submit provisional quarterly declarations not later than the 30th day of the first month of the following quarter and submit the annual finalisation declaration not later than the 90th day after the end of the western calendar year.

The following individuals earning salary are required to submit a monthly declaration not later than the 20th day of the following month:

- An individual receiving income being salary paid by an entity located in a foreign country
- A Vietnamese individual with income being salary paid by an international organisation, embassy or consulate in Vietnam

Tax finalisation, on the other hand, is applicable to individuals with income being a salary in the following cases:

- Where the amount of tax payable in the year is greater than the amount already deducted or provisionally paid in the year, or tax obligations that arise throughout the year for which deductions or provisional payments have not yet been made
- Where the taxpayer requests a tax refund or an offset of tax in the following period
- Where a resident individual being a foreigner upon termination of his or her contract to work in Vietnam and before exiting Vietnam

Taxes due based on the declarations must be paid not later than the deadline for filing the declarations.

Other taxes

Registration Fees

The following are exempt from registration fees: residential houses and residential land of poor households; residential houses and residential land of ethnic minority people in communes, wards and townships in areas with difficult conditions; and inland watercraft (including fishing boats) with total engine deadweight under 15 tons, watercraft with total main engine capacity under 15 horsepower, and watercraft with capacity to carry less than twelve (12) people. Registration fees are calculated as a percentage of the value of the asset as follows:

Registration fees
Source: Circular 95/2005/TT–BTC and Circular 02/2007/TT-BTC

Assets	Rates
Land and housing	0.5%
Ships and boats	1%
Deep-sea fishing boats	0.5%
Motorcycles	1% to 5%
Passenger vehicles with less than 10 seats	15%
Other vehicles (including semi-trailers and farm vehicles) that are not passenger vehicles with less than 10 seats and which are not specialised vehicles	2%
Shotguns and sports guns	2%

The maximum registration fee is VND 500 million per single asset, except for passenger vehicles with less than 10 seats. Buildings for production or business are calculated in general as one building within the precinct of a single production and business establishment.

Export duties

Export is encouraged and thus, most goods and services exported are exempt from tax. Export duties are only charged on a limited range of items. For example mineral resources, forest products and scrap metal. Export duty rates of these items range from 0% to 45%. The rates are specified in the Export Tariff List promulgated by the Ministry of Finance. Exported gold will be subject to export rate of 10% from 2011.

Import duties

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

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

The following goods are not subject to import duties:

- Goods transited and transported by mode of border gate trans-shipment through Vietnam's border gates or border under the customs law
- Humanitarian aid goods
- Goods imported from abroad into non-tariff zones and only used therein
- Goods brought from one non-tariff zone to another

Import tax rates include preferential tax rates, particularly-preferential tax rates and ordinary tax rates. Preferential tax rates are applicable to imports originating from countries or groups of countries or territories that grant most-favoured-nation treatment in trade relations with Vietnam. Taxpayers declare the origin of goods themselves and are held responsible for declarations regarding the origin of goods. Particularly-preferential tax rates are individually specified for each item covered by decisions released by the Minister of Finance. Ordinary tax rates are applicable to imports originating from countries, groups of countries or territories that do not grant most-favoured-nation treatment or special import tax preferences to Vietnam. The ordinary tax rate is equal to 150% of the preferential tax rate.

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

Special Sales Tax ("SST")

Goods generally subject to SST include: cigarettes, cigars and other products processed from tobacco; spirits and beer; passenger vehicles of less than 24 seats; two-wheel motor vehicles with a cylinder capacity above 125cm3; aircraft and yachts; various types of petrol; air-conditioners with a capacity of 90,000 BTU or less and playing cards.

Businesses subject to SST include: dancehalls; massage lounges and karaoke parlours; slot machines and other similar types of machines; betting businesses; golf and lotteries.

The amount of SST payable is equal to the taxable price multiplied by the SST rate, which ranges from 10% to 70% depending on the taxable goods or services.

The SST taxable price must be calculated in Vietnamese Dong. A taxpayer having turnover in a foreign currency must convert it into Vietnamese Dong at the average trading rate on the inter-bank foreign currency market as announced by the State Bank of Vietnam on the date when such turnover arose, for the purposes of determining the SST taxable price. In the case of imported goods, the conversion of foreign currencies into Vietnamese Dong to fix the taxable price is to be conducted in accordance with the law on import and export duties.

