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Doing business in Vietnam

2026

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Foreword

Vietnam concluded 2025 with a GDP growth rate of 8.02%, among the strongest in the region, despite a challenging global environment marked by geopolitical tensions in the Middle East, disrupted trade routes, evolving U.S. tariff measures, and persistent cost pressures. The strong performance was underpinned by resilient exports, robust foreign investment, accelerated public investment, and sound macroeconomic fundamentals. More importantly, the year demonstrated Vietnam's ability not only to navigate external headwinds, but also to strengthen its foundations for the next phase of growth.

2026 marks the beginning of a new development phase towards 2030, with Vietnam pursuing a more ambitious economic agenda. The focus is increasingly shifting from the pace of growth to its quality, with greater emphasis on productivity, innovation, and higher-value participation in global value chains. This transition is being reinforced by mounting global uncertainties, tighter trade regulations, and intensifying competitive pressures, which further underscore the urgency of economic upgrading and institutional reform.

For investors, this means Vietnam remains an attractive destination for both familiar and evolving reasons. The country continues to offer a stable economic environment, export advantages, a large and young workforce, and broad market access through deep integration into global trade networks. At the same time, Vietnam is actively building on these established strengths to create a higher-value investment environment. Alongside far-reaching institutional reforms to modernise governance and improve regulatory effectiveness, the country is prioritising strategic industries, investing in talent development, and fostering innovation to strengthen the its long-term competitiveness.

This transformation is also reflected in an active regulatory agenda throughout 2025. New laws and amendments introduced changes across investment, taxation, and business compliance. While these developments create new considerations for investors, they also reflect Vietnam's continued efforts to build a more transparent, efficient, and internationally aligned business environment.

It is in this context that Doing Business in Vietnam 2026 has been prepared. We hope this guide provides practical insight to help investors and businesses navigate change, identify opportunities, and participate in Vietnam's next phase of development.

Nguyen Chi Trung

Chairman & CEO

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

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

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

Contact information

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

Country profile

Government and administrative reform

Vietnam is a Socialist Republic under the leadership of the Communist Party of Vietnam (CPV). The CPV plays the central role in shaping national policy direction, contributing to a generally stable political and policy environment for investors.

The four key roles

Party

General Secretary

Sets the overall political and strategic direction

Legislature

National Assembly

Exercises legislative authority and passes laws

State

State President

Represents the State and oversees foreign affairs

Government

Prime Minister

Leads executive and economic administration

The ongoing administrative restructuring and governance reform since 2025

2025 governance reform results

- Vietnam reduced first-level administrative units from **63 to 34** (−46%), abolished the district level authorities, and cut commune-level units by 67%.
- Under Resolution No. 30/2026/QH16 (30 April 2026), Dong Nai became Vietnam's seventh centrally-run city, while Quang Ninh and Bac Ninh provinces received in-principle approval to pursue the same status under Conclusion No. 20-KL/TW (7 April 2026) and Conclusion No. 52-KL/TW (20 June 2026), respectively.
- The reform streamlined the state apparatus by reducing 5 ministries and ministerial-level agencies, 3 government agencies, all 30 general departments, and thousands of subordinate units.
- The restructuring is estimated to save VND 39 trillion annually.

Administrative reform and e-governance adoption

▼3,466 Administrative procedures

▼1,754 Business conditions

▼53% Processing time

▼54.6% Compliance costs

91.74% Dossiers filed online, of 42M total

Source: National Statistics Office (NSO), Vietnam Government Portal (VGP), Communist Party of Vietnam Portal

Economic fundamentals

Macroeconomic overview

GDP growth (2025)
8.02%

Economic composition (2025)

- Agriculture, forestry and fisheries 11.64%
- Service 42.75%
- Industry and construction 37.65%
- Product tax minus product subsidies 7.96%

USD 514 bn
Scale of GDP (2025)

USD 5,026
GDP per capita (2025)

Upper-middle
Income class (World Bank, 2025)

3.31%
Average CPI growth (2025)

International trade

Total trade turnover (2025)
USD 930.05 bn
▲18.2% year-on-year

Free Trade Agreements (FTA)
17 FTAs
Covering 60+ markets

Exports

Top export products
1. Computers, electronical products & parts
2. Machinery, instrument & accessory
3. Telephones and parts

Top export markets
U.S. | China | EU

Imports

Top import products
1. Computers, electronical products & parts
2. Machinery, instrument & accessory
3. Textile fabrics

Top import markets
China | South Korea | ASEAN

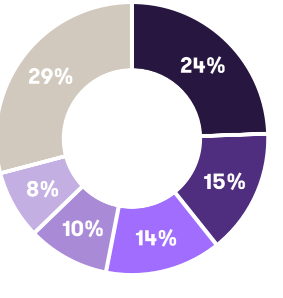
Foreign direct investment (FDI)

Total registered FDI (2025)	Disbursed FDI (2025)	Cumulative registered FDI (1988-2025)
USD 38.42 bn	**USD 27.62 bn**	**USD 529.6 bn**

Top invested sectors (2025)

1. Manufacturing and processing
2. Real estate
3. Electricity production and distribution

Top sources of FDI (2025)



- Singapore
- China
- South Korea
- Japan
- Hong Kong
- Others

Source: NSO, Foreign Investment Agency (FIA)

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Demographic and labour profile

Demographic

Total population (2025)

102.3 million

Ranked 3rd in Southeast Asia and 16th globally by population

Gender split 2025

Female	Male
50.1%	49.9%

Urban and rural population 2025

Urban	Rural
38.6%	61.4%

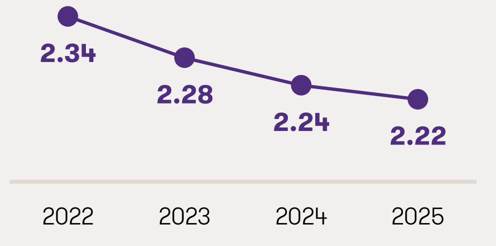
Labour force

Labor force (2025)

53.5 million

- Labour force participant rate: **68.6%**
- Trained labour rate: **29.2%**
- Youth unemployment rate: **8.64%**

Unemployment rate 2022-2025 (%)



Cost of living

Average wage per month (2025)

VND 8.4 million

Approx. USD 322.21

Urban area
VND 10.1 million
Approx. USD 387.42

Rural area
VND 7.3 million
Approx. USD 280.01

Minimum wage per month by regions (Effective January 2026)

Region I	VND 5.310 million (~ USD 203.68)	Major urban centers and large industrial zones with the highest cost of living
Region II	VND 4.740 million (~ USD 180.81)	Satellite towns, districts and industrial zones surrounding Region I areas
Region III	VND 4.140 million (~ USD 158.80)	Towns, districts or provinces with an average standard of living
Region IV	VND 3.700 million (~ USD 141.92)	Remote and rural communes or areas with the most difficult economic conditions

Exchange rate as at 16 July 2026

Source: National Statistics Office (NSO), Vietnam Government Portal (VGP)

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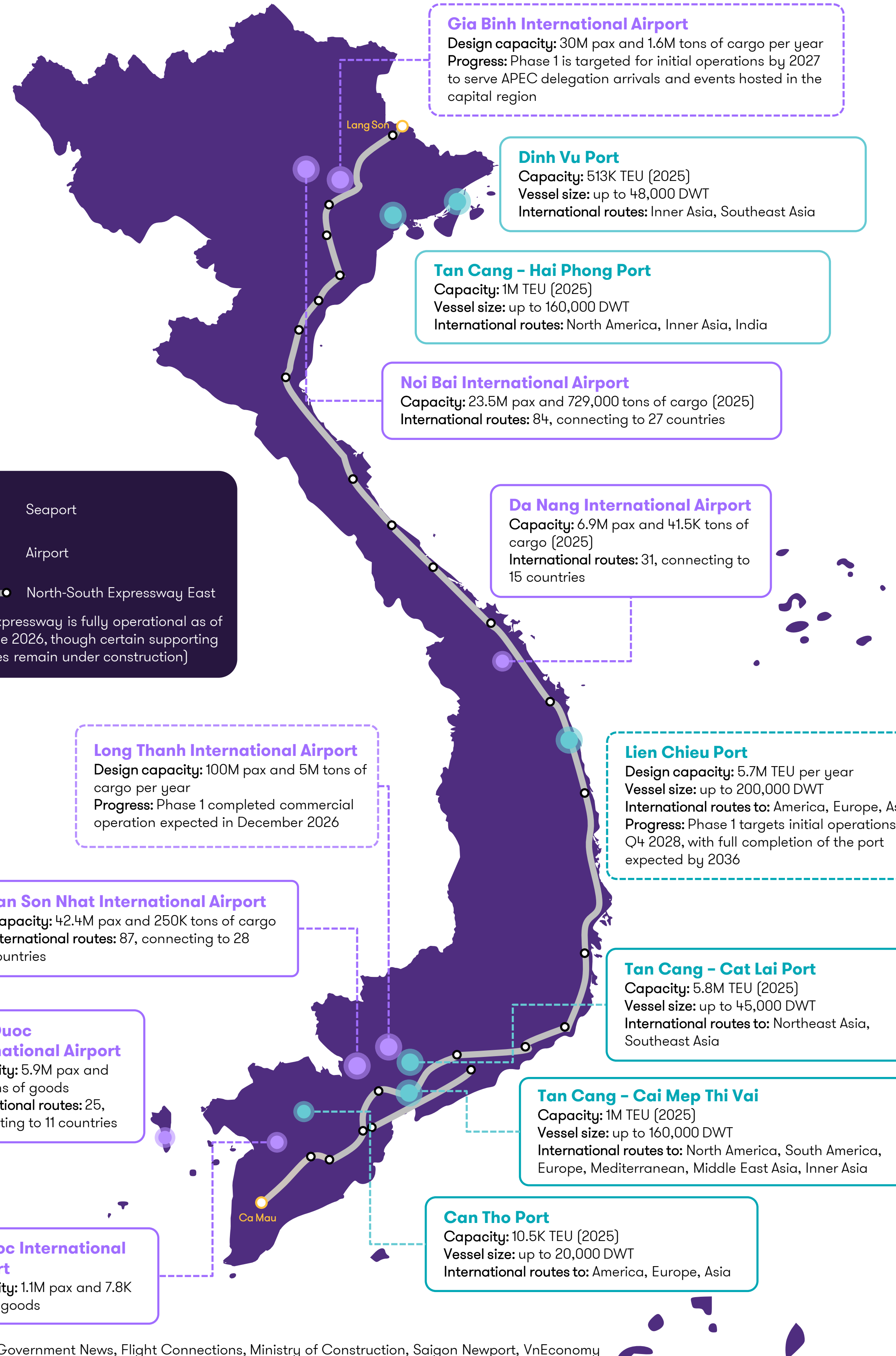
Infrastructure and connectivity

Map highlighting selected major airports and seaports of strategic significance to Vietnam's international trade and logistics network



Gia Binh International Airport

Design capacity: 30M pax and 1.6M tons of cargo per year
Progress: Phase 1 is targeted for initial operations by 2027 to serve APEC delegation arrivals and events hosted in the capital region

Dinh Vu Port

Capacity: 513K TEU (2025)
Vessel size: up to 48,000 DWT
International routes: Inner Asia, Southeast Asia

Tan Cang – Hai Phong Port

Capacity: 1M TEU (2025)
Vessel size: up to 160,000 DWT
International routes: North America, Inner Asia, India

Noi Bai International Airport

Capacity: 23.5M pax and 729,000 tons of cargo (2025)
International routes: 84, connecting to 27 countries

Da Nang International Airport

Capacity: 6.9M pax and 41.5K tons of cargo (2025)
International routes: 31, connecting to 15 countries

Long Thanh International Airport

Design capacity: 100M pax and 5M tons of cargo per year
Progress: Phase 1 completed commercial operation expected in December 2026

Lien Chieu Port

Design capacity: 5.7M TEU per year
Vessel size: up to 200,000 DWT
International routes to: America, Europe, Asia
Progress: Phase 1 targets initial operations by Q4 2028, with full completion of the port expected by 2036

Tan Son Nhat International Airport

Capacity: 42.4M pax and 250K tons of cargo
International routes: 87, connecting to 28 countries

Tan Cang – Cat Lai Port

Capacity: 5.8M TEU (2025)
Vessel size: up to 45,000 DWT
International routes to: Northeast Asia, Southeast Asia

Phu Quoc International Airport

Capacity: 5.9M pax and 25K tons of goods
International routes: 25, connecting to 11 countries

Tan Cang – Cai Mep Thi Vai

Capacity: 1M TEU (2025)
Vessel size: up to 160,000 DWT
International routes to: North America, South America, Europe, Mediterranean, Middle East Asia, Inner Asia

Tra Noc International Airport

Capacity: 1.1M pax and 7.8K tons of goods

Can Tho Port

Capacity: 10.5K TEU (2025)
Vessel size: up to 20,000 DWT
International routes to: America, Europe, Asia

Source: Government News, Flight Connections, Ministry of Construction, Saigon Newport, VnEconomy

Vietnam's economy

Recent economic landscape

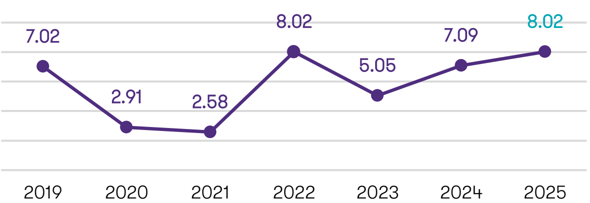
Economic growth

2025 was not a straightforward year for the global economy. According to the International Monetary Fund (IMF)'s April 2026 World Economic Outlook, global growth in 2025 was 3.4%, holding steady from 2024, remaining below the 2000–2019 average of 3.7%. This flat growth reflected the impact of evolving trade policies and elevated global uncertainty, both of which continued to weigh on investment decisions and business confidence.

This global backdrop is essential for interpreting Vietnam's performance. With a trade-to-GDP ratio around 180%, the country is among the world's most open economies, making it highly responsive to shifts in external demand, input costs, and cross-border regulations. At the same time, this openness has positioned Vietnam as a key beneficiary of ongoing supply chain reconfiguration, as manufacturers diversify production across geographies.

