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Guide to Doing Business in Vietnam



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Introduction

Vietnam is a rapidly growing economy located in Southeast Asia, with a population of over 100 million people and a strategic position connecting major regional and global supply chains. The country has become an increasingly attractive destination for foreign investment due to its political stability, competitive labour force, expanding consumer market and extensive network of free trade agreements.

Over the past decades, Vietnam has transformed into one of the region's key manufacturing and export hubs, attracting multinational corporations across a wide range of sectors, including manufacturing, technology, logistics, renewable energy, consumer goods and professional services. Vietnam's participation in major international trade agreements, including the Comprehensive and Progressive Agreement for Trans-Pacific Partnership ("**CPTPP**"), the EU-Vietnam Free Trade Agreement ("**EVFTA**") and the Regional Comprehensive Economic Partnership ("**RCEP**"), further enhances its attractiveness as a gateway to regional and international markets.

As a sign of investor confidence, foreign direct investment inflows into Vietnam have surged to record levels, with total registered capital surpassing US$50 billion in the first nine months of 2026 (according to the National Statistics Office of Vietnam). At the regional level, the Milken Institute's 2026 Global Opportunity Index ranks Vietnam 2nd in Southeast Asia and 39th globally for economic momentum and investment appeal.



Business Structures

There are various types of business vehicles used to establish business operations in Vietnam:

The principal form is an **enterprise**, which is an organisation that has a proper name, assets and premises, and is established or registered in accordance with the law for business purposes. Enterprises are established in accordance with the Law on Enterprises. Enterprises can freely conduct business activities that are not prohibited by law, determine their business structure and operations, recruit employees, enter into commercial transactions and manage their assets.

A company is the most common form of enterprise established by investors. It has a separate legal personality from its members/shareholders, is generally responsible for its own debts and liabilities, has rights to own property, to sue or be sued in its own name, and has perpetual succession.

All enterprises must have at least one legal representative who resides in Vietnam.

1. Limited Liability Company ("LLC")

An LLC is a company whose ownership interest is reflected as the total amount of capital contributed by its member(s). This company does not issue shares. There are two types of LLCs:

(a) One-Member LLC

A one-member LLC is a company owned by a single individual or corporate owner.

(b) Multiple-Member LLC

A multiple-member LLC is a company with between two and 50 members, which may be individuals and/or corporate entities.

The contributed capital in a multiple-member LLC is not freely transferable. Transfers need to be registered with the business registration authority, and will be subject to a statutory right of first refusal by other members.

2. Joint Stock Company ("JSC")

A JSC is a company whose charter capital is divided into shares. A JSC has at least three shareholders, which may be individuals and/or corporate entities, with no limitation on the maximum number of shareholders.

With limited exceptions, shares are freely transferable.

3. Branch in Vietnam

Certain foreign organisations may establish a branch in Vietnam. These include foreign traders, credit

institutions, educational institutions, insurance companies, law firms, and accounting or audit firms.

A branch is a dependent unit of the foreign corporation and does not have a separate legal personality. Therefore, the foreign corporation remains liable for obligations, debts and liabilities arising from the branch's operations in Vietnam.

Branches can conduct commercial activities and generate revenue in Vietnam within the scope specified in their establishment licence.

4. Representative Office in Vietnam

Certain foreign organisations may establish a representative office in Vietnam. In practice, they are commonly established by foreign traders.

A representative office is a dependent unit of the foreign corporation and does not have a separate legal personality. Therefore, the foreign corporation remains liable for obligations, debts and liabilities arising from the representative office's operations in Vietnam.

Representative offices cannot be used to carry out any profit-making activities. Their scope of operations is typically limited to liaison, market research and promotion purposes.



Licensing of Business Activities

Apart from incorporation (and, for foreign investors, investment registration), businesses may need to obtain approvals or licences from relevant government authorities, depending on their proposed business activity.

Examples of business activities requiring special approvals or licences, regardless of whether conducted by locals or foreign investors, include the following:

(a) banking, insurance, financial and payments services;

(b) securities, fund management and other capital market activities;

(c) telecommunications services;

(d) e-commerce activities;

(e) healthcare and pharmaceutical services;

(f) educational services;

(g) transportation and logistics services;

(h) real estate activities;

(i) tourism and travel services; and

(j) professional services such as legal, accounting, auditing and valuation services.