Special Sales tax
Special sales taxes are applied to goods that are deemed to be a luxury or an indulgence. The make-up of the list of goods and services subject to the tax is often controversial, as are the rates applied, especially for common items such as household air-conditioners.

Natural Resources Tax

All organisations and individuals engaged in exploiting or mining natural resources in compliance with the laws of Vietnam, irrespective of their industry, scope and operational form, are liable to register, declare and pay royalties.

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

The taxable value of a resource is the selling price of each item or unit of resource at the place of mining in accordance with the principle of market price. The royalty rates vary from 0% to 40%.

Exemptions or reductions in royalty taxes include offshore fishing by high-capacity vessels; natural water used for generation of hydropower that is not fed into the national power grid; and soil or combined soil products for ground levelling or construction works.

Tax Administration

Tax registration

The following entities are required to register for taxation purposes:

- Business organisations, households and individuals
- Individuals who have income liable to personal income tax
- Organisations and individuals responsible for withholding and paying taxes on taxpayers' behalf.
- Other organisations and individuals defined by the tax law

Deadline for registration

Tax registrants are required to undertake tax registration within 10 working days after:

- They are granted business registration certificates or establishment and operational licenses or investment certificates;
- They commence their business operations. For organisations not subject to business registration, or households and individuals subject to business registration but having not been granted business registration certificates;
- Responsibility for withholding and paying taxes on taxpayers' behalf arises;
- Personal income tax liability arises; or
- A claim for a tax refund is made.

If taxpayers conduct their own tax calculations, the deadline for tax payment is the last day of the time limit for submission of tax declaration dossiers. However, if tax administration agencies conduct tax calculation or tax assessment, the time limit for tax payment is stated in the notices of the tax administration agencies.

Tax inspections

Tax inspections can be conducted on a regular basis but no more than once a year. Tax inspection durations must not exceed thirty days from the date of notification of the tax inspection decision; however these may be extended for an additional period not exceeding thirty days.

Penalties for tax violations

A taxpayer who pays tax later than the deadline is to pay the full tax amount plus a fine equal to 0.05% of the tax amount for each day the payment is late.

Taxpayers that make incorrect declarations, thereby reducing taxes payable or increasing refundable tax amounts are to pay the full amount of the under-declared tax or return the excess refund, and will also pay a fine equal to 10% of the under-declared or excess refunded tax amounts together with a fine for late payment of the tax.

A taxpayer that commits acts of tax evasion or tax fraud is liable to pay the full amount of tax according to regulations and a fine will be imposed of between one and three times the evaded tax amount.

Statute of Limitations

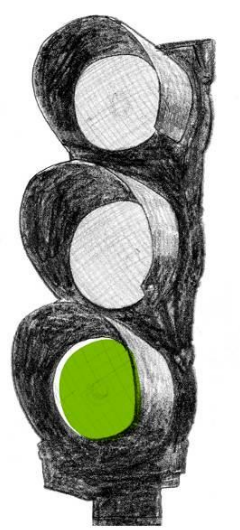
The Law on Tax Administration provides that the statute of limitations for tax penalty is as follows:

- Violation of tax procedures – two years from the date the act of violation is committed
- Tax evasion or tax fraud, acts of late tax payment and declaration of inadequate amount – five years from the date the act of violation is committed.

Past the statute of limitations, the taxpayer will still be liable for the unpaid taxes but no longer for penalties and interest.

Deadlines for submission of tax declaration dossiers and payment of taxes
Source: Circular 60/2007/TT-BTC

Declaration / Document	Deadline
Monthly tax declaration dossiers	20th day of the following month
Annual tax declaration dossiers	30th day of the first month of the new financial year
Quarterly declaration dossiers	30th day of the following quarter
Annual tax finalisation dossiers	90th day from the end of the financial year
For taxes that are declared and paid per each time a liability arises	10th day from the date the tax each liability arises
Termination of contracts or operations, corporate reorganisation or transformation of corporate ownership	45th day from the date of termination of the contract or operations, corporate reorganisation or transformation of ownership



Labour

Wages

The legal minimum wage for unskilled workers from 1 January 2011, depending upon location of employment, ranges from VND 830,000 to VND 1,350,000 per person per month for local companies and from VND 1,100,000 to VND 1,550,000 per person per month for foreign invested companies.