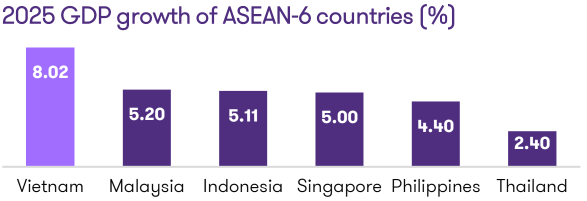
Vietnam's 2025 outcomes reflect both dynamics. The economy expanded by 8.02% year-on-year, marking the second-highest growth rate in the 2011–2025 period, surpassed only by the post-pandemic rebound in 2022. In nominal terms, GDP reached approximately USD 514 billion, while GDP per capita rose to USD 5,026, reflecting Vietnam's expanding economic scale and rising income levels. Vietnam is now classified by the World Bank as an upper-middle-income economy.

Vietnam's GDP growth (%)



Measured against recent benchmarks, the 2025 outturn stands out. Average growth over 2021–2025 reached around 6.3% per year, broadly in line with pre-pandemic performance. Against the pre-COVID benchmark of approximately 6.8% in 2016–2019, the 8.02% recorded in 2025 represents a clear step above trend. Furthermore, with growth of 8.02%, Vietnam was the fastest-growing economy among the ASEAN-6 and one of the strongest performers globally in 2025.

2025 GDP growth of ASEAN-6 countries (%)



All three sectors contributed positively to growth, with industry and construction and services as the main drivers. Manufacturing and processing remained at the core of industrial expansion, while the growth of the service sector was led by trade, transportation, and tourism-related activities. Agriculture, forestry, and fisheries saw steady growth despite disruptions from typhoons and flooding across multiple localities.

Agriculture, forestry and fisheries
▲3.78%

Industry and construction
▲8.95%

Service
▲8.62%

Trade and external positioning

Against a more uncertain and policy-driven global trade environment, Vietnam's trade in 2025 still expanded at a solid pace. Total trade turnover exceeded USD 930 billion, an 18.2% increase year-on-year, marking the first time this threshold has been crossed. Additionally, this milestone marks Vietnam's official entry into the group of the world's 25 largest trading economies. WTO data now places the country 18th in global merchandise exports and 20th in imports. The country extended its trade surplus to a tenth consecutive year, reaching approximately USD 20 billion.

Exports	Imports	Trade surplus
USD 475.04 bn	**USD 455.01 bn**	**USD 20.03 bn**
(Up 17.0%)	**(Up 19.4%)**	**(10th consecutive year)**

The structure of trade highlights the economy's manufacturing orientation:

EXPORTS

- Processed industrial goods account for nearly 90% of total exports
- Key categories include electronics, machinery, textiles and garments, and footwear
- The U.S. remained the largest export market, followed by the EU and China

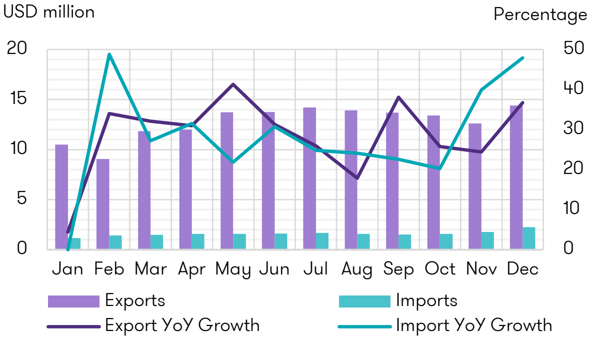
IMPORTS

- Production inputs accounted for over 90% of total imports
- Key categories include machinery and equipment, electronics components, and raw materials
- China remained the largest supplier, followed by South Korea and the ASEAN bloc

Source: International Monetary Fund (IMF), NSO, Indonesia's Badan Pusat Statistik (BPS), Department of Statistics Malaysia (DOSM), Philippine Statistics Authority (PSA), Singapore's Ministry of Trade and Industry (MTI), Thailand's National Economic and Social Development Council (NESDC), World Trade Organisation (WTO)

2025 marks a year when Vietnam's trade remained resilient amid global headwinds, supported by its extensive network of Free Trade Agreements (FTAs). The standout sector was the electronics, computers and components, which became the first industry to break the USD 100 billion export mark, reaching USD 107.7 billion (up 48.4% over 2024). This suggests that Vietnam is gradually becoming more deeply involved in the regional high-tech supply chain. Another highlight was the trade landscape between the U.S. and Vietnam. Despite the tariff turbulence, Vietnam closed the year with a surplus of USD 133.9 billion, up 28.2% year-on-year. Notably, imports from the U.S. also grew at an unprecedented 27.7%, a pace never seen in prior years, which is likely due to the outcome of tariff negotiations under which Vietnam committed to increase purchases of American goods.

Vietnam-U.S. bilateral trade in 2025



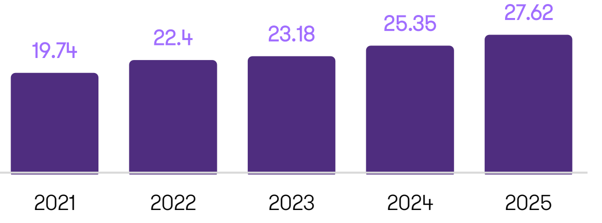
Policy measures play a crucial role in shaping Vietnam's trade outcomes in 2025. The government successfully moderated U.S. tariff pressures through diplomacy and increased imports from the U.S., while also leveraging the country's FTA network to diversify trade partners. Domestically, stricter enforcement of rules of origin to address transshipment risks has been intensified. Furthermore, encouraging businesses to increase domestic production and participate in high-value manufacturing segments has been emphasised as a long-term strategic priority.

However, trade activities in 2025 also faced mounting challenges, including geopolitical tensions as well as intensifying protectionism, while volatile logistics costs and input prices continued to weigh on export competitiveness. Notably, Vietnam's trade surplus has been on a declining trend, falling from USD 28 billion in 2023 to USD 24.9 billion in 2024 and further to USD 20 billion in 2025. This points to a persistent structural weakness of the country: a heavy reliance on imported inputs. Throughout 2025, import growth often outpaced exports, reflecting the import-intensive nature of production. In addition, imports from China surged by nearly 40% to reach USD 186 billion, resulting in a record trade deficit with China of over USD 115 billion. This dynamic continues to leave Vietnam's exports sensitive to changes in global prices and potential supply disruptions.

Foreign direct investment (FDI)

FDI flows into Vietnam in 2025 maintained their trajectory despite the more uncertain global environment. Total registered FDI reached USD 38.42 billion, up 0.5% year-on-year, while disbursed FDI grew more decisively to USD 27.62 billion, a 9% increase and the highest disbursement level in five years. Notably, the upward trend in disbursements across 2021 to 2025 reflects an investment pipeline that has been consistently translating into deployed capital.

Disbursed FDI from 2021-2025 (USD billion)

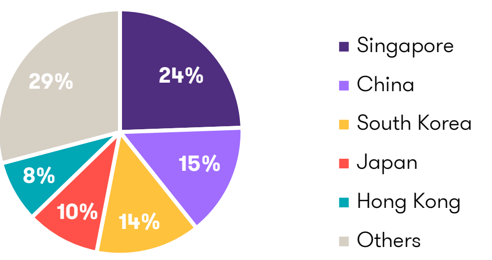


Beneath the headline figures, the composition of inflows shows an emerging trend. While newly registered capital declined 12.2%, reflecting greater caution among first-time entrants in an increasingly uncertain global environment, capital adjustments held steady by growing 0.8% year-on-year and capital contributions and share purchases surged 54.8%. This signals that investors already present in Vietnam were not pulling back but expanding: adding capacity to existing operations and deepening positions through M&A activity.

By sector, the manufacturing and processing industry continues to be the primary engine of investment, attracting over USD 21 billion across all three FDI components, roughly 54.7% of total registered capital. Real estate followed as the second-largest recipient, attracting USD 7.1 billion and accounting for 18.5% of total capital.

FDI inflows in 2025 remained geographically concentrated, with Asian economies continuing to dominate as Vietnam's main sources of capital. Across all three components of registered FDI, Singapore led with USD 9.39 billion, marking an 8.0% decrease. China followed at USD 5.70 billion, rising sharply by 20.4%, while South Korea reached USD 5.30 billion, down 25.0% year-on-year. Japan and Hong Kong rounded out the top five at USD 3.73 billion (up 6.6%) and USD 3.12 billion (down 28.0%), respectively.

Top sources of FDI flows into Vietnam in 2025



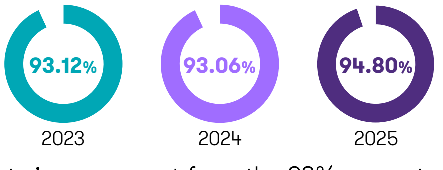
Source: Vietnam Customs, NSO, Foreign Investment Agency (FIA)

Domestic policy levers

Aside from the external growth drivers, the domestic force played a key role in supporting Vietnam's 2025 economic performance. This is reflected in the efforts to coordinate between the two main domestic levers: fiscal push through public investment and monetary monitoring through the State Bank of Vietnam (SBV). The goal was to sustain growth momentum from the inside while external conditions remained volatile, and the two instruments were deployed with that objective clearly in mind.

Public investment was the primary domestic growth driver in 2025. By 31 January 2026 (the annual statutory payment deadline following the 31 December close of the budget year), disbursement reached VND 858.6 trillion, equivalent to 94.8% of the Prime Minister's assigned plan, the highest rate achieved in the 2021–2025 term.

Public investment disbursement rate



The rate improvement from the 93% range to 94.8% is incremental. However, the meaningful difference can be seen when taking into account the allocation amount of around VND 905 trillion. It was planned to be channelled into public projects in 2025 compared to VND 683 trillion in 2024, an increase of VND 222 trillion, or over 30% year-on-year.

The results across the full term 2021–2025 were recently reported by the government. Total disbursement in the period reached approximately VND 3.4 quadrillion (USD 130 billion), marking a nearly 55% increase over the prior 2016–2020 period.

Key public investment achievements

- **Roads**: 3,345 km nationwide expressway network, with the eastern North-South Expressway fully connected
- **Airports**: Inauguration of Long Thanh International Airport Phase 1; Terminal 3 at Tan Son Nhat International Airport; Upgrades at other airports → Capacity about 1.6 times 2020
- **Seaports**: Cai Mep-Thi Vai Port and Lach Huyen Port → Capacity about 1.3 times 2020
- **Railway**: Metro lines in Ho Chi Minh City and Hanoi in operation; national railway projects initiated across multiple corridors
- **Urban infrastructure**: 698 social housing and numerous public facility (school, health centre, etc.) projects implemented; 5G rollout nationwide

A key enabling factor was the Law on Public Investment No. 58/2024/QH15, effective from 1 January 2025. The law decentralised capital allocation authority to provincial-level governments, streamlined approval procedures for project adjustments, and clarified accountability at the ministry and locality level. Its first full year of effect in 2025 contributed to the strongest disbursement result of the 2021–2025 plan period.

Meanwhile, monetary and fiscal policies were deployed in a coordinated and largely effective manner. Inflation remained well contained, with average CPI rising by 3.31% in 2025, comfortably below the National Assembly's 4.5% ceiling. Core inflation stood at 3.21%, below the headline figure.

3.31%
Annual CPI growth

Financial conditions were kept supportive throughout the year. System-wide credit expanded by 19.01%, reflecting an accommodative stance that helped sustain investment and business activity. At the same time, exchange rate management was more stable than in the previous year. The SBV limited USD/VND depreciation to 3.92% in 2025, compared to 4.31% in 2024, when it had to deploy an estimated USD 9.4 billion in foreign exchange reserves to navigate two episodes of acute market stress.

This macro environment fed through to domestic demand. Retail sales reached VND 7,009 trillion, marking year-on-year growth of 9.2%. The expansion was supported by improving household incomes, a strong rebound in tourism, and continued growth in urban consumption. Policy measures reinforced this trend, notably the continued application of the 2% VAT reduction since 2023, which has been extended through end-2026. In parallel, trade promotion campaigns during peak retail periods provided additional impetus to spending.

Taken together, the 2025 data points to a well-coordinated policy mix, with fiscal and monetary measures reinforcing each other. Public investment was accelerated and credit was kept loose enough to support business activity while inflation was held in check through active price management and exchange rate discipline.

Source: Ministry of Finance (MoF), Vietnam News Agency, MOC, VGP, NSO, State Bank of Vietnam (SBV)

Outlook

H1 2026 conditions

Vietnam's economy maintained solid growth through the first half of 2026. GDP growth in Q2 2026 reached 8.39% year-on-year, up from 7.83% in Q1. For the first six months as a whole, the economy expanded by 8.18%, above the 7.63% recorded in H1 2025, and the highest first-half performance since the post-COVID rebound. Growth continued to be supported by broad-based expansion, especially across industry and services sectors. Although the H1 growth fell short of the 9.7% target set in Resolution No. 01/NQ-CP, it remains a positive outcome given continued global volatility and its spillover effects on Vietnam's highly open economy.

The external environment grew more difficult over the first half, with pressure that was both immediate and slow to ease. Escalating geopolitical tensions in the Middle East and extreme weather conditions fed directly into business cost structures and daily life through surging energy and utility prices, logistics disruptions, and rising material costs for most of the period. Average CPI in H1 2026 increased by 4.38% year-on-year, approaching the National Assembly's 4.5% target ceiling. On the trade side, imports significantly outpaced than exports throughout the first half of 2026, and Vietnam ran a monthly trade deficit, resulting in a trade deficit for the whole period.

Government targets and international forecasts

The National Assembly approved a GDP growth target of at least 10% for 2026, framed as the opening year of a high-growth phase targeting an average of 10% through 2030. Complementary targets include a GDP per capita reaching USD 5,400–5,500, inflation controlled at around 4.5%, and a 100% disbursement rate of a public investment plan of more than VND 1 quadrillion.

2026 growth path: H2 target revised by Resolution 168

H1 growth
8.18%

H2 growth · Target
11.9%

10%

As neither Q1 nor Q2 reached 9–10% growth, achieving the year-end target would require roughly 11.9% growth across H2, specified by the government in Resolution 168/NQ-CP, issued 27 June 2026. In parallel, recent forecasts from major international organisations place Vietnam's growth in the 6.5-7.5% range, reflecting a more cautious assessment of external conditions.

Vietnam's 2026 GDP growth forecasts

Institution	2026 forecast	Release
IMF	7.5%	07/2026
World Bank	6.8%	05/2026
ADB	7.2%	07/2026
AMRO	7.2%	06/2026

The gap between the government target and institutional forecasts partly reflects difficult external conditions. But Vietnam's growth target goes beyond what external demand, tariff headwinds and historical execution alone would suggest, incorporating policy commitments, administrative mobilisation and the ambition to overcome headwinds. The country's 8.02% growth in 2025, achieved against early-year institutional forecasts of 6.5–6.8%, demonstrates its capacity to outperform expectations.