Foreign investors setting up in Vietnam are required to, in most cases, obtain an investment registration certificate. This can be done prior to or after the incorporation process.

Licence applications are generally submitted to the sectoral licensing authority. Depending on the type of licence, submissions may be made either to the authority of the locality at which the business operates or to the central-level authorities (i.e., the ministries).

Processing times vary according to the licence type.



Incentives for Setting Up Business in Vietnam

The Vietnamese Government offers a range of investment incentives to attract domestic and foreign investment, particularly in high-technology industries, innovation, semiconductor manufacturing, artificial intelligence ("**AI**"), renewable energy, research and development ("**R&D**"), and projects located in economically disadvantaged areas.

The principal incentives available to investors include corporate income tax incentives, import duty exemptions, land rental incentives, investment support grants, and special incentives for high-tech and strategic technology projects.

1. Tax Incentives

Vietnam provides various tax incentives to attract both domestic and foreign investment. These incentives include preferential corporate income tax treatment, exemptions and reductions – particularly for those operating in encouraged sectors, high-tech industries, R&D activities, or investment incentive locations.

Investors should note that eligibility conditions and incentive levels vary depending on the sector, location, scale and nature of the investment project.

For qualifying investments in priority sectors and designated incentive locations, preferential corporate income tax rates of 10%, 15%, or 17% can apply, together with tax exemptions of up to four years and 50% tax reductions for up to nine subsequent years. Certain large-scale or strategic projects may qualify for an additional extension of preferential tax rates for up to 15 years and enhanced incentives subject to Prime Minister approval.

Please refer to the Taxation section of this Guide for a more detailed discussion of the tax regime in Vietnam.

2. Special Investment Incentives

Vietnam provides a special investment incentive regime for large-scale and strategic projects that are considered to have significant socio-economic impact. In addition to ordinary investment incentives, eligible projects may receive enhanced tax incentives and investment support measures – including support for infrastructure development, land access, workforce training, R&D activities, technology transfer, green transition, digital transformation, market development and other forms of government assistance.

Under Vietnam's Law on Investment, special incentives are available for the following types of projects (among others):

(a) new investment projects (including expansions thereof) to establish innovation centres, research and development centres, large-scale data centre infrastructure, cloud computing infrastructure, 5G and higher telecommunications infrastructure, and other strategic digital infrastructure;

(b) projects involving strategic technologies and strategic technology products;

(c) semiconductor research, design, manufacturing, packaging and testing projects, key digital technology product projects, and AI data centres; and

(d) other large-scale projects operating in specially incentivised sectors.

To qualify, projects are generally required to satisfy minimum investment capital and disbursement thresholds.

3. Investment Support Fund

To address the impact of the Organisation for Economic Co-operation and Development (OECD) Global Minimum Tax regime, Vietnam established the *Investment Support Fund*. The fund provides direct financial support to qualifying large-scale projects, particularly in semiconductor manufacturing, AI, high technology, and strategic R&D activities.

Support may be available for:

(a) R&D expenditure, with support of up to 20% to 30% of eligible costs;

(b) workforce training expenses, with support of up to 50% of eligible costs;

(c) fixed asset investment expenditure, with support of approximately 8% to 10% of eligible costs;

(d) high-tech manufacturing activities, with support of approximately 1% to 3% of eligible production value; and

(e) employee welfare and social infrastructure projects, with support of up to 25% of eligible costs.

4. Import Duty Incentives

Eligible investment projects may benefit from exemptions from import duties. These come in various forms, including:

(a) An import duty exemption for fixed assets (e.g., machinery, equipment, components and specialised means of transport) that is available for investment projects operating in incentivised sectors or incentivised locations; and

(b) A five-year import duty exemption for production input (raw materials, supplies and components that are not yet domestically produced) from the commencement of production activities.

Enterprises that are established in export-processing zones or otherwise qualifying as export-processing enterprises also benefit from a separate customs regime, which includes exemptions from import duties and value-added tax on imported input used for export-oriented production activities.

5. Land Rental Incentives

Vietnam offers land rental incentives for investment projects operating in incentivised sectors or locations. Depending on the nature and location of the project, investors may be entitled to exemptions or reductions of land rental fees.