Employees who work overtime are entitled to additional wages. The normal overtime rate must be at least 150% of the standard rate. On scheduled days off the overtime rate must be at least 200% of the standard rate and for public holidays the overtime rate is 300% of the standard rate.

Social security

A compulsory social insurance scheme applies to all enterprises, bodies and organisations that employ employees under labour contracts with a definite term of over three months and for labour contracts with indefinite terms. Employers and employees must pay contributions to the State Social Insurance Fund equal to 16% of gross income by the employer and 6% by the employee.

The Fund covers the employees' benefits during sick leave, maternity leave, retirement, allowances for work-related accidents and occupational diseases, and survivors' benefits. The ceiling level for social insurance is 20 times the Government's minimum wage, which is currently VND 830,000 per month.

In addition, employers and employees are required to contribute to the State Health Insurance Fund to partially cover health care benefits. The contributions currently constitute 4.5% of gross income, with 3% being the responsibility of the employer and 1.5% the responsibility of the employee. Unlike the other social contributions, the health care contribution requirements also apply to expatriate employees.

Pensions

Monthly pensions are provided from the Social Insurance Fund where an individual has contributed social insurance for more than 20 years and when they reach 60 years of age for men, or 55 years of age for women.

Unemployment Insurance

The unemployed are entitled to three months unemployment benefits if they have paid between 12 and 36 months of unemployment insurance; six months of benefits if they have paid 36 to 72 months insurance and nine months of benefits if they have paid 72 months to 144 months of unemployment insurance. Ex-employees will be paid an unemployment allowance for one year if they have paid over 144 months of unemployment insurance. The allowance is up to 60 percent of the persons' previous average of 6 previous month's salary.

Funding for the unemployment insurance comes from the State, enterprises and labourers. Employees, employers and the state each contribute an amount equal to 1% of the employee's monthly salary to an unemployment insurance fund.

Employment Benefits

Public holidays

Please refer to Page 7 for details of public holidays in Vietnam.

Sick pay

The Social Insurance Fund covers sick-leave allowances for employees and also for female employees taking care of their sick children. The maximum time granted per year for sick leave is 30 days (in most industries and professions), with 15 days permitted for taking care of sick children. The allowance granted in lieu of salary is equal to 75% of the salary.

Workers' compensation

Workers suffering labour accidents or work related diseases are entitled to an allowance equal to 100% of their salary during the initial treatment period. Employers will be responsible for the allowance and all the examination and treatment expenses. After the conclusion of the treatment, the worker will receive further allowances from the Social Insurance Fund based on the degree of disability and illness.

If a worker dies as a result of work related injury or disease, his family will be entitled to death benefits covered by Social Insurance Fund. Employers have an additional obligation to pay compensation representing at least 30 months salary to workers who suffer a reduction of more than 81% of their labour capacity, or they must pay an equivalent amount to the close relatives of a worker who dies as a result of a labour accident or disease not caused by his own negligence. In cases where the injury or death of the worker is due to their own fault, the labourer will still receive an allowance equalling at least 12 months salary.

Health care

Basic health care is covered by the Social Insurance Fund. However, private schemes are becoming more popular especially amongst foreign employers.

Annual Leave

Employees who have been employed for 12 months are provided with a minimum of 12 days of paid annual leave (vacation) per year.

Trade unions

All companies, whether Vietnamese or foreign, must permit their staff to form trade unions. Disputes between employers and employees should be resolved through negotiations. If a resolution is not reached then the Ministry of Labour, War Invalids and Social Affairs or Labour Tribunal may be asked to intervene to settle the dispute.

Foreign employers are required to contribute 1% of total salary expenses into a union fund.

Termination

Both employer and employee may unilaterally terminate a labour contract in certain circumstances specified in the Labour Code, but must give 45 days notice in respect of indefinite term contracts, 30 days notice in respect of definite term contracts and three days notice in respect of seasonal contracts. In some cases, the employer is required to discuss the termination and reach an agreement with the executive committee of the trade union.