As Vietnam pursues its 10% growth target, 2026 is expected to be a more challenging year, demanding greater coordination, resilience and execution. Although recent tensions in the Middle East have subsided and oil price pressures have eased, external risks remain elevated amid climate uncertainty, geopolitical tensions and evolving trade policies. Against this backdrop, Resolution No. 168/NQ-CP reinforces the Government's focus on accelerating public investment implementation while strengthening macroeconomic monitoring and maintaining policy flexibility as conditions evolve. Vietnam's development trajectory remains clear. Growth sustainability in the medium term will depend on continued progress across three dimensions: deepening the domestic value-creation base within global supply chains, maintaining consistent execution of the public investment programme, and navigating an external environment.

Key economic indicators in H1 2026

GDP growth
8.18%

▲3.87%
Agriculture, forestry & fishery

▲9.81%
Industry & Construction

▲8.09%
Services

CPI growth
4.38%
Fuel prices rose 8.9% YoY

Total trade turnover
USD 549.69 bn
USD 16.65 bn in trade deficit

Total registered FDI
USD 34.65 bn
Disbursed USD 13.03 bn

Public investment
35.5% of plan
3 pp higher than in H1 2025

Key risks to watch for

- **U.S. tariff** — Vietnamese exports remain subject to tariffs of up to 20%, alongside ongoing anti-dumping measures
- **Global energy prices** — The recent renewed U.S.-Iran conflict has pushed energy prices higher, increasing inflationary and exchange rate risks for Vietnam.
- **Global demand slowdown** — WTO projects a 1.9% growth in global merchandise trade in 2026, dropping from 4.6% in 2025
- **Public investment disbursement** — Disbursement rate needs to accelerate to achieve 100% of the plan (VND 1,000+ trillion)
- **Monetary policy room** — Inflation and a pressured exchange rate leave the SBV with limited room to expand credit to support growth

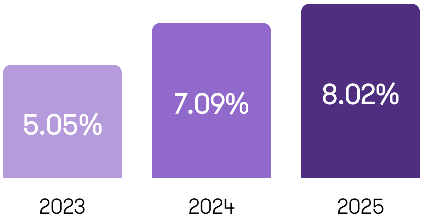
Source: NSO, WTO, VGP, IMF, World Bank, Asian Development Bank (ADB), ASEAN+3 Macroeconomic Research Office (AMRO)

Why choose Vietnam?

Stable economy

Following a slowdown in 2023, Vietnam's economy rebounded strongly, expanding by 8.02% in 2025—its second-fastest annual growth since 2011 and placing it among Asia's fastest-growing economies.

GDP growth from 2023-2025



Inflation controlled
~3-4%

Unemployment rate
~2%

Growth target from 2026 onwards
≥ 10%

Manufacturing contribution to GDP
~30%

Large, young workforce

With a population of 102.3 million, Vietnam remains in its golden demographic phase, providing an abundant and youthful workforce.

Workforce, aged 15-64 (2025)
53.5 million

Economic integration

Vietnam offers companies preferential access across major global markets through one of Asia's most extensive FTA networks.

- 17 FTAs in force
- 2 FTAs in progress (1 concluded and 1 under negotiation)
- Coverage across 60+ markets
- Key frameworks: CPTPP • EVFTA • RCEP

Geographic location

Vietnam's proximity to China and ASEAN enhances trade and market access, while its long coastline of around 3,260km, strategic maritime position, and continued expansion of internal connectivity support industrial growth and logistics efficiency.

Proactive institutional reform

Vietnam is entering a new phase of reform focused not only on attracting investment but also improving the regulatory and operating environment, reducing friction for businesses and investors.

Key initiatives

1. Politburo resolutions: shaping reform pillars
   - Resolution 10-NQ/TW (2026) - Foreign-invested economic sector development
   - Resolution 57-NQ/TW (2024) - Science, technology, innovation development
   - Resolution 59-NQ/TW (2025) - International integration
   - Resolution 66-NQ/TW (2025) - Legal system overhaul
   - Resolution 68-NQ/TW (2025) - Private sector development
2. Governance reform breakthrough
   - Provincial merger and two-tier local government reform
   - Streamlining of the central government apparatus
3. New generation of major legislation
   - International Financial Centre framework
   - Law on Investment 2025
   - Law on Digital Technology Industry
   - Law on Artificial Intelligence
   - Amendments to the PPP Law

Vietnam's Free Trade Agreements

ASEAN-based multilateral FTAs

#	Agreement	Partners	In Effect
1	AFTA	9 other ASEAN members	1995
2	ACFTA	China	2003
3	AKFTA	South Korea	2007
4	AJCEP	Japan	2008
5	AIFTA	India	2010
6	AANZFTA	Australia, New Zealand	2010
7	AHKFTA	Hong Kong	2019

Vietnam bilateral FTAs

#	Agreement	Partner	In Effect
8	VJEPA	Japan	2009
9	VCFTA	Chile	2014
10	VKFTA	South Korea	2015
11	VN-EAEU FTA	Russia, Belarus, Kazakhstan, Armenia, Kyrgyzstan	2016
12	UKVFTA	United Kingdom	2021
13	VN-Cuba FTA	Cuba	2020
14	VN-UAE CEPA	United Arab Emirates	2024

Mega-regional FTAs

#	Agreement	Partners	In Effect
15	EVFTA	European Union (27 countries)	2020
16	CPTPP	Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, NZ, Peru, Singapore	2019
17	RCEP	14 ASEAN+5 countries (China, Japan, Korea, AU, NZ)	2022

FTAs in progress

Negotiation concluded

VN-EFTA FTA with Switzerland, Norway, Iceland, Liechtenstein. After nearly 14 years, the negotiation process officially concluded on 2 July 2026, and the agreement is expected to be signed this autumn, according to Norwegian authorities.

Officially negotiating

ACaFTA (ASEAN-Canada FTA) between ASEAN members and Canada. The 18th round of negotiations took place in Jakarta in April 2026.

Proposed / Pre-negotiation

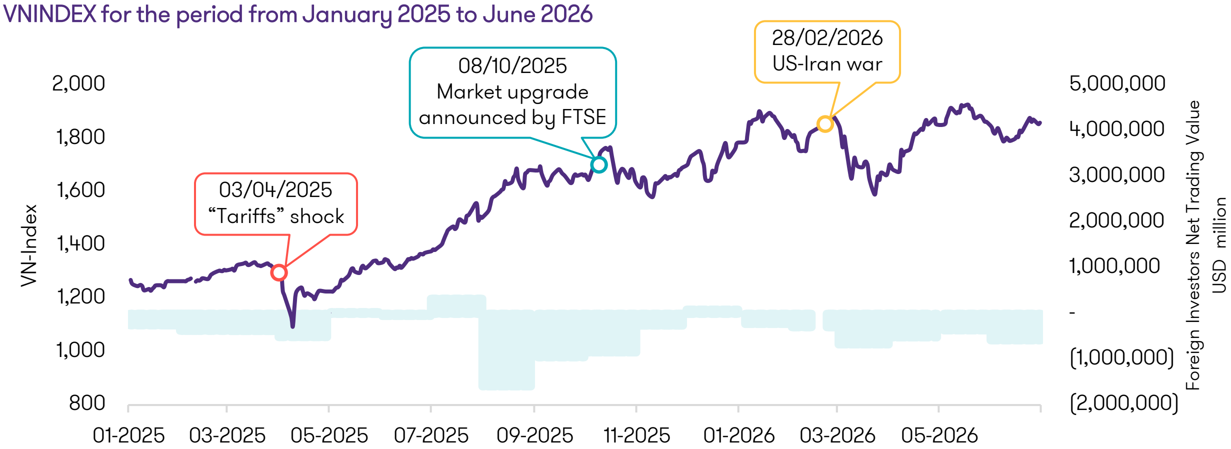
- **VN-MERCOSUR FTA** with Brazil, Argentina, Uruguay, Paraguay. The framework is still at early exploratory stage, driven by Vietnam and Brazil.
- **ASEAN-Pakistan FTA** between ASEAN members and Pakistan. Remains a proposal; Vietnam separately launched bilateral Vietnam-Pakistan FTA negotiations in October 2025.

Source: VCCI, Ministry of Industry and Trade (MoIT)

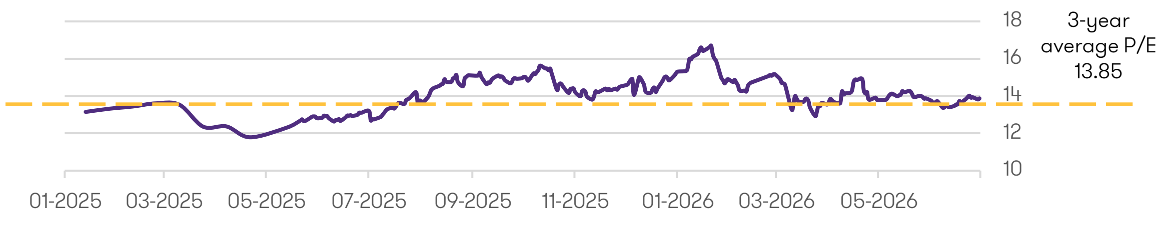
Capital markets update

Capital market reforms

VNINDEX for the period from January 2025 to June 2026



P/E for the period from February 2025 to June 2026



Strong momentum throughout the year

Vietnam's capital market maintained strong momentum throughout 2025 and the first half of 2026, supported by favourable macroeconomic conditions, improving liquidity, continued capital market reforms and Vietnam's growing role in regional supply chains.

The VNIndex increased from 1,267 points on 1 January 2025 to approximately 1.860 points as of 30 June 2026. Valuations also remained resilient, with the market P/E ratio staying above the average level recorded during 2023-H1 2026.

Key capital market reforms

VNX progress update

- Vietnam continued restructuring its exchange model (VNX) to create a more centralised and transparent market structure, with listed equities on HNX and UPCoM expected to be consolidated onto HOSE, while HNX focuses on bonds and derivatives.
- Under Circular 139/2025/TT-BTC, the consolidation deadline was extended to 31 December 2026. The reform is expected to enhance market quality, improve foreign investor accessibility, and support Vietnam's emerging market upgrade ambitions.

KRX trading system

- Vietnam officially implemented the KRX trading system in May 2025 after more than a decade of preparation.
- The platform is expected to enhance trading capacity, improve market transparency and operational efficiency, and support future mechanisms such as T+0 trading, short selling, securities borrowing and lending, and central counterparty clearing ("CCP").
- The reform is also viewed as a key step toward improving foreign investor accessibility and supporting Vietnam's Emerging Market upgrade.

Capital market upgrade

- Following its March 2026 review, FTSE Russell acknowledged Vietnam's continued progress toward Emerging Market status, supported by reforms including the non-prefunding model for foreign institutional investors, failed-trade handling mechanism, and Global Broker framework.
- FTSE Russell confirmed that Vietnam now meets all criteria for Secondary Emerging Market classification and remains on track for the planned upgrade in September 2026.

IPO market

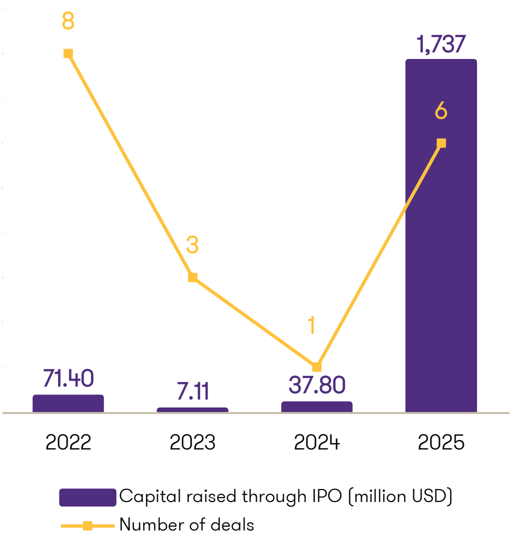
Vietnam's IPO market enters a new growth cycle

After a prolonged slowdown from 2022 to 2024, Vietnam's IPO market rebounded strongly in 2025, with total proceeds reaching approximately USD 1.74 billion across six major transactions.

The recovery was primarily driven by the financial services sector, led by VPS Securities, VPBank Securities, and Techcom Securities, which collectively raised approximately USD 1.3 billion. Other notable transactions in 2025 included Vinpearl, Gelex Infrastructure, reflecting improving investor appetite, strengthening market confidence, and renewed momentum in Vietnam's equity capital markets.

A number of companies across the retail, agriculture, healthcare, and financial services sectors have already announced potential listing plans in 2026-2027, including Dien May Xanh, Highlands Coffee, C.P. Vietnam, Golden Gates, Long Chau Pharmacy and F88, signalling continued confidence in Vietnam's equity capital market outlook.

Total value and number of IPOs (USD million)



Regulatory reforms accelerated IPO execution

The Vietnamese Government continued positioning capital markets as a strategic funding channel for long-term economic growth and private sector development.

Recent reforms under Decree No. 245/2025/ND-CP ("Decree 245") improved IPO execution efficiency through parallel IPO and listing reviews, shorter listing timelines, streamlined administrative procedures, and enhanced foreign investor accessibility. These reforms are also expected to support **future listing activities of foreign-invested enterprises ("FIEs")** and strengthen Vietnam's attractiveness as an equity capital market destination for internationally integrated businesses.

1. Parallel IPO and listing review process

- Vietnam introduced a parallel review mechanism allowing IPO and listing applications to be reviewed simultaneously, shortening execution timelines.
- Decree 245 also reduced the processing time for public offering dossiers from 15 working days to 7 working days and simplified procedures relating to share issuance, helping improve capital raising efficiency and reduce administrative bottlenecks.

2. Shortened timeline from IPO completion to trading

- Decree 245 reduced the maximum timeline for newly listed securities to commence trading from 90 days to 30 days following listing approval.
- The change aims to improve post-IPO liquidity, reduce market risk exposure during waiting periods, and enhance the attractiveness of Vietnam's IPO market for institutional investors.

3. Removal of artificial foreign ownership restrictions

- Public companies are no longer permitted to impose foreign ownership limits ("FOLs") below statutory thresholds through company charters or shareholder resolutions, improving consistency and transparency in FOL determination.
- Existing lower foreign ownership caps may gradually be increased toward legally permitted levels, representing an important step toward enhancing market accessibility for foreign institutional investors.