Land rental exemptions generally range from three years to 15 years, depending on whether the project is located in a socio-economically disadvantaged area, a specially disadvantaged area, or falls within a specially incentivised investment sector. Certain projects, such as high-tech projects, industrial park infrastructure projects, and projects entitled to special investment incentives, may qualify for land rental exemption for the entire lease term.

In addition, enterprises leasing land or ready-built facilities within industrial parks, economic zones or high-tech parks may indirectly benefit from government incentive policies through competitive rental rates and infrastructure support provided by industrial park developers.

6. High-Tech Enterprise Incentives

Vietnam provides a preferential regime for enterprises operating in high-technology and strategic technology sectors. Enterprises recognised as *High-Tech Enterprises* or *Strategic Technology Enterprises* may qualify for enhanced tax, land and investment incentives available under Vietnamese law.

7. Facilitation for Foreign Experts and Skilled Personnel

High-tech enterprises, strategic technology projects, and projects receiving support from the Investment Support Fund may benefit from administrative facilitation measures for foreign experts and highly skilled employees.



Foreign Investment

Vietnam continues to be one of the leading destinations for foreign direct investment ("**FDI**") in Southeast Asia. Its attractiveness is supported by a strategic geographic location, a competitive labour force, political stability, an extensive network of free trade agreements ("**FTAs**") (including the CPTPP, EVFTA and RCEP), and ongoing investment in transport, logistics and digital infrastructure.

Vietnam generally welcomes foreign investment and permits foreign investors to establish wholly foreign-owned enterprises in a wide range of sectors. Foreign investors may invest in Vietnam through the establishment of a new enterprise, acquisition of shares or capital contribution in an existing enterprise, or other investment forms permitted under the Law on Investment.

Foreign investment is, however, subject to Vietnam's market access regime. Under the Law on Investment, business sectors are divided into sectors in which foreign investment is prohibited and sectors in which foreign investment is subject to market access conditions.

For sectors subject to market access conditions, these conditions may include:

(a) foreign ownership limits;

(b) restrictions on the form of investment (e.g., joint venture requirements);

(c) limitations on the scope of permitted business activities;

(d) qualification requirements applicable to investors or local partners; and

(e) other conditions prescribed by Vietnamese law or international treaties to which Vietnam is a party.

Examples of sectors where foreign investment remains restricted include certain activities relating to banking and financial services, telecommunications, transportation infrastructure, education, press and publishing, and other sectors affecting national defence, security or public interests. In addition, foreign ownership of land is generally not permitted in Vietnam, although foreign-invested enterprises may obtain land use rights through land allocation or lease arrangements in accordance with the Law on Land.

Except where market access restrictions apply, foreign investors are generally entitled to the same market access conditions as domestic investors. However, foreign-invested enterprises are typically required to obtain an Investment Registration Certificate ("**IRC**") and must comply with Vietnam's foreign exchange control regime, including capital contribution and profit remittance requirements.



Current Government Initiatives

1. High-Quality Foreign Investment and Strategic Industries

Vietnam's foreign investment policy has shifted from attracting investment quantity to attracting investment quality. The Government is prioritising projects involving high technology, semiconductors, AI, data centres, R&D, digital infrastructure, renewable energy, and projects with strong linkages to domestic enterprises.

According to official government policy directions, Vietnam aims to increase the proportion of investment from developed economies and attract approximately 75% of newly registered FDI from developed countries by 2030.

To support this objective, Vietnam has introduced a range of special investment incentives for strategic sectors, including semiconductor manufacturing, AI data centres, cloud computing infrastructure, strategic technologies, and innovation centres. Eligible projects may benefit from enhanced tax incentives, land incentives, infrastructure support, R&D support, workforce training support, and investment support mechanisms administered by the Government.

2. Green Economy and Carbon Market Development

Vietnam has committed to achieving net-zero emissions by 2050 and is progressively implementing policies to facilitate the transition towards a low-carbon economy.

A domestic carbon market is currently being developed, with pilot implementation commencing in 2025 and full operationalisation expected from 2028. Enterprises operating in emission-intensive sectors may be required to conduct greenhouse gas inventories and comply with emission quota allocation mechanisms. Carbon credits may be used to offset a portion of regulated emissions, creating new opportunities for investment in renewable energy, carbon reduction projects, and sustainable technologies.