Personnel limitations – foreign employees

Where employment positions require specialist skills or senior management responsibilities that Vietnamese cannot fill, organisations are authorised to recruit foreigners to fill that position. However, the employer must have a plan or programme of training to enable a Vietnamese national to take over the job and replace the foreigner at a point in the future. For most positions, foreign employees must provide original copies of relevant educational qualifications in order to obtain a work permit.

Minimum monthly employee salaries (gross)

Region	Minimum Wage		Social Insurance	Health Insurance
	Local	Foreign		
Hanoi, HCMC and urban districts of Binh Duong, Dong Nai and Ba Ria – Vung Tau Province	VND 1,350,000	VND 1,550,000	16%	3%
Other districts of Hanoi, plus Danang, Can Tho City and Long An Province	VND 1,200,000	VND 1,350,000	16%	3%
All remaining rural areas of Hanoi plus rural districts of Dong Nai and Binh Duong Province	VND 1,050,000	VND 1,170,000	16%	3%
Other areas	VND 830,000	VND 1,100,000	16%	3%

1. Maximum 20 times minimum wage

2. Not applicable to foreign employees

Banking and Capital Markets

Banking System

Vietnam's banking system was divided into a two-tier structure in 1988 when the State Bank of Vietnam (SBV) assumed the regulatory and supervisory roles for the banking sector, with commercial activities shifting to credit institutions.

The SBV acts as both the Central Bank and as a Government Agency of the Socialist Republic of Vietnam. Operating under the tight direction of the Government, the SBV is subject to the Government's or the Prime Minister's approval for key areas of operation.

Since dividing into a two-level system, the Vietnam banking system has expanded rapidly, with annual total asset growth of more than 20% and total assets of around US$80 billion. The average annual deposit growth rate over the past six years has been around 40%, although the rate of growth of deposits in 2009 was substantially lower.

Vietnam's credit institutions comprise state-owned commercial banks (SOCBs), joint-stock commercial banks, joint-venture banks, 100% foreign-owned banks, branches of foreign banks, credit cooperatives, finance leasing companies and finance companies.

Four SOCBs dominate the domestic banking sector; the Bank for Foreign Trade of Vietnam (*Vietcombank*); the Vietnam Joint Stock Commercial Bank for Industry and Trade (*Vietinbank*); the Bank for Investment and Development of Vietnam (*BIDV*); and the Vietnam Bank for Agriculture and Rural Development (*Agribank*).

The SOCBs currently account for around 50% of total banking system assets; however the domination of these banks has been on a significant downward trend. In 2002, the SOCBs offered 75% of total credit; in 2008 they represented less than 60% of the total credit to the economy.

Thirty-eight joint-stock banks account for approximately 22% market share. They, together with foreign banks, are the market leaders in the retail segment and for the application of technology in their operations. Most joint-stock commercial banks were initially capitalised at low levels. However in 2008 all joint-stock banks increased their capital to a minimum of VND 1,000 billion (US$60 million) to meet revised legal capital requirements. By the end of 2010, banks have been required to have a registered capital of at least VND 3,000 billion or approximately US$180 million.

Over the last two years, foreign banks have expanded their presence in Vietnam. There are more than 33 foreign bank branches; five joint-venture banks, and five 100% foreign-owned banks in accordance with Vietnam's WTO commitments (HSBC, Standard Chartered Bank, ANZ Bank, Shinha Bank-Korean Bank and Hong Leong Bank Berhad-Malaysia Bank). Further, there are nine non-bank credit institutions and 54 representative offices from 22 countries and territories. Reports suggest that more than 20 other foreign banks are waiting for 100% foreign-owned banking licenses in order to operate in Vietnam.

Current legislation states that the total foreign share holdings in local Vietnamese banks is not to exceed 30%. Within this limit the maximum share holding permitted to a foreign bank as a strategic partner is 15% (which can be increased to 20% with the approval of the Prime Minister), while a non-bank investor that is not a strategic investor can own 5%.

Banks in Vietnam
From a low base, the banking system continues to expand at a rapid rate. Despite GDP growth of just under 6% in 2009, lending growth in Vietnam during the year exceeded 38%.