4. Simplified foreign investor access procedures

- Vietnam introduced several reforms to simplify securities trading code registration, indirect investment account opening, and onboarding procedures for foreign investors.
- Related State Bank regulations, including Circular 03/2025/TT-NHNN, were introduced alongside Decree 245 to reduce admin friction and improve market accessibility for international investors participating in Vietnam's capital markets.

Vietnam's IPO and listing roadmap

(1) Legal and financial requirements

Legal form
- Must be a Joint-stock Company (JSC)
- Charter capital > VND 120B)
- Operating ≥ 2 years

Financials
- Profitable last 2 years
- No accumulated losses
- Audited by an approved audit firm

Shareholders & shares
- Minimum 100 shareholders
- Offered shares > 10% of charter capital (or 15% if capital > VND 1,000B)

(2) Corporate governance requirements

Board of directors
- Minimum 3 members
- Independent directors required
- Having Supervisory board/ Audit Committee

Internal controls
- Standardised accounting system
- Internal audit function
- Clear reporting procedures

Disclosure
- Periodic information disclosure
- Company Charter, SOPs
- Investor relations website

(3) Document and filing preparation

Prospectus
- Financials for last 3–5 years
- Business strategy & use of IPO proceeds
- Risk factors
- Management & major shareholders
- Offering plan & offer price

Registration & legal documents
- Public offering registration form
- GMS resolution on share issuance
- Audited financials (last 3 years), capital contribution audit (last 10 years)
- Underwriting agreement

(4) Selecting advisors and underwriters

Underwriter
- Securities firm
- Pricing and distribution

Legal counsel
Lawyers, compliance review and due diligence

Independent auditor
An approved audit firm, recognised by the State Securities Commission (SSC)

Financial advisor
Valuation, roadshow, book building

(5) Filing → Approval → Listing Process

Filing
Submit to SSC review

Approval
Typically takes 30–90 working days

Roadshow
Investor meetings and book building

Offering/ Auction
Share distribution to investors

Listing
HOSE/ UPCoM

Grant Thornton

International financial centre: Driving the next phase of growth

Strategic objective of the International Financial Centre (IFC)

Vietnam's economic development model is entering a more capital-intensive phase. Major infrastructure projects, energy transition initiatives, digital infrastructure and industrial upgrading will require substantial long-term financing, while capital markets remain relatively less developed than those of regional financial hubs. At the same time, many Vietnam-related transactions continue to be structured and intermediated outside the country. In response, Vietnam has established the International Financial Centre (IFC) as a strategic initiative aimed at strengthening the domestic financial system as well as supporting capital markets development.

Following the Politburo's issuance of Notice No. 47-TB/TW in late 2024 approving IFC development, implementation progressed rapidly, with the Da Nang centre inaugurated in January 2026 and the Ho Chi Minh City IFC launched a month later. The two centres play complementary roles: Ho Chi Minh City in capital markets and international financial services, and Da Nang in fintech, digital finance and financial innovation.

Ho Chi Minh City
Launched February 2026
Capital markets • Banking • Fundraising • International finance

Da Nang
Launched January 2026
Fintech • Digital finance • Innovation • Green finance

From late 2024 until recently, multiple legal documents have been issued in relation to the IFC initiative, three of which underpin its establishment and governance.

IFC Establishment & Governance

- 01 Resolution No. 222/2025/QH15
- 02 Decree No. 323/2025/ND-CP
- 03 Decree No. 324/2025/ND-CP

Incentive framework

The IFC framework introduces a combination of tax incentives and regulatory adjustments to attract capital, institutions, and talent.

Corporate Income Tax (CIT)

- Priority sectors: 10% for 30 years + 4-year exemption + 9-year 50% reduction;
- Other sectors: 15% for 15 years + 2-year exemption + 4-year 50% reduction.

Personal Income Tax (PIT)

100% exemption through 2030 on employment income and eligible capital gains for managers, experts, scientists and highly qualified workers, both Vietnamese and foreign nationals.

Other mechanisms

More flexibility in foreign exchange transactions; regulatory sandbox arrangements; international accounting standards, streamlined procedures; and visa facilitation for foreign professionals.

IFC and capital market development

How the IFC could support Vietnam's capital markets and financial system

1 Expanding financing instruments beyond bank lending

The IFC aims to elevate the role of capital markets in Vietnam's financial system. Capital markets currently account for only around 14-15% of the financial structure and are expected to roughly double in the coming years to ease pressure on the banking system. The initiative seeks to facilitate alternative funding sources, providing a more balanced financing structure for businesses and investment projects.

2 Building a more diversified investor base for long-term investment capital

The IFC seeks to shift part of market financing towards institutional capital by encouraging greater participation from pension funds, insurance companies, sovereign wealth funds and professional asset managers. Over time, a strong institutional presence could support longer investment horizons, improve capital allocation and reduce the concentration risk associated with retail-dominated market activity.

3 Lowering practical barriers for foreign financial institutions

An operating environment aligned with internationally recognised legal and regulatory standards, together with structures such as foreign-law contracts, USD-denominated instruments and international arbitration, could lower practical barriers for foreign financial institutions. Over time, this may attract international institutions, funds and intermediaries and improve the accessibility and credibility of Vietnam's financial market.

4 Supporting vietnam's market development and upgrade ambitions

The IFC forms part of Vietnam's broader efforts to upgrade its financial market and regulatory framework, providing a platform to pilot international practices and standards before wider adoption. It can help strengthen implementation capacity and reinforce the credibility of ongoing reforms, supporting positive perceptions among international investors and index providers of Vietnam's market development progress.

Source: VGP

Priorities for attracting investments in the new era

Industrial upgrading and high-tech manufacturing

Shifting up the value chain

In the early 2020s, Vietnam emerged as a beneficiary of global supply chain diversification. The government saw the opportunity as extending beyond positioning the country as a lower-cost alternative to China, aiming instead to establish it as a credible high-technology destination. Around 2023–2024, the focus shifted away from chasing high production volumes toward competing on technical capability, making industrial upgrading an explicit national priority.

Semiconductors quickly became one of the strategic priorities within this agenda. The country already possessed strong foundations in electronics manufacturing and exports, underpinned by the long-established presence of major foreign-invested firms. While production remained concentrated in lower value-added assembly and component manufacturing, this base positions Vietnam to move up the value chain into more advanced industries.

A new policy architecture

In 2024, Vietnam formalised its semiconductor ambitions through the National Semiconductor Industry Strategy, outlining the sector's development roadmap.

Three-phase roadmap

Phase 1 2024 - 2030	Phase 2 2030 - 2040	Phase 3 2040 - 2050
• 100+ design firms • 1 fab plant • 10 OSAT factories • 50k engineers	• 200+ design firms • 2 fab plants • 15 OSAT factories • 100k engineers	• 300+ design firms • 3 fab plants • 20 OSAT factories • R&D and innovation

Vietnam advanced its industrial upgrading agenda with the June 2025 Law on Digital Technology Industry (Law No. 71/2025/QH15), the world's first standalone digital technology law, elevating sectors such as semiconductors and AI to strategic priority sectors. Qualifying projects benefit from the highest tier of CIT incentives under the new Corporate Income Tax (CIT) Law. Separately, enterprises with R&D centers can access cash grants of up to 50% of initial investment costs through the Investment Support Fund.

Incentive policies for high-tech investments

- CIT of 10% for 15 years, 4-year exemption + 9-year 50% reduction for key sectors: semiconductors, AI, advanced software, DTPs; CIT of 17% for 10 years, 2-year exemption + 4-year 50% reduction for other products
- Preferential import duty and customs treatment for key sectors
- Cash grants of up to 50% of initial investment costs for qualifying semiconductor and AI R&D centre projects
- Operational cost support covering training, R&D, and high-tech manufacturing for eligible enterprises

FDI attraction

There have been positive developments in drawing foreign investors in the semiconductor sector. By year-end 2025, Vietnam had attracted 241 foreign-invested semiconductor projects with total registered capital exceeding USD 14.2 billion, up from 174 projects and USD 11.6 billion a year earlier. Over 50 chip design companies are now operating in the country, employing around 7,000 engineers.

Semiconductor FDI into Vietnam in 2025

241 projects
Up 38.5% YoY

USD 14.2 billion
Up 22.4% YoY

Other high-tech manufacturing sectors also present significant opportunities. Supporting industries such as PCB fabrication, precision components, specialty chemicals, and industrial automation offer the most immediate growth potential, benefiting directly from the high-tech incentive framework.

Recent noteworthy developments

Semiconductors

Intel — Shifting packaging and testing lines from Costa Rica to Saigon Hi-Tech Park, deepening Vietnam's role in server chip production.

Amkor — Seeking to raise operating capacity at its USD1.6B Bac Ninh plant to 1.2B units.

Coherent — USD 127M silicon carbide and photonics facility opened in Dong Nai, July 2025.

Electronics & components

Samsung Display — USD 1.8B OLED plant under construction in Bac Ninh; production begins 2026.

LG Display — USD 1B additional injection brings total Vietnam investment to USD 5.65B

High-tech investment in Vietnam: Things you should know

The DTI Law covers the full value chain — Semiconductors, AI, and digital assets: incentives apply not just to end products but to supporting activities and inputs along the chain.

Semiconductors: still early — Vietnam's semiconductor ecosystem is at Phase 1 of the phase strategy. The policy and anchor investors are in place, but most supply chain layers remain open.

Now is the time to enter chip design — Global design houses are arriving, and Vietnam is targeting 100 chip design firms by 2030. The gap is still wide.

The supporting industry opportunity — Raw materials and specialised inputs for semiconductors and electronics manufacturing remain import-dependent — an opening for supporting industries.

Talent shortfalls are a constraint — High-skilled talent shortages remain a challenge for high-tech sectors. University partnerships and the overseas Vietnamese network are important talent sources.

Look beyond the headline incentives — Cash grants and R&D super-deductions may offer more practical value than headline tax rates, depending on the investor's structure and scale.

Source: VGP

Green transition and sustainable development

Policy momentum

Green transition is increasingly becoming a strategic economic imperative for Vietnam. In recent years, the government has stepped up efforts to support this shift through renewable energy development and a more selective approach to FDI attraction that prioritises projects aligned with sustainability objectives. Supporting this transition is an increasingly robust policy and regulatory framework. At the highest level, the National Green Growth Strategy (2021-2030) sets the overarching direction, while a range of complementary frameworks have been introduced and updated in recent years:

- National Green Growth Strategy (2021-2030)
- JETP (2022)
- Electricity Law (2024)
- Decision 21 - Green Taxonomy (2025)
- Power Development Plan XVIII (revised 2025)

The significance of these reforms is amplified by external pressures: energy shortages that risk constraining industrial growth, EU carbon border mechanisms now in force, and FDI manufacturers increasingly requiring renewable energy procurement as part of their own commitments. Together, these factors are creating opportunities for investors in sectors linked to sustainable development.

Renewable energy

Renewable energy stands out as one of the most prominent opportunities in Vietnam's green transition, with demand, policy, and commercial infrastructure converging at the same time.

Renewable Energy: Key Investment Drivers

01	**Surging electricity demand:** Vietnam's electricity consumption is projected to nearly double by 2030, driven by manufacturing, data centres and AI, creating a growing need for renewable energy capacity.
02	**Large-scale capacity expansion:** Peak power demand is expected to rise from around 50 GW to nearly 100 GW by 2030, while recent power shortages have highlighted the need for faster capacity expansion.
03	**USD 136 billion investment need:** Vietnam requires around USD 136 billion in the 2026–2030 period to expand and modernise its power system, making private and foreign capital essential to bridge the funding gap.
04	**Rapid renewable energy deployment:** Under the revised PDP VIII, solar and wind capacity could reach up to 73 GW and 38 GW, alongside growing investment in offshore wind, battery storage and green hydrogen.
05	**Rising demand for green power:** Companies such as LEGO, Apple and Samsung Electronics are driving demand for renewable electricity as global supply chains pursue decarbonisation targets.

Areas of opportunities

Industrial Rooftop Solar
- Pros: Real demand; fast deployment; improving legal clarity
- Cons: Tightening margins; rising competition

Onshore/Nearshore Wind
- Pros: Large pipeline; proven technology; stronger investability
- Cons: Grid constraints; long project execution timelines

Battery Energy Storage Systems (BESS)
- Pros: PDP8 priority; structural demand tied to green transition
- Cons: Early-stage commercial framework

Clean Energy Equipment & Supply Chain
- Pros: Alignment with Vietnam's priority for tech investments
- Cons: Competition with other manufacturing hubs

Offshore Wind
- Pros: Large-scale opportunity; first-mover potential
- Cons: Unresolved regulatory, grid, and offtake frameworks

Other opportunities

Green Industrial Property & Infrastructure: Vietnam has 478 industrial parks, yet none has secured formal eco-industrial certification under the current framework, with adoption still limited to a few early movers. With EU CBAM now in force and the government targeting eco-industrial park conversion and development in 40–50% of provinces by 2030, demand for sustainable industrial infrastructure is set to rise. DEEP C and VSIP 3 remain the leading models, both are foreign-invested, while Phu My 3 is the first park to apply for certification. This creates opportunities in new-build eco-parks, conversion co-investment, and environmental infrastructure such as wastewater treatment and water recycling.

Green Buildings: The same ESG pressure reshaping industrial parks is driving Vietnam's green building market. Vietnam ranked 8th globally for LEED-certified green building projects in 2025, up from 28th two years earlier (USGBC/GBCI), while the broader market added 196 newly certified green buildings, up 20% YoY. The International Finance Corporation (IFC) estimates green buildings as Vietnam's largest green investment opportunity at USD 80B, spanning industrial facilities, logistics assets, and commercial retrofits that developers can capture through certification-linked green financing.

Sustainable Agriculture: Vietnam's agricultural exports exceeded USD 70 billion in 2025, but annual post-harvest losses of USD 3.5–4.1 billion point to persistent gaps in cold chain and processing, according to the Ministry of Agriculture and Environment (MAE). With the EU's Deforestation Regulation (EUDR) applying from December 2026, stricter traceability requirements across key agri-forestry commodities are expected. Opportunities for foreign investors span cold chain infrastructure, processing, traceability solutions and precision agriculture.