The Government is also encouraging green manufacturing, circular economy projects, renewable energy development, and Environmental, Social, and Governance ("**ESG**")-compliant investment through a combination of fiscal incentives and regulatory reforms.

3. Digital Economy and Innovation

Vietnam's National Digital Transformation Programme aims for the digital economy to contribute approximately 30% of GDP by 2030. Significant investment is being directed towards digital infrastructure, cloud computing, AI, data centres, 5G networks, cybersecurity, and e-government services.

The Government has also introduced a regulatory sandbox framework for certain financial technology (FinTech) activities, allowing controlled testing of innovative products and services such as peer-to-peer lending, Open API solutions, and AI-based financial services.

At the administrative level, licensing and investment procedures are increasingly being digitised through the National Public Service Portal and online licensing systems operated by ministries and provincial authorities.

4. Renewable Energy and Energy Transition

Vietnam's Power Development Plan VIII places significant emphasis on expanding renewable energy capacity, particularly solar power, offshore wind power, LNG, energy storage, and smart grid infrastructure.

A notable development is the introduction of the Direct Power Purchase Agreement mechanism, which allows renewable energy generators to sell electricity directly to large consumers either through private transmission arrangements or via the national grid. This mechanism is expected to facilitate corporate renewable energy procurement and support multinational corporations seeking to meet global ESG commitments.

5. Transport Infrastructure and Logistics

Vietnam continues to invest heavily in strategic infrastructure to strengthen its position as a regional manufacturing and logistics hub.

Major projects include the North-South Expressway network, Long Thanh International Airport, expansion of international gateway ports such as Lach Huyen Port (Hai Phong) and Cai Mep-Thi Vai Port (Ba Ria-Vung Tau), and the proposed Can Gio International Transshipment Port. The Government is also promoting smart logistics systems, port digitalisation, and integrated transport infrastructure to improve supply chain efficiency and international connectivity.

In parallel, policies encouraging electric vehicle adoption and charging infrastructure deployment are being implemented to support sustainable transportation objectives.



Taxation

The main taxes and tax-related payments relevant to businesses operating in Vietnam include corporate income tax, value-added tax, personal income tax and taxes applicable to foreign contractors. Vietnam has undergone a comprehensive tax reform in 2025, aimed at improving fairness, efficiency, and transparency.

1. Corporate Income Tax ("CIT")

CIT applies to all enterprises earning taxable income in Vietnam, whether the enterprises are established under Vietnamese law or foreign enterprises deriving Vietnam-sourced income. The current standard CIT remains at 20%. This standard rate does not apply to:

(a) petroleum exploration, prospecting and extraction, which is subject to a CIT rate of 25% to 50% depending on the location, extraction conditions and field reserve;

(b) exploration and extraction of designated natural and mineral resources, which is subject to a CIT rate of 50%, reduced to 40% where at least 70% of the licensed mining area lies in an extremely disadvantaged area; and

(c) eligible enterprises meeting the relevant revenue thresholds:

- 15% CIT rate applies where total annual revenue does not exceed VND 3 billion; and
- 17% CIT rate applies where total annual revenue exceeds VND 3 billion but does not exceed VND 50 billion, subject to statutory exclusions.

Certain income is exempt from CIT. This mainly covers income derived from agriculture, fisheries, forestry and salt production, certain social-policy and public service activities, and reinvested or state-mandated funds, as well as income from science, technology and innovation contracts, green finance and prioritised technology transfers in disadvantaged areas.

2. Value-Added Tax ("VAT")

VAT applies to goods and services used for production, trading, and consumption in Vietnam. Three rates apply:

(a) 0% applies to exported goods/services, international transport and certain aviation/maritime services, and digital content supplied to and consumed outside Vietnam;

(b) 5% applies to essential goods and services; and

(c) 10% applies as the standard rate for all other goods and services, including cross-border digital services supplied into Vietnam.

Vietnam has extended the temporary 2% VAT reduction to 8% for certain goods and services until 31 December 2026.

3. Personal Income Tax ("PIT")

Tax residents in Vietnam are subject to PIT on their worldwide income. Non-tax residents are subject to PIT on income derived in Vietnam.