Since early 2000, a comprehensive reform and restructuring programme of the banking sector has been under way. The goals of this programme are to ensure the efficiency and stability of the banking system; to expand banking services and to restructure state-owned commercial banks and joint-stock commercial banks. The reform programme is focused on four key areas: the introduction of international banking standards to banking management and activities; active liberalisation of the banking sector; improvement of the regulatory framework and enhancement of transparency.

As a part of the restructuring programme, Vietcombank and Vietinbank were equitised in 2007 and 2008. The government still owns 100% of BIDV and Agribank, together with the smaller Mekong Housing Bank, Vietnam Development Bank and Vietnam Bank for Social Policies – the latter two being policy banks. Post-equitisation, the government currently holds 91% of Vietcombank and 89% of Vietinbank.

While the banking industry has been rapidly developing, Vietnam is still a largely cash-based society. This is evidenced through the fact that only about 17% of Vietnam's population of 86+ million held bank accounts as at the end of 2008, up from 10% in 2007, with even fewer holding ATM cards.

Deposit insurance in Vietnam was introduced in 2000. Under this regulation, banks are required to participate in the deposit insurance scheme run by the Deposit Insurance Corporation. The maximum insured amount is VND 50 million per account, per individual, per bank.

Legal treatment

Under the current regulations, credit institutions are permitted to provide a wide range of products and services from traditional banking to fund management or securities services. In practice, due to licensing restrictions, the non-traditional banking services are generally provided by banks through separate legal entities.

Although there are still differences in the legal treatment given to the foreign credit institutions and domestic credit institutions, under the WTO commitments, Vietnam has committed to levelling the playing field for both domestic and foreign credit institutions.

Under the WTO's commitment, Vietnam has allowed the establishment of 100% foreign-owned banks since 1 April 2007, although the first 100% foreign-owned bank did not start formally operating until 1 January 2009. The scope of operations of foreign banks in Vietnam will be progressively expanded in line with the Vietnam's WTO and other international commitments, and will be the same as for domestic credit institutions by 2011.

Capital markets

The Vietnam securities markets are monitored and regulated by the State Securities Commission. The Ho Chi Minh City Securities Trading Centre (HOSTC) was first to be opened in July 2000. Five years later, in an effort to establish a new market for trading securities of small and medium enterprises, the Hanoi Securities Trading Centre (HASTC) was inaugurated in March 2005. All bond transactions are traded on HASTC. In July 2007, HOSTC was upgraded to a full stock exchange and renamed Ho Chi Minh City Stock Exchange (HOSE). In January 2009, HASTC was also upgraded to stock exchange level and renamed Hanoi Stock Exchange (HNX).

The market for unlisted public companies, UPCoM which was established in June 2009, aims to narrow transactions on the free market, improve information transparency of companies and reduce risks for investors.

The total capitalisation of Vietnam's listed securities markets has risen to US$ 35 billion (50% of GDP) as at December 2010. At 30 December 2008 the total capitalisation was only US$12.7 billion, 17.44% of GDP, only one third of that in 2010.

The HOSE index decreased by 7% and HNX index decreased more than 37% in 2010. The average market price earnings ratio was more than 11 as at December 2010, compared with 14 at the end of 2009.

Currently, there are 692 enterprises listed on both markets, 107 enterprises listed on UPCoM, 105 securities companies (brokers) and 47 investment management companies operating in Vietnam.

The number of stock investors has also increased sharply. By the end of 2010, the number of trading accounts reached nearly 926,000, much higher than the 3,000 recorded in late 2000. Of this total, the number of trading accounts held by foreign investors increased to 14,000; four times that of 2006.

Under the current regulations, foreign investors may hold up to 49% of the charter capital of a listed company (other than banks). The holding of fixed-income securities is not subject to any restriction. The Government is considering loosening these caps to promote market liquidity.

Under WTO commitments, the 30% foreign equity limitation for shareholdings in Vietnamese companies was removed in 2007, with the exception of credit institutions.

All securities transactions in Vietnam must be conducted in Vietnam Dong. In order to sell and buy securities of listed enterprises, foreign investors must trade through a specialised Vietnam Dong account opened with a securities company.

Financial Reporting and Audit

Overview

Accounting and auditing practice in Vietnam has dramatically improved in recent years assisted by the establishment of professional bodies, the increase in the number of accounting firms and the development of laws and regulations.