Source: NSO, VGP, Ministry of Agriculture and Environment (MAE), MoC, VnEconomy, International Finance Corporation (IFC)

Artificial intelligence and digital development

Vietnam's digital economy reached USD 72.1 billion in 2025, contributing 14% of GDP and marking further progress towards the Government's target of 30% by 2030, according to the Ministry of Science and Technology (MoST). Resolution 57-NQ/TW (December 2024) elevated science, technology, and digital transformation to a national political priority, and the Digital Technology Industry (DTI) Law (effective January 2026) gave that ambition a legal and commercial infrastructure for the first time. A dedicated Law on Artificial Intelligence (Law No. 134/2025/QH15), effective March 2026, added a further layer of legal priority specific to AI. The clearest near-term entry points for foreign investors are AI and data centre infrastructure — both explicitly prioritised, underbuilt, and now backed by the most preferential incentive framework Vietnam has ever offered.

USD 72.1 bn
Digital economy 2025, 14% of GDP (MoST)

USD 198 bn
Digital tech industry revenue (2025), +26% YoY (MoST)

50th
Global Startup Ecosystem Index (2026), +5 YoY (StartupBlink)

6th
WIN World AI Index (2025) – Among 40 countries

Artificial Intelligence (AI)

Vietnam's AI ecosystem gained international validation in 2025. Qualcomm acquired VinAI's generative AI division in April, while NVIDIA acquired VinBrain and plans to establish an AI R&D centre in the country. These moves reflect growing confidence in Vietnam's AI capabilities. With a technology workforce of over 1.2 million professionals and around 50,000 new IT graduates annually, Vietnam is well positioned to expand beyond technology outsourcing into higher-value AI activities.

The government has reinforced this momentum through structural policy support. Under Resolution 57-NQ/TW, AI has been identified as one of Vietnam's strategic technology priorities and a key driver of future productivity and competitiveness. Complementing this, the National Technology Innovation Fund (NATIF) has committed at least 40% of its budget to support AI adoption and deployment. The DTI Law, the AI Law, and recent tax reforms further support the ecosystem through incentives for qualifying digital technology and R&D projects, including highly preferential tax treatment, innovation support and streamlined approvals. For foreign investors, opportunities are emerging in B2B AI deployment across manufacturing, healthcare, fintech and logistics, where adoption remains at an early stage, as well as in AI research. While senior AI talent remains limited, Vietnam offers a large and cost-competitive engineering workforce.

Data centre

Vietnam's data centre market remains in early development but is expanding fast. According to the MoST, the country currently hosts 41 data centres with a combined designed capacity of approximately 221 MW, highlighting significant room for further growth. The market is dominated by domestic operators such as Viettel, VNPT, and FPT Telecom, but foreign interest is building since the Law on Telecommunications (Law No. 24/2023/QH15) removed the foreign ownership cap on data centre and cloud computing services, with the change taking effect in early 2025.

The investment case is supported by a more favourable regulatory environment, with targeted fiscal and non-fiscal incentives for qualifying large-scale technology projects. Furthermore, development costs in Vietnam are among the most competitive in Asia-Pacific. Demand is also being driven by growing cloud adoption, rising AI compute requirements, and stricter data governance requirements under the Personal Data Protection Law. For foreign investors, opportunities span hyperscale and colocation facilities, cloud infrastructure, and AI-ready capacity. International operators such as ST Telemedia Global Data Centres are already active in the market; new commitments include Hong Kong-based AIC's USD2.1 billion data centre campus with local partner Kinh Bac (KBC), and NVIDIA's presence through Viettel's AI data centre. Together, these signal growing investor confidence and an expanding range of entry points for foreign capital.

Notable industry signals

International engagements in Vietnam's digital economy

- NVIDIA's VinBrain acquisition and Vietnam AI R&D Centre
- Viettel's partnership with NVIDIA for AI Data Centre built on NVIDIA technology
- Qualcomm's VinAI generative AI division acquisition and AI R&D Centre launch
- AIC's AI data centre campus with local partner Kinh Bac in Ho Chi Minh City
- AWS's first Local Zone in Vietnam, alongside Direct Connect and CloudFront infrastructure

Policy developments

- **Resolution 57-NQ/TW (2024)**: Politburo mandate on science, technology and digital transformation breakthroughs
- **Digital Technology Industry Law (2026)**: Priority status and top-tier incentives for AI, digital technology and semiconductors
- **Artificial Intelligence Law (2026)**: First standalone AI framework, combining risk-based regulation with innovation incentives
- **Personal Data Protection Law (2025)**: Stricter data governance, driving demand for domestic cloud and data-centre infrastructure

Source: Ministry of Science and Technology (MoST), VGP, StartupBlink, Worldwide Independent Network of Market Research (WIN), NVIDIA, Qualcomm

Other areas of priority

Infrastructure and logistics connectivity

Two rounds of PPP reform have significantly expanded opportunities for private and foreign investment by removing sector restrictions, eliminating capital thresholds, and increasing state co-investment limits for complex projects.

Law No. 57/2024/QH15 (Effective January 2025)
Expanded PPP eligibility from a limited list of sectors to public investment activities more broadly (excluding defence and security), removed minimum project capital thresholds, and increased state co-investment limits — improving project viability and investor access.

Law No. 90/2025/QH15 (Effective July 2025)
Streamlined PPP preparation and approval procedures, clarified pathways for international investor participation, and introduced more flexible mechanisms for science, technology, and innovation-oriented projects.

Vietnam's National Logistics Development Strategy 2025–2035 (Decision 2229/QĐ-TTg, October 2025) targets reducing logistics costs from approximately 18–20% to 12–15% of GDP by 2035, supporting investment in more efficient, technology-enabled logistics infrastructure and services. This creates opportunities for private and foreign investors across infrastructure and operational segments of the value chain. The most compelling entry points include port and logistics infrastructure, integrated industrial park–logistics developments, cold chain and temperature-controlled logistics, modern warehousing, digital logistics solutions, and multimodal transport integration.

Financial market and International Financial Centre

Established across Ho Chi Minh City and Da Nang, Vietnam's International Financial Centre (IFC) addresses a structural gap in the economy: bank credit has historically dominated corporate financing, and capital markets have lacked the depth to support Vietnam's investment requirements. The IFC creates a dedicated financial jurisdiction with internationally aligned rules and a substantive incentive package.

Fiscal incentives	Streamlined operations	Legal credibility
Preferential CIT rates with exemption period; PIT exemption for qualified experts and managers	Fast-track licensing, flexible capital raising in VIFC, 10-year investor visas	VIFC Court and Arbitration Centre enabling enforcement of foreign judgments and arbitral awards

FDI entry channels:

- Banking: trade finance, structured lending, PPP project finance, syndicated deals
- Capital markets: equity issuance, M&A advisory, infrastructure and industrial funds
- Capital recycling: refinancing of operational assets such as ports, logistics parks, and industrial zones
- Specialist finance: green finance, digital assets, aviation finance, and commodity derivatives

Education and human capital development

Three legal reforms effective January 2026 reduced barriers for foreign education providers. The vocational education law alone eliminated 36% of administrative procedures, including those for FDI institutions. No foreign ownership caps apply to equity in the sector, though schools enrolling Vietnamese students face a separate cap on foreign curriculum content at the K-12 level.

Vietnam's high-tech FDI push (semiconductors, AI, etc.) is increasing demand for skilled talent beyond current supply capacity in selected sectors. For example, national programs such as Decision 1017/QĐ-TTg target training 50,000 semiconductor engineers by 2030, aligned with national priorities in digital transformation and advanced manufacturing skills. Entry points span the full education value chain: from K-12 and tertiary education to vocational training to educational technology.

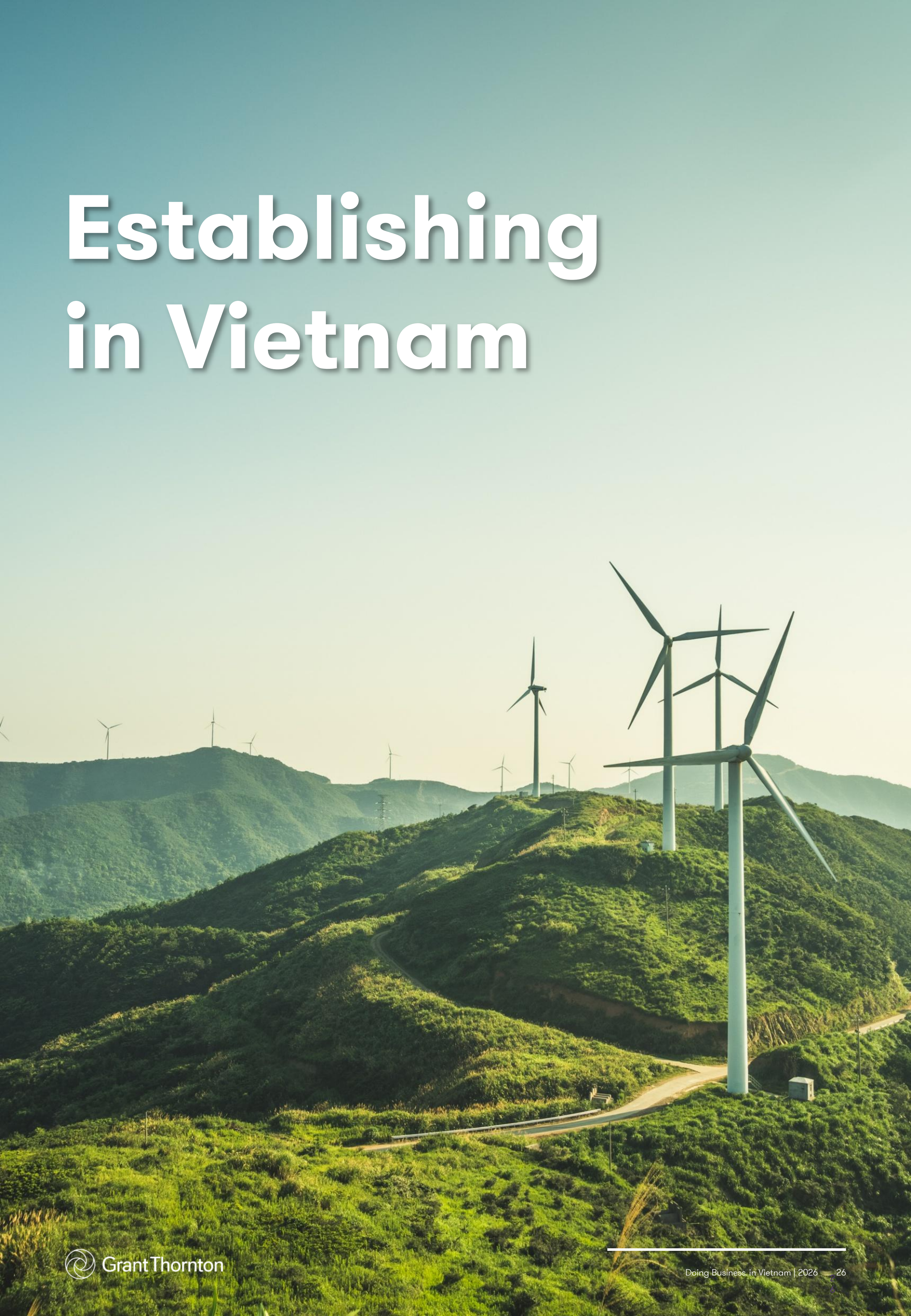
International K-12 & higher education
Full foreign ownership permitted; clearer licensing under Decree 124/2024

Vocational training
Growing demand for technical and vocational training to meet skills gaps in high-tech industries

EdTech
Expanding demand for digital learning; government's target for national education digitalisation by 2030.

Source: VGP

Establishing in Vietnam



Market entry through a newly established entity

Foreign investors may establish a commercial presence in Vietnam through several principal forms of legal entities. In addition, foreign investors may acquire or transfer equity interests in existing Vietnamese enterprises, subject to applicable foreign ownership limitations and sector-specific regulatory requirements.

Three common types of legal entities

Limited Liability Company (LLC) – Single member	Limited Liability Company (LLC) – Multi member	Joint Stock Company (JSC)
Owned by one legal entity or individual	Owned by 2–50 members (individuals or entities)	Owned by minimum of 3 shareholders, no upper limit
Limited to charter capital	Limited to capital contribution	Limited to subscribed shares
Management includes the Owner's Council or the Chairman and Director	Management includes the Members' Council and the Director	Management includes the General Meeting of Shareholders, the Board of Directors, and the Director
Capital must be contributed within 90 days of ERC issuance	Capital must be contributed within 90 days of ERC issuance	Capital must be contributed within 90 days of ERC issuance
Best suited for wholly-owned subsidiaries, sole-owner projects	Best suited for joint ventures with Vietnamese partners	Best suited for a future IPO, multiple investors, and equity flexibility

Other types

Business Cooperation Contract (BCC)

- A contractual investment arrangement between investors without establishing a separate legal entity in Vietnam.
- Facilitates commercial cooperation between investors, with rights, obligations, profits, and risks allocated by contract.

Representative Office (RO)

- A non-commercial presence of a foreign entity in Vietnam.
- Permitted to conduct liaison, market research and business promotion activities, but not to generate revenue or conduct profit-making activities.

Branch Office

- A dependent unit of a foreign entity permitted to conduct commercial activities in Vietnam within its licensed scope, which must be in line with the scope of the foreign parents.
- The foreign parent remains responsible for the branch's operations and obligations.

Partnership

- An enterprise form established by at least two general partners conducting business under a common name.
- General partners have unlimited liability for the partnership's obligations; capital-contributing members are liable within their committed capital contribution.
- This structure is generally less common for foreign investment in Vietnam.

Public-Private Partnership (PPP)

- An investment structure for cooperation between the State and private investors in infrastructure and public service projects.
- The project is implemented under a PPP contract and, where required, through a locally established project enterprise.

Establishment process

The Law on Investment 2025 introduces a more flexible establishment process for foreign investors. A legal entity may now be incorporated while the Investment Registration Certificate ("IRC") application is being prepared, with the IRC to be obtained within 12 months after incorporation. This differs from the previous process, where the IRC was generally required before the Enterprise Registration Certificate ("ERC") could be issued.

1

Pre-investment check

Conduct a comprehensive screening of all three market-access layers to identify the applicable foreign ownership limit, joint venture requirements, sector-specific licenses, competent registration authority, and eligibility for special investment procedures

2

Obtain Investment Registration Certificate (IRC)

Under the standard licensing framework, foreign investors are required to obtain an IRC prior to applying for an ERC. The IRC evidences the licensing authority's approval of the registered investment project and is generally a prerequisite for the establishment of an economic organisation to implement the project in Vietnam.

The IRC application dossier typically includes information on the investment project, documents evidencing the investor's legal status and financial capacity, documents relating to the proposed project location, and other project-specific documents as prescribed by law.