Taxable income includes most forms of income arising both within and outside of Vietnam, irrespective of where the income is paid, save for categories expressly exempt under the law. The PIT rate for residents is calculated according to a progressive tariff schedule applied on each portion of taxable income.

Currently, the following PIT rates apply for income from business, salary or wages:

Annual taxable income (million VND)	*Monthly taxable income (million VND)*	*Tax rate (%)*
Up to 120	Up to 10	5
Over 120 – 360	Over 10 – 30	10
Over 360 – 720	Over 30 – 60	20
Over 720 – 1200	Over 60 – 100	30
Over 1200	Over 100	35

4. Withholding Tax for Foreign Contractors

A foreign contractor tax ("**FCT**") is a withholding mechanism that combines both VAT and CIT elements, applicable to payments made to foreign contractors performing services or supplying goods associated with services in Vietnam without a permanent establishment.

FCT is calculated under the direct method based on a percentage rate on taxable revenue. Deemed-CIT withholding ranges from 0.1% to 10% of gross taxable revenue, depending on the nature of the income (e.g., services, goods, interest, royalties, capital gains, etc.) and the contractual revenue, while VAT deemed rates range from 1% to 5% of gross contract revenue.



Immigration

1. Work Permits and Visas

Foreigners intending to work in Vietnam are generally required to obtain a valid work permit, unless they qualify for a statutory exemption. Vietnamese employers may only employ foreign workers for positions such as managers, executive directors, experts, and technical workers where Vietnamese employees are not yet able to meet the operational requirements.

Prior to employing foreign workers, employers are generally required to establish demand for foreign labour. While there is no statutory quota that limits the number of foreign employees that a company may hire, the authorities may assess the necessity of each position during the process of approving a work permit.

Work permits are generally issued for a maximum term of two years and may be renewed once.

While certain categories of foreign workers may be exempt from the work permit requirement, a work permit exemption confirmation is generally required before such foreign workers commence work in Vietnam.

2. Visas

Foreign nationals entering Vietnam may obtain different visa categories depending on the purpose of entry.

Common visa categories include:

(a) LD Visas – issued to foreign employees holding a valid work permit or work permit exemption confirmation;

(b) DT Visas – issued to foreign investors and representatives of foreign-invested enterprises, with validity periods ranging from one to five years, depending on the investment value; and

(c) DN Visas – issued for business and commercial activities, although such visas do not in themselves authorise employment.

E-visas also apply to nationals of eligible countries for business or tourism purposes, with validity periods of up to 90 days. Applicants may apply for an e-visa through the following portal: https://evisa.gov.vn/.

Foreign nationals should ensure that both their immigration status and work authorisation status are appropriate for the activities they intend to undertake in Vietnam.

3. Temporary Residence Cards ("TRC")

Foreigners holding eligible visas, including work permit holders and foreign investors, may apply for a TRC. A TRC serves as both a residence permit and a multiple-entry immigration document, allowing the holder to reside in Vietnam without the need to obtain a separate visa for each entry.

The validity period of a TRC depends on the underlying immigration category. Investor TRCs may be granted for up to 10 years, while TRCs issued to work permit holders are generally granted for periods corresponding to the validity of the underlying work permit. Business visa holders are generally not eligible for TRCs.

TRC holders may also sponsor certain family members, including spouses and dependent children, for dependent immigration status, subject to the approval of the immigration authorities.

4. Permanent Residence

Vietnam maintains a relatively restrictive permanent residence regime. Permanent residence is generally available only to limited categories of foreigners, including individuals who have made significant contributions to Vietnam, foreign scientists and experts recommended by competent authorities, certain foreign family members of Vietnamese citizens, and long-term stateless residents.

Applicants are generally required to demonstrate lawful residence, stable accommodation, and sufficient financial means to support themselves in Vietnam. Permanent residents may reside in Vietnam indefinitely without requiring visa renewals but remain subject to Vietnamese immigration regulations.

5. Vietnamese Citizenship

Foreign nationals may acquire Vietnamese nationality through naturalisation, subject to satisfying statutory requirements relating to legal capacity, lawful residence, integration into Vietnamese society, and financial self-sufficiency.

Certain categories of