The governing function of the accounting and auditing profession was managed by the Ministry of Finance (MoF) until the establishment of the Vietnam Association of Certified Public Accountants (VACPA) in 2005. Functions relating to the management of the accounting profession are now managed by the Vietnam Association of Accountants and Auditors (VAA) and the functions relating to the management of the auditing profession by VACPA.

However, the transferred functions are mainly for:

- Continuing professional education for members
- Controlling memberships and approving practising conditions for members
- Performing quality control reviews of accounting and auditing firms in coordination with the MoF
- Taking part in the organisation of CPA examinations

The functions relating to granting accountants and auditors' certificates, and issuing accounting and auditing standards are still under the control of the MoF, although there are plans to delegate these in the near future.

Financial reporting

Laws and regulations

There are 26 Vietnamese Accounting Standards. A draft Circular covering the release of 7 new Vietnamese Accounting Standards, replacing 6 Vietnamese Accounting Standards that are expiring on 1 January 2012, was issued by the MoF some time ago. As at the date of this document, these new standards are yet to be enacted.

New standards are developed on the basis of the International Financial Reporting Standards issued by the International Federation of Accountants, in harmony with the development of Vietnam's economy, legislation and accounting practice. Detailed guidance on the implementation of standards is issued by the MoF as the issuance of the standards progresses.

In addition, several decisions and circulars have been issued to regulate and provide detailed guidance on accounting treatment and reporting requirements for local and foreign invested business entities, small and medium sized companies and for some special industries such as banking and financial institutions, insurance companies, fund management companies, investment funds and securities companies. The form of financial statements, chart of accounts, account books and accounting documents are also stipulated by these decisions and circulars.

All companies and corporations are required to comply with the Vietnamese Accounting Standards and Systems. Any deviation from Vietnamese Accounting Standards and Systems need to be registered with the Ministry of Finance for written consent.

Accounting Standards
There are 26 Vietnamese Accounting Standards issued at present, with no new standards issued since 2005. There have been announcements of a programme to review and reissue Vietnamese Accounting Standards in the coming years so that they more closely align with IFRS.

The MoF issued guidelines for foreign invested business entities to provide assistance with the implementation of the Vietnamese accounting systems. Included in these guidelines are accounting documentation policies, chart of accounts, accounting books system and financial statements. These guidelines apply to:

- Enterprises with FDI; the foreign parties to business cooperation under the Law on Foreign Investment in Vietnam
- Foreign invested enterprises and organisations not operating under the Foreign Investment Law such as Vietnam-based resident establishments of foreign companies; branches of foreign lawyers' organisations in Vietnam operating under the regulation on legal consultancy practice by foreign lawyers' organisations in Vietnam (lawyer branches); trade branches; organisations and individuals conducting activities of petroleum prospecting, exploration and/or exploitation under the petroleum law; and other foreign organisations as well as individuals conducting business activities in Vietnam not in forms of investment prescribed in the Law on Foreign Investment in Vietnam
- Companies must apply the chart of accounts specified by the MoF, and are only entitled to change/add selected accounts.

Fundamental requirements in accounting and financial reporting

The Law on Accounting stipulates that the financial statements of the enterprises established in Vietnam should be prepared in accordance with the following fundamental requirements:

- Framework: Vietnamese Accounting Standards and System (VASs)
- Financial year: Year ending 31 December
- Language: Vietnamese
- Reporting currency: VND

Fundamental Requirements	
Framework:	Vietnamese Accounting Standards and Systems
Financial year:	1 January to 31 December
Language:	Vietnamese
Reporting currency:	Vietnam Dong (VND)

Any departures from these requirements must be registered with the Ministry of Finance and written consent received.

Filing and submission of statutory financial statements

The submission of the statutory financial statements and auditors' reports thereon (if applicable) to various Ministries and Departments of the Government is required within 90 days from the end of each financial year.

Auditing

Laws and regulations

Currently, there is no legal document equivalent to a Law governing the auditing practice in Vietnam. All auditing activities in Vietnam should follow Vietnamese Standards on Auditing (VSAs) issued by the MoF and International Standards on Auditing (issued by IFAC) accepted in Vietnam.