3

Enterprise registration

Applications are filed online via the National Business Registration Portal. The dossier typically includes the application form with market-access commitment, company charter, member/ shareholder list and legal IDs, beneficial ownership declaration, and registered office documents. Foreign-issued documents must be legalised/apostilled, where applicable, and translated into Vietnamese.

4

Post-establishment compliance

Complete post-incorporation registrations and operational setup, including company seal arrangements, initial tax registration, sector-specific sub-licences where applicable, the electronic identification (eID) account registration for the enterprise labour registration where required, compulsory social, health and unemployment insurance registration for employees, and opening of a VND operating bank account.

5

Direct Investment Capital Account (DICA) opening

Following incorporation, the enterprise should open a DICA with an authorised bank in Vietnam before making capital contributions. Investment-related capital flows, including capital contribution, capital transfer, and profit repatriation, should generally be routed through the DICA to support proper foreign exchange compliance and future repatriation.

6

Charter capital contribution

Committed capital must be contributed through the company's DICA within 90 days from the issuance date of the ERC for both LLC and JSC. Failure to fully contribute the committed capital without registering a capital adjustment is prohibited under the Law on Enterprises and may result in administrative penalties.

(*) The Investment Law 2025 introduces an alternative licensing mechanism allowing eligible foreign investors to obtain an ERC prior to obtaining an IRC. This mechanism does not apply to projects subject to Investment Policy Approval ("IPA"). Investors adopting this approach must continue to satisfy the applicable market access conditions and complete the IRC application within the statutory timeframe after the establishment of the enterprise.

As the substantive review of foreign investor market access conditions and the compliance of the proposed project with applicable laws and local planning requirements is deferred until the IRC application stage, investors may face regulatory risks if the proposed project does not satisfy the relevant legal or planning requirements. Accordingly, the traditional "IRC-first, ERC-later" licensing sequence continues to be widely adopted due to its greater legal certainty and lower implementation risk.

Source: VGP

Key compliance requirements for operating in Vietnam

Following establishment, investors should ensure that the enterprise remains compliant throughout the life cycle of its investment project. Ongoing compliance is essential to maintaining the enterprise's legal and operational standing, strengthening governance discipline, and supporting a stable and sustainable business presence in Vietnam.

Operational and regulatory compliance

Foreign-invested enterprises must implement their investment projects in accordance with the IRC, in-principle approval and other applicable approvals, while maintaining compliance with registered business lines, market access conditions, sector-specific business conditions and relevant operational regulations. This includes maintaining required sub-licences, certificates or approvals, as well as compliance with land, construction, environmental, fire prevention and fighting, tax, labour and compulsory insurance requirements. Detailed tax, labour and insurance obligations are addressed in the relevant sections below.

Project amendments and beneficial ownership updates

Foreign-invested enterprises should monitor and update registered project and corporate ownership information throughout their operation. Amendments to the IRC and/or in-principle approval may be required before implementing material changes to the investment project, such as changes to project objectives, location, investment capital, implementation schedule, project duration, investor information, or other approved project contents. Enterprises must also declare, maintain, and update beneficial ownership information in accordance with enterprise registration regulations, and notify the business registration authority of relevant changes within the prescribed timeline.

Report on Investment supervision and assessment

Investment supervision and assessment reports must be filed online via the National Foreign Investment Information System with the following deadlines:

- Quarterly: by the 10th day of the first month following each quarter
- Semi-annual: by 10 July
- Annual: by 31 March of the following year

Quarterly reports cover key project implementation indicators such as capital disbursement, revenue, trade activities, employment, budget contributions, land use, and environmental commitment compliance. Semi-annual and annual reports include additional data on profit, R&D expenditure, technology sources, and environmental performance.

Market entry through M&A

Vietnam's evolving investment and regulatory framework is increasingly supporting foreign investors seeking market entry through M&A transactions. Recent reforms under the Investment Law 2025 and related regulations further demonstrate the Government's broader commitment to improving transaction execution efficiency, enhancing regulatory transparency, and facilitating foreign capital participation across a wider range of sectors.

Decentralisation of investment approval authority

- The Investment Law 2025 introduced a clearer and more decentralised investment approval framework, with broader authority delegated to provincial authorities and industrial zone management boards.
- The reforms are expected to streamline administrative procedures, improve coordination with local authorities, shorten approval timelines, and enhance transaction certainty, particularly for foreign investors pursuing M&A and expansion opportunities in Vietnam.

Enhancing private equity market transparency

- Decree No. 90/2025/ND-CP introduces mandatory audit requirements for enterprises meeting two of the following three thresholds: (i) annual revenue exceeding VND300 billion, (ii) total assets above VND100 billion, and (iii) more than 200 employees participating in social insurance. This represents a meaningful step-change in financial disclosure standards, significantly improving transparency across a broad segment of Vietnam's private equity universe.
- In parallel, a wave of tax policy reforms is driving businesses toward higher transparency and stronger compliance.

Reduction of conditional business sectors

- Vietnam's regulatory framework reduced the number of conditional business sectors from 227 to 198, reflecting the Government's broader efforts to reduce market entry barriers and improve investment accessibility.
- The reforms also introduced a clearer distinction between sectors requiring pre-licensing approval and those subject to a disclosure-based "post-audit" mechanism with regulatory supervision conducted after commencement of operations.

More flexible FDI structuring

- For the first time, the Investment Law 2025 allows foreign investors to establish an enterprise and obtain an ERC prior to obtaining an IRC, representing a significant shift in Vietnam's FDI framework.
- The reform is expected to shorten market entry timelines, reduce administrative friction, and improve efficiency in transaction structuring, acquisition preparation, and post-investment implementation.

Source: VGP

M&A market update: Momentum regained in 2025

Recovery accelerated

Vietnam's M&A market regained momentum in 2025, recording 367 transactions with total announced deal value reaching approximately USD8.72 billion, up 26% YoY.

Activity was heavily concentrated in the second half of the year, with H2 transaction value 193% higher than H1, reflecting improving investor sentiment and transaction execution. Although activity moderated in Q1 2026, the slowdown remains broadly consistent with Vietnam's typical back-end-loaded transaction cycle.

Vietnam's M&A market recorded approximately USD 2.5 billion in announced transaction value in H1 2026, up 10% year-on-year. Deal activity is expected to gain further momentum in H2 2026.

Large-ticket deals increasing

Average deal size remained broadly stable at approximately USD51.3 million in 2025, consistent with levels observed during 2023-2024 and reinforcing Vietnam's position as a predominantly mid-market M&A landscape.

At the same time, the market recorded 20 transactions exceeding USD100 million, the highest level in the past three years, signalling a gradual expansion in deal scale and improving investor confidence toward larger strategic transactions.

Foreign investors remain dominant

Foreign investors accounted for approximately 53.6% of total disclosed M&A transaction value in 2025, reaffirming Vietnam's continued attractiveness to international capital. Thailand remained the most active foreign investor market, followed by South Korea, Japan, China, and the United States.

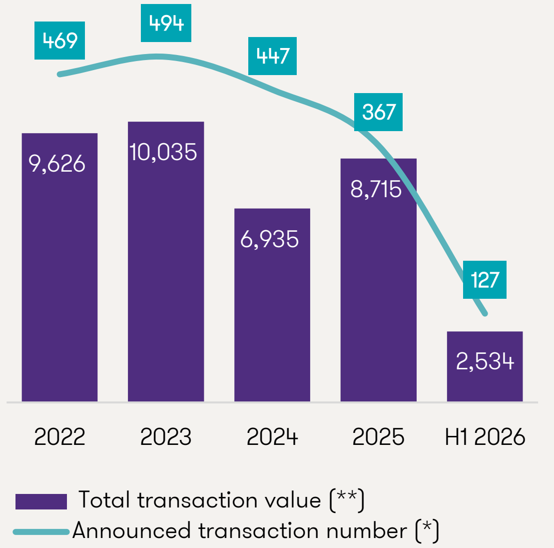
While foreign investors broadly maintain a positive long-term outlook on Vietnam, investment strategies are becoming increasingly differentiated, reflecting varying market priorities, regional portfolio strategies, and supply chain positioning.

Sector focus shifted toward strategic themes

M&A activity in 2025 became increasingly concentrated across five key sectors, including industrials (24% of total transaction value), real estate (18.9%), consumer (17.0%), energy (8.5%), and healthcare (7.0%), reflecting investor focus on sectors underpinned by domestic demand, industrial growth, and long-term structural themes.

> Vietnam's M&A recovery remains selective, but investor appetite for strategic and larger-scale transactions continues to strengthen.

Total value and number of M&A transactions (USD million)

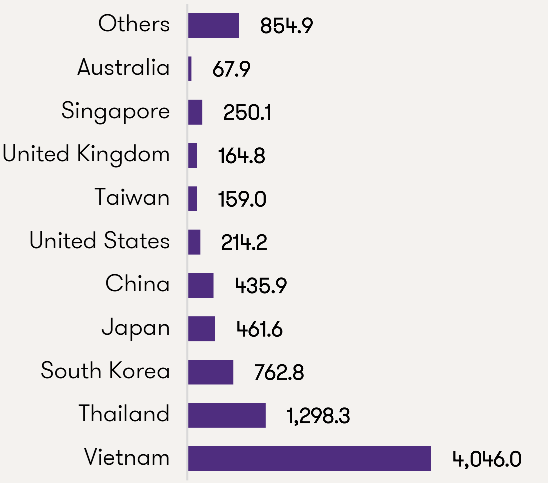


Analysis of Average Deal Value

Year	2022	2023	2024	2025
No. of disclosed-value transactions	232	192	143	170
Average deal value (USD million)	41.5	52.3	48.5	51.3
No. of deal value > USD100 million	14	17	14	20

Note:
(*) Including both disclosed and undisclosed deal values
(**) Including transactions with disclosed value only

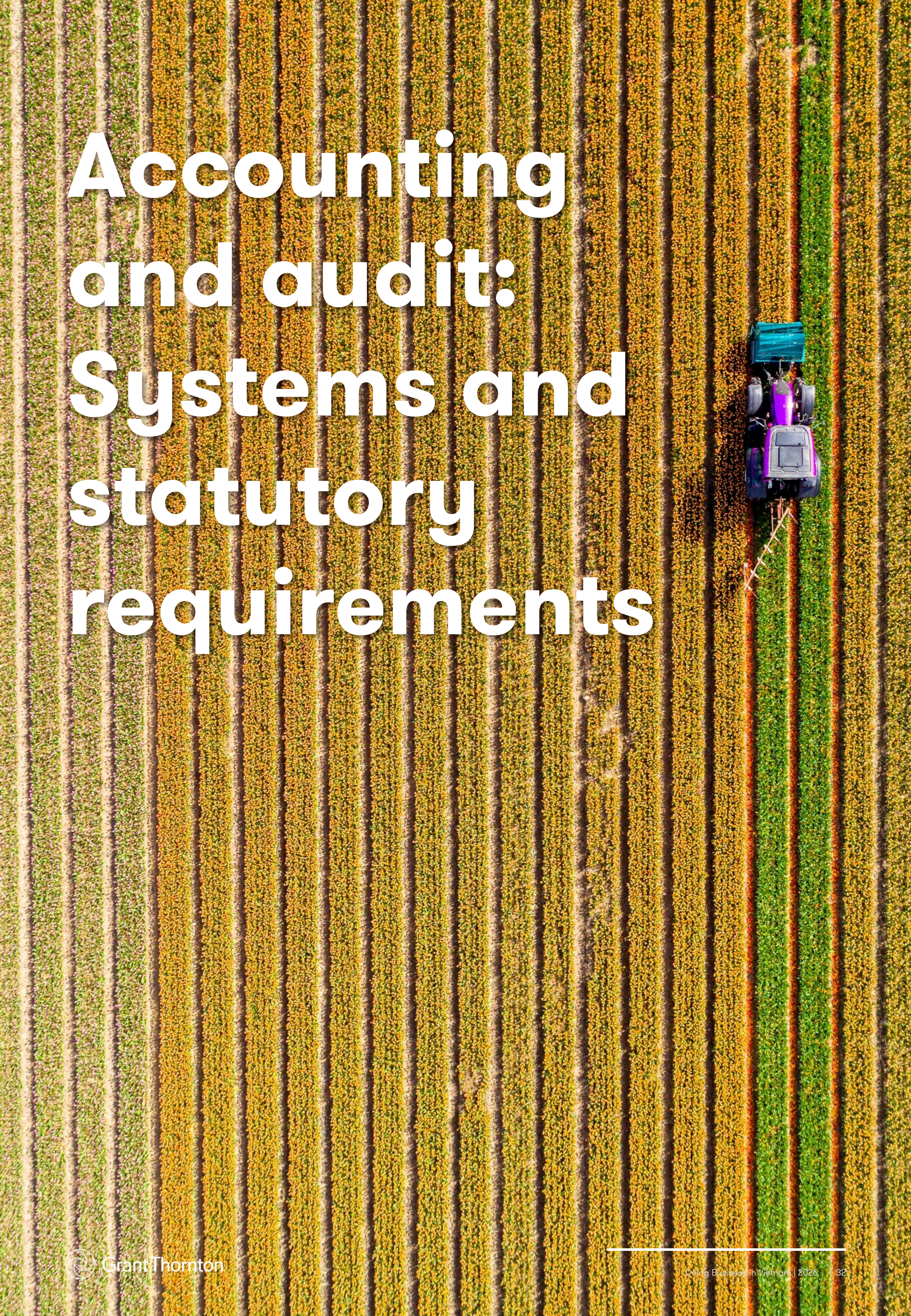
Vietnam M&A transaction value by investor origin in 2025 (USD million)



Source: Capital IQ, Grant Thornton Research & Analysis

Grant Thornton

Accounting and audit: Systems and statutory requirements



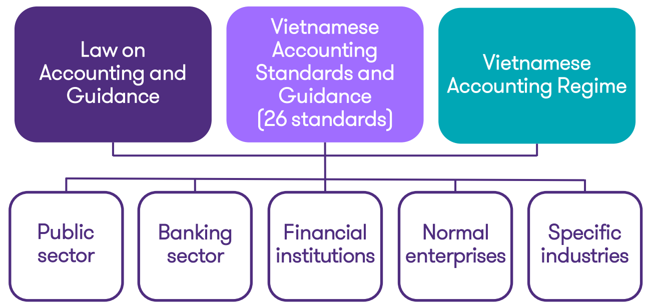
Accounting system

Accounting framework and applicable accounting regimes

Enterprises operating in Vietnam are required to maintain accounting records and prepare financial statements in accordance with Vietnamese accounting regulations, including the Law on Accounting, Vietnamese Accounting Standards (VAS), and the applicable accounting regime issued by the Ministry of Finance (MoF).