Statutory audits in Vietnam are performed in accordance with Vietnamese Standards on Auditing or with International Standards on Auditing accepted in Vietnam. Vietnamese Standards on Auditing and detailed guidance thereon have been issued.

The Regulations on Quality Controls for Accounting and Auditing Services were also issued by the MoF in May 2007.

Statutory audit

In accordance with current Vietnamese laws and regulations, the following entities are required to have their financial statements audited by an independent auditing firm annually: all foreign invested entities, banks, credit institutions and development funds, financial institutions and insurance companies, listed companies, state owned enterprises, category "A" projects.

Auditing Firms

There are currently 154 licensed auditing firms operating in Vietnam, including 25 approved by the SSC to audit listed companies.

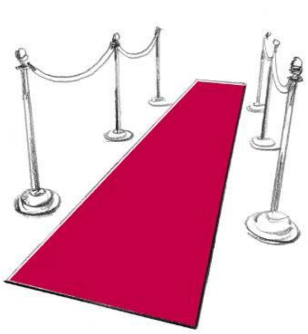
Grant Thornton Vietnam is both a licensed audit firm and is an approved firm for auditing listed companies.

Grant Thornton in Vietnam

Grant Thornton Vietnam

Grant Thornton Vietnam, an independent member within Grant Thornton International and a wholly foreign-owned company, was established in 1993 as the second international firm to operate in audit and business advisory services in Vietnam. We have offices in both Hanoi and Ho Chi Minh City. Our mission is "To be the leading service provider in the Greater Mekong region, providing distinctive client service and bold leadership through empowered people".

Whether we are acting as independent auditors, advising on funding a business, looking into tax issues, or restructuring a business, meeting our Clients' objectives and their expectations, through practical solutions based on our practice values of integrity, reliability and personal attention, is our aim.



Assurance

In today's ever-changing business climate, effective management of resources and speedy access to information are crucial. Our approach to assurance services is focused on enhancing the value of our audit services to businesses and business owners, ensuring the integrity of financial information and helping to reduce compliance costs. Clients benefit from our proprietary audit software to deliver a cost-effective, risk-based, paperless audit.

We provide assurance services to:

- Public companies;
- Foreign invested companies;
- Locally owned business;
- Non Governmental Organisation and donor funded projects.

Advisory Services

Our Advisory Services team can help you achieve your objectives by developing effective plans and strategies relevant to your business goals. Whether you are seeking to acquire a business, looking to expand, making new investments, undertaking a financial restructuring in a turnaround phase or seeking to divest, our extensive range of services including; Lead Advisory, Transaction Support, Business Valuation, Equitisation Consulting, Listing Preparation, Business Improvement, Restructuring, Project Finance and Succession Planning will be of benefit to you.

With careful planning and co-ordination, we will not only help you make sure your business thrives – we will ensure that the chosen strategy is "right" for your business and that you get the best value.

Tax Services

Our committed tax professionals can maximise your earnings by combining a comprehensive knowledge of tax regulations and the capacity to plan creatively to reduce your taxes.

We help corporate Clients structure their investments in Vietnam and assist those operating internationally to capitalise on the lowest effective tax rates across multiple jurisdictions. For expatriate and local personnel, we can recommend tax-effective salary packages and advise on offshore solutions. We also help you deal with the tax authorities and provide regular tax updates, training and seminars.

Business Risk Services

Grant Thornton offers a broad range of Business Risk Services that stand out because we focus on turning compliance obligations, risk concerns and performance questions into opportunities for business improvement.

We work with you to understand your business and the risks to which you are exposed. We detect inefficiencies in existing processes, control systems and technological capabilities and then create sound strategies to mitigate your risk and improve the efficiency of your operations.

While the specific findings, recommendations and deliverables are unique for each and every client, our team can provide you with an objective, unbiased and comprehensive view of your situation, and help you address any issues identified.

Contacts

Further Information
If you require further information or assistance with any aspect of commencing, acquiring or doing business in Vietnam, please contact us using the details provided. We are always available for an introductory meeting to see how Grant Thornton can assist you, or to simply provide an insight in doing business in Vietnam.

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Downloads
For additional downloads and technical information about doing business in Vietnam visit:
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