For most enterprises, the enterprise accounting regime provides detailed guidance on accounting documents, the chart of accounts, accounting books, accounting policies, and the preparation and presentation of financial statements. From financial years beginning on or after 1 January 2026, Circular 99/2025/TT-BTC ("Circular 99") applies to enterprises across sectors and economic components, replacing Circular 200/2014/TT-BTC, except where specialised accounting regulations apply.

Circular 99 introduces several notable updates, including greater flexibility in accounting documents, books, and the chart of accounts, clearer guidance on functional currency, asset and liability classification, additional disclosures, and selected new accounting treatments for areas such as impairment, biological assets, BCC arrangements, and Global Minimum Tax (GMT). The applicable accounting regime may still vary for SMEs, micro-enterprises, and regulated sectors such as banking, insurance, and securities, which may be subject to separate or additional accounting and reporting requirements.



Main characteristics of VAS:

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

Progress towards international-aligned financial reporting

VFRS Preparation
Ministry of Finance (MoF)

IFRS Pilot Implementation
Ministry of Finance (MoF) and voluntary enterprises

VFRS Compulsory Implementation
Listed companies, State-owned companies, Large public companies

Vietnam has continued to modernise the accounting and financial reporting framework, with a focus on transparency, comparability, and closer alignment with international practices. Decision No. 345/QD-BTC issued by the Ministry of Finance on 16 March 2020 laid the policy foundation for the application of IFRS and the development of Vietnamese Financial Reporting Standards ("VFRS"), which are expected to be developed based on IFRS with appropriate modifications to suit Vietnam's legal, economic, and regulatory environment. The detailed transition process and implementation requirements remain subject to further guidance from the Ministry of Finance.

For foreign investors, statutory financial statements in Vietnam remain subject to Vietnamese accounting regulations. IFRS or group reporting requirements may still be relevant for consolidation or internal reporting purposes but should be considered separately from local statutory accounting and filing obligations.

Source: VGP, MoF

Key accounting setup

Foreign investors should address key accounting setup matters at an early stage, as these decisions will affect statutory reporting, tax compliance, audit readiness, and group reporting. The main setup considerations include:

Financial year

The standard financial year in Vietnam is the calendar year. Enterprises may adopt a different 12-month financial year starting from the first day of a quarter, subject to notification to the relevant finance and tax authorities.

Currency

The statutory accounting currency is generally Vietnamese Dong. Enterprises with most of their revenues and expenses denominated in a foreign currency may use that foreign currency as their accounting currency, subject to applicable conditions

Records language

Accounting records used in Vietnam must be prepared in Vietnamese. Where a foreign language is used, accounting documents, accounting books and financial statements used in Vietnam should generally be prepared in both Vietnamese and the foreign language.

Accounting function

Enterprises must establish an accounting function by appointing accounting personnel or engaging a qualified accounting service provider. A chief accountant is generally required, unless exempted by law, and may be arranged internally or through a qualified service provider.

System and process

Enterprises should set up the statutory chart of accounts, accounting software, e-invoicing arrangements, internal approval procedures, document retention process, and other recurring accounting compliance workflows.

Financial statements and document retention

Foreign-invested enterprises must maintain proper accounting records, close accounting books, and prepare annual financial statements in accordance with Vietnamese accounting regulations. Accounting documents must be archived within 12 months after the end of the annual accounting period or completion of the relevant accounting work, and must be retained in Vietnam during the enterprise's operation. Key statutory retention periods generally include:

5 years (At least)

For accounting documents used mainly for management and administration purposes, including accounting vouchers not directly used for bookkeeping or preparing financial statements.

10 years (At least)

For accounting vouchers directly used for bookkeeping and preparing financial statements, accounting books, annual financial statements, and other key accounting records.

Permanent

For certain accounting documents with historical value or significant economic, security, or national importance.

Source: VGP

Audit compliance

Statutory audit requirements

The following types of entities are generally subject to a mandatory annual statutory audit. Their annual financial statements must be audited by an eligible independent audit firm or a Vietnam-based branch of a foreign audit firm.

- Listed companies
- State-owned enterprises
- Banks
- Securities companies
- Financial institutions
- Insurance companies
- Large-scale companies
- Foreign-invested enterprises

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

There are 230 audit firms approved and authorised by the Ministry of Finance (MoF), as updated on 28 May 2026, of which 28 are approved to audit public-interest entities by the State Securities Commission (SSC).

For foreign-invested enterprises, statutory audit is not only an annual compliance requirement but also a key process supporting financial statement filing, tax finalisation, and profit remittance. To ensure timely completion, investors should pay attention to the following audit requirements:

- The annual audit engagement contract must be signed no later than 30 days before the end of the financial year
- The enterprise must provide complete and timely accounting records, supporting documents, and explanations to the auditor
- The enterprise should not restrict the audit scope
- The maximum consecutive period a practicing auditor can sign audit reports for the same client is limited to five years
- Audited annual financial statements must generally be submitted/filed within 90 days from the financial year-end with the competent finance authority, local tax authority, and statistics authority.
- For enterprises located in an export processing zone or industrial park, filing with the relevant EPZ/IP Management Board may also be required.

External audit

External audits are performed by licensed independent audit firms to enhance the reliability and transparency of financial reporting. In Vietnam, external audit activities are governed by the Law on Independent Auditing, with audit procedures and reporting requirements prescribed under 37 Vietnamese Standards on Auditing.

Law on Independent Auditing and guidance

37 Vietnamese Standards on Auditing

Internal audit requirements

Internal audit is not a general statutory requirement for all foreign-invested enterprises. However, Circular 99/2025/TT-BTC emphasises the need for internal governance and control mechanisms over economic transactions, while a formal internal audit function may be required for listed companies, certain state-invested or state-owned parent companies, and enterprises in regulated sectors such as banking, insurance, and securities.

For other enterprises, internal audit is encouraged as a governance and risk management tool, particularly where the business has complex operations, high transaction volume, multiple locations, group reporting requirements, or elevated compliance risks.

Other considerations

ESG and IT-related controls are increasingly important to governance, compliance, and assurance readiness in Vietnam. Public companies and other entities subject to securities disclosure requirements may be required under Circular 96/2020/TT-BTC to include sustainability-related information in their annual reports, including selected ESG matters under Appendix IV.

Foreign-invested enterprises should also consider IT controls, cybersecurity, data governance, and system reliability, as these may affect financial reporting, tax compliance, audit readiness, and, where applicable, internal audit, group audit, IT audit, or regulatory inspection.

Source: VGP, MoF

Taxation: Key regulatory changes and compliance considerations

Vietnam's taxation system

Vietnam's recent tax administration reform agenda

Since 2024, Vietnam has introduced a series of significant tax and tax administration reforms that extend beyond routine legislative updates. Collectively, these changes reflect a broader shift in policy direction. As Vietnam's economy matures and becomes more integrated into global markets, policy priorities have evolved from primarily supporting investment attraction and economic growth toward also strengthening fiscal sustainability, enhancing transparency, and modernising tax administration.

The recent reforms appear to support four strategic objectives:

- Strengthening the tax base and revenue sustainability while gradually reducing reliance on tax incentives as a competitive tool.
- Accelerating digital tax administration through greater use of e-invoicing, data integration, and risk-based compliance monitoring.
- Enhancing transparency and compliance by improving transaction visibility and reducing informality.
- Aligning with international standards to support Vietnam's position in global supply chains and evolving international tax frameworks.

Key taxes applicable to business operation in Vietnam

The principal taxes applicable to most business operations include Corporate Income Tax (CIT), Value Added Tax (VAT), Personal Income Tax (PIT) in relation to employment income, and Foreign Contractor Withholding Tax (FCT) for certain cross-border transactions. In addition, specific activities may give rise to other taxes and duties, including Special Sales Tax (SST), Natural Resources Tax, Property Taxes, Import and Export Duties, and Environment Protection Tax.

Corporate Income Tax (CIT)

20%
Standard rate

- **Incentives:** 10–17% by sector, location, project scale; tax holidays may apply
- **Global Minimum Tax:** 15% effective floor for MNE groups with consolidated revenue ≥ EUR 750M
- **Filing:** Quarterly provisional payments; annual finalisation by 31 Mar (following year)

Value Added Tax (VAT)

10%
Standard rate

- **Temporary reduction:** 8% (with certain exceptions)
- **Other applicable rates:** 0% (exports, international transport); 5% (essentials); certain categories not subject to VAT
- **Filing:** Monthly – by the 20th of the following month; Quarterly – by the last day of the first month following quarter-end

Personal Income Tax (PIT)

5-35%
Progressive rates

- **Tax residency:** 183+ days in Vietnam in a calendar year, or within 12 consecutive months from first arrival
- **Non-residents:** Flat 20% on Vietnam-source employment income
- **Filing:** Quarterly filing and withholding starting Q2 2026; annual finalisation by 31 Mar (following year) for employers and by 30 Apr for direct filing, applied to employment income

Foreign Contractor Tax (FCT)

CIT+VAT
% of gross contract value (Direct method)

- **Scope:** Cross-border payments for goods, services, royalties and similar transactions
- **Rates:** VAT and CIT apply at varying rates depending on transaction type (VAT: 0–5%; CIT: 0.1–10%)
- **Filing:** Per occurrence – within 10 days of payment; OR per month – by the 20th of the following month; OR per quarter for foreign suppliers doing business via digital platforms – by the last day of the first month following quarter-end

Taxation and policies and international tax developments

Corporate Income Tax (CIT)

Key legal developments

Vietnam enacted Law No. 67/2025/QH15 on Corporate Income Tax (CIT), representing a comprehensive overhaul of the CIT framework in more than a decade since the last law issued in 2008 and amended in 2013. The law takes effect from 1 October 2025 and applies from the 2025 tax year onward, with detailed guidance issued under Decree No. 320/2025/ND-CP and Circular No. 20/2026/TT- BTC.

Noteworthy major changes

Expanded scope for foreign enterprises	Foreign enterprises without a physical presence but generating Vietnam sourced income — particularly through e-commerce and digital platforms — are now explicitly subject to CIT. Digital platforms may also constitute a permanent establishment for Vietnamese tax purposes.
Tiered CIT rates for SMEs	In addition to the standard 20% CIT rate, reduced rates of 15% (revenue less than VND 3 billion) and 17% (revenue ranging from VND 3–50 billion) are introduced, subject to eligibility conditions.
Tax exempt income expanded	New exemptions apply to income from innovation, R&D, digital transformation, green finance instruments (carbon credits, green bonds), and State Investment Support Funds.
Alignment with international tax initiatives	The law authorises implementation of OECD/UN principles, providing the statutory basis for Global Minimum Tax interaction and anti BEPS measures.

Value Added Tax (VAT)

Key legal developments

Vietnam replaced its Value Added Tax (VAT) regime with Law No. 48/2024/QH15 on Value Added Tax, effective 1 July 2025, supplemented by Decree No. 181/2025/ND-CP and Circular No. 69/2025/TT-BTC. Further amendments adopted in December 2025 and April 2026 apply from 1 January 2026.

Noteworthy major changes

VAT rate reduction	The standard VAT rate is temporarily reduced from 10% to 8% for eligible goods and services until 31 December 2026, under National Assembly resolutions.
Stricter input VAT credit and refund rules	Enhanced documentation, non-cash payment thresholds, and minimum accumulated input VAT (VND 300 million) for investment project refunds.
Higher VAT exemption threshold	From 1 January 2026, business households and individuals with annual revenue below VND 1 billion are exempt from VAT.
Digital services and e-commerce	Foreign suppliers providing cross-border services via digital platforms are explicitly subject to Vietnam's VAT at the standard rate. They can register for tax code, declare and settle VAT directly to the Vietnam tax authority. Other suppliers are subject to deemed VAT collection mechanisms.

Foreign entities selling services into Vietnam should review VAT registration, pricing, while foreign investors with subsidiaries in Vietnam should carefully consider their refund feasibility, particularly for export-oriented projects relying on VAT recoverability.

Capital Gain Tax

Key legal developments

Together with the new Law on CIT in 2025 as well as Law on Personal Income Tax (PIT), there are changes in stipulations regarding capital gain tax, but tax treatments are still consolidated into the general CIT/PIT framework, not governed under a separate regime.

Noteworthy major changes

For corporate transferers

- Expansion in declaration and withholding obligations in indirect transfer and cross-border transactions involving Vietnamese entities, instead of tax on direct transfer of a Vietnamese entity.
- Consideration for tax exempt in case of ownership restructuring transactions between companies of the same corporate group.
- For foreign transferers, capital gain tax incurs upon the effective date of the initial capital transfer contract.
- Adoption of fixed rate on transfer price instead of gain for foreign transferers.

For individual transferers

- Clearer principles on determining taxable gain and supporting documents for acquisition cost recognition. In case of not being able to determine purchase price and related expenses, flat rate 2% will be applied on transfer price.
- Same treatment will be applied for either capital transfer or securities transfer towards both tax residents and non-tax residents, with increased focus on tax administration for indirect transfers and transactions conducted overseas but involving Vietnamese assets. Previously, 0.1% was consistently applied for both capital and securities transfer of non-tax resident individuals.

Transfer Pricing (TP)

Key legal developments

Decree No. 20/2025/ND CP, effective 27 March 2025, amends Decree No. 132/2020/ND-CP and applies from the 2024 CIT year onward. We expect further changes to Transfer Pricing (TP) regulations, together with application of Global Minimum Tax (GMT).

Noteworthy major changes

- Narrowed related party definition for loans and guarantees from banks and credit institutions, reducing unintended TP exposure.
- Transitional relief for previously disallowed interest expenses, i.e. they can be carried forward in the next consecutive 5 years.
- Enhanced alignment with OECD BEPS and Country by Country Reporting ("CbCR") exchange mechanisms, in preparation for implementation of compliance regulations regarding GMT, effective from the fiscal year or tax year 2024.

Multinational groups should revisit financing structures, interest deductibility, and Transfer Pricing documentation, ensuring consistency with revised definitions.

Global Minimum Tax (GMT)

Key legal developments

Vietnam implemented OECD Pillar Two framework through Resolution No. 107/2023/QH15 and Decree No. 236/2025/ND-CP, effective 15 October 2025, applicable from the fiscal year 2024.

Noteworthy major features

1. Introduction and adoption of Qualified Domestic Minimum Top up Tax ("QDMTT") and Income Inclusion Rule ("IIR") in Vietnam.
2. Multinational groups with consolidated revenue from EUR 750 million and above and their Constituent Entities in Vietnam will be subject to filing requirements.
3. Detailed guidance on registration, notification, and annual top up tax filing requirements, with transitional safe harbours.

Personal Income Tax (PIT)

Key legal developments

The Personal Income Tax (PIT) Law 2025 was passed on 10 December 2025, effective 1 July 2026, with several provisions regarding employment income, tax reliefs and deductions applicable from 1 January 2026.

Noteworthy major changes

Revised progressive tax rates	The number of PIT brackets is reduced from seven to five, easing the burden on middle income earners.
Increased personal and family reliefs	Monthly personal deductions rise to VND 15.5 million, and dependent deductions to VND 6.2 million per eligible and registered dependent.
Higher exemption threshold	PIT exemption applies to annual revenue up to VND 1 billion for business individuals
New taxable income and non-taxable income categories	Income from digital assets, carbon credits, and certain new property related transactions is brought into scope, with targeted exemptions for first time transfer, as well as income earned by working in digital technology industry, innovation, high-tech and start ups. Additional tax exempted income were introduced, including certain types of employment income.

Foreign employers should update payroll systems, expatriate tax equalisation models, and employee communications, particularly for assignees and high-income professionals.

Foreign Contractor Withholding Tax (FCT)

Key legal developments

The core and latest Foreign Contractor Withholding Tax (FCT) regulatory framework remains the Circular No. 103/2014/TT-BTC. Under this regulation, the deemed method is the most common method, where other methods of declaration method and hybrid method are subject to conditions for application.

Further to the above core stipulations, significant updates to deemed tax rates and taxable revenue determination were issued under Circular No. 69/2025/TT BTC for VAT portion and Circular No. 20/2026/TT BTC regarding CIT portion in the FCT collection regime.

Noteworthy major changes

Digital Services VAT	Updated VAT rate for digital services and cross border supplies, whose foreign suppliers can choose to register for tax, issue invoices per Vietnam regulations and directly declare and pay tax to Vietnam tax authority. VAT deemed rates are not applicable to foreign suppliers without permanent establishment in Vietnam who do e-commerce or digital platform-based business with organisations and individuals in Vietnam.
Foreign Contractor Tax Gross-Up	Revised concept of taxable revenue for foreign contractors, including gross up treatment for net of FCT contracts. Specifically, taxable revenue to CIT portion now includes VAT if the foreign contractors are subject to deemed tax filing method.
VAT & CIT Deemed Rates	Added application and clearer guidance on deemed rates for both VAT and CIT taxable income.

Labour regulations and employment compliance

Labour and employment in Vietnam

Vietnam's employment regulatory landscape is evolving with the introduction of the Law on Employment No. 74/2025/QH15, effective from 1 January 2026, which places greater emphasis on labour registration, workforce information, employment reporting, and unemployment insurance compliance. While the Labour Code remains the primary legal framework governing employment relationships, these developments signal a stronger focus on data-driven labour market management and employer compliance.

In parallel, the Personal Data Protection Law (Law No. 91/2025/QH15), also effective from 1 January 2026, introduces broader compliance requirements for the collection, use, and management of employee personal data throughout the employment life cycle.

This section outlines key labour and employment considerations for investors in Vietnam, covering recruitment and hiring, employment of foreign workers, employment terms and ongoing employer obligations, and termination of employment.

Recruitment and hiring

Employment contract

In accordance with regulations, employment contracts are categorised into two types: Definite-term and indefinite-term, subject to mutual requirements of the parties. For definite-term contracts, the contract term must not exceed 36 months. Such contracts may generally be entered into only twice; upon the third execution, the employment relationship must default to an indefinite term contract.

An exception applies to certain categories, including foreign employees, directors of state-invested enterprises, elderly employees, and members of the management board or representative bodies, for whom a definite-term contract may be renewed more than once in accordance with applicable laws.

From 1 July 2026, electronic employment contracts will be officially implemented. Under Decree No. 337/2025/ND-CP, employers are encouraged to use electronic employment contracts as an alternative to paper-based contracts.

Employment contract

Definite term

- **Term:** Fixed (≤36 months)
- **Renewal:** Limited
- **Use case:** Project-based/ transition to permanent

Indefinite term

- **Term:** No fixed end date
- **Renewal:** Not required
- **Use case:** Permanent staffing needs

Probation period

Probation may be agreed either in the employment contract or in a separate probation agreement. Each position is subject to only one probationary period, lasting from 6 to 180 days depending on the role and requirements. Employers should also ensure that probation timelines are calculated carefully to avoid exceeding the legal cap.

Probationary salary must be agreed by both parties and be at least 85% of the position's agreed salary.

For foreign workers

Vietnam labour law for foreigners

Foreign nationals may be employed only in managerial, executive, specialist, or technical positions for which Vietnamese workers are not yet qualified.

In accordance with the Labour Code, foreign employees are entitled to similar rights and benefits as Vietnamese employees but must obtain a valid work permit or a confirmation of work permit exemption to work legally in Vietnam, whether employed under a local-hire arrangement or for project-based assignments.

Work permit for foreign workers

A work permit for foreign employees in Vietnam is valid for up to two years, is required for obtaining a Temporary Residence Card, and must be re-applied for upon expiry (including extended permits). Administrative procedures have been streamlined under recent regulations, including Decree No. 219/2025/ND-CP and Decision No. 346/QĐ-BNV. In cases where a work permit exemption applies, a work permit exemption certificate is still required for compliance purposes.

Foreign worker labour contract

Foreign employees working in Vietnam must have written labour contracts, including a Vietnamese version, with a term not exceeding the validity of the work permit. In case of discrepancy, the Vietnamese version prevails.

Foreign employees are generally subject to compulsory social insurance and health insurance, while unemployment insurance does not apply.

Work hours and leave entitlements

Working hours

Maximum 8 hours per day or 48 hours per week.

Under a weekly schedule, working hours may be arranged flexibly but must not exceed 10 hours per day or 48 hours per week.

Work performed between 10:00 PM and 6:00 AM is classified as night shift.

Overtime

Limit up to 50% of normal daily working hours and must not exceed 40 hours/month, 200 hours/year, or 300 hours/year in permitted cases.

Overtime Rate	
150%	on working days
200%	on weekly days off
300%	on public holidays

An additional 20% premium applies to overtime performed at night, on top of the applicable overtime rate and 30% night shift premium.

Public holidays
12
paid days per year

Annual leave
12
paid days per year (at least), with an additional 1 day added for every 5 years of service

Maternity leave
6-7
paid months

- First child: 6 months
- Multiple births: 7 months + 1 month for each child from the second child onward for multiple births

Marriage/ Bereavement leave
3
days of paid day leave for the employee's marriage or the death of a parent, spouse, or child; and 1 day of paid day leave for a child's marriage

Social insurance paid leave
Pregnancy check, miscarriage, sick leave, and leave to care for a sick child.

Wages and mandatory insurance

Minimum wages

Decree No. 293/2025/ND-CP (effective from 1 January 2026) sets the region-based minimum wage for employees under labour contracts, divided into four levels corresponding to Region I through Region IV, as follows:

Region	Minimum wage
Region I	VND 5,310,000/month (VND 25,500/hour)
Region II	VND 4,730,000/month (VND 22,700/hour)
Region III	VND 4,140,000/month (VND 20,000/hour)
Region IV	VND 3,700,000/month (VND 17,800/hour)

Insurance components and contributions

Vietnam's compulsory insurance regime comprises social insurance ("SI"), health insurance ("HI"), and unemployment insurance ("UI"). Contributions are generally made by both the employer and employee based on the monthly salary stated in the labour contract, subject to statutory caps. Vietnamese employees working under indefinite-term labour contracts or fixed-term labour contracts of at least one month are generally subject to compulsory SI, HI, and, from 1 January 2026, UI, in accordance with the applicable social insurance, health insurance, and employment regulations.

	SI	HI	UI	Total
For local employees				
Employee	8%	1.5%	1%	10.5%
Employer	17.5%	3%	1%	21.5%
For foreign employees				
Employee	8%	1.5%	N/A	9.5%
Employer	17.5%	3%	N/A	20.5%

Source: VGP

Employment termination

Termination of labour contracts in Vietnam is complex and governed by the Labour Code. The applicable procedures, notice periods, and severance payments vary depending on the reason for termination and the type of employment contract.

Severance payments

In Vietnam, the employer is responsible for paying a severance allowance (where applicable) to an employee who has worked on a regular basis for at least 12 months, in accordance with Article 46 of the Labour Code 2019.

The allowance is calculated at half a month's salary for each year of qualifying service. The qualifying period is determined based on total actual working time, excluding periods covered by unemployment insurance and any period for which severance or job-loss allowance has already been paid. Periods of up to six months are counted as half a year, while periods of more than six months are counted as one full year.

Notice period

The employer has the right to unilaterally terminate a labour contract in cases specified under Article 36 of the Labour Code 2019, subject to mandatory prior notice as follows:

For labour contracts with a term of under 12 months

3 working days (at least)

For definite-term labour contracts (12 to 36 months)

30 days (at least)

For indefinite-term labour contracts

45 days (at least)

These statutory notice periods are mandatory and may only be varied where expressly permitted by law or where a collective agreement provides more favourable terms for employees.

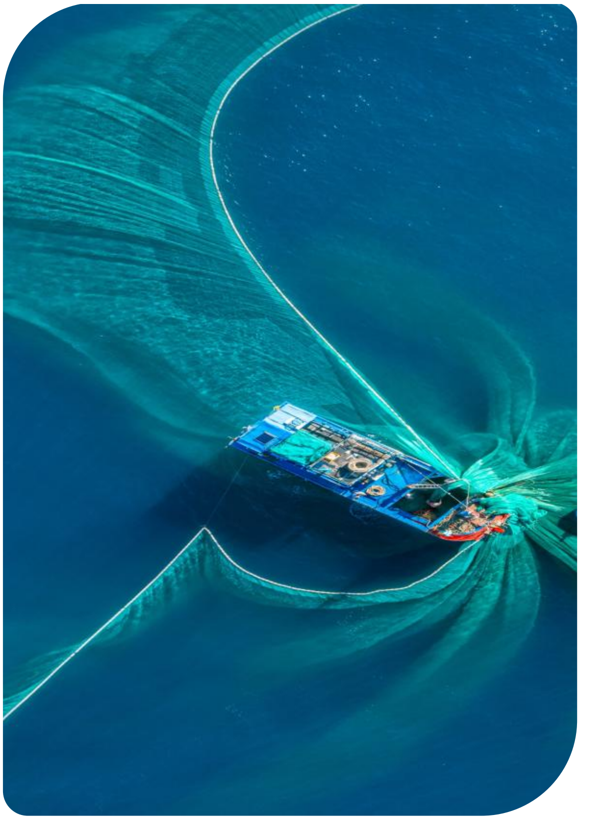
Retirement regime

The statutory retirement age continues to follow the roadmap under the 2019 Labour Code and Decree 135/2020/NĐ-CP. The retirement age increases annually by 3 months for men and 4 months for women until reaching 62 (men) in 2028 and 60 (women) in 2035. In 2026, the retirement age is 61 years and 6 months for men and 57 years for women.

Under the 2024 Social Insurance Law (effective 1 July 2025), the minimum contribution period for pension eligibility is reduced from 20 to 15 years, allowing more workers to qualify for retirement benefits and free healthcare coverage.

From 1 July 2025, new employees participating in social insurance will no longer be eligible for one-time withdrawals, except for specific cases as prescribed by this law, such as the case of reaching retirement age but having less than 15 years of social insurance contributions, relocating abroad for permanent settlement, or suffering from severe illnesses like cancer, paralysis, AIDS, etc.

Under Decree No. 162/2026/ND-CP, pensions, social insurance allowances, and monthly benefits are increased by 8% from 1 July 2026 for eligible beneficiaries, based on the benefit level of June 2026. The adjusted amounts will serve as the basis for future pension adjustments.



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Key figures and facts

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Established in Vietnam

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in Hanoi and Ho Chi Minh City

380+
employees in Vietnam

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Trinh Thi Tuyet Anh

Director
Business Development and International Liaison

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

Contact our experts

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

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

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

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

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

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

Nguyen Tuan Nam
Senior Partner, Head of Audit and Assurance Services of Hanoi Office
T +84 24 3850 1686 (Ext: 1617)
E tuannam.nguyen@vn.gt.com

Nguyen Manh Tuan
Senior Partner, Head of Audit and Assurance Services of HCMC Office
T +84 28 3910 9100 (Ext: 9184)
E manhtuan.nguyen@vn.gt.com

Valerie Teo
Partner, Head of Tax Services of HCMC Office
T +84 28 3910 9100 (Ext: 9235)
E valerie.teo@vn.gt.com

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

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

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

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

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Jin Nishina

Director

T +84 28 3910 9100 (Ext: 9208)

E nishina.jin@vn.gt.com

Masanobu Taniguchi

Director

T +84 24 3850 1686 (Ext: 1696)

E masanobu.taniguchi@vn.gt.com

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

Valerie - Teo Liang Tuan (张良端)

Partner, Head of Tax Services of HCMC Office

T +84 28 3910 9100 (Ext: 9235)

E valerie.teo@vn.gt.com

Lac Boi Tho

Director, Tax Services

T +84 28 3910 9100 (Ext: 9240)

E tho.lac@vn.gt.com

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Our Korea Desk combines bilingual capabilities with a clear understanding of Korean business culture and Vietnam's regulatory environment. We assist Korean businesses in developing local partnerships and provide you with tailored and practical solutions to help your businesses overcome challenges, ensure compliance, and boost your sustainable growth in Vietnam.

Doan Thi Huong Ly

Director

T +84 24 3850 1686 (Ext: 1655)

E Ly.Doan@vn.gt.com

Grant Thornton Vietnam offices

Head Office in Hanoi

18th Floor
Hoa Binh International Office Building
106 Hoang Quoc Viet Street
Nghia Do Ward, Hanoi
Vietnam

T +84 24 3850 1686

F +84 24 3850 1688

Office in Ho Chi Minh City

14th Floor
Pearl Plaza
561A Dien Bien Phu Street
Thanh My Tay Ward, Ho Chi Minh City
Vietnam

T +84 28 3910 9100

F +84 28 3910 9101

E grant.thornton@vn.gt.com

www.grantthornton.com.vn

Grant Thornton

grantthornton.com.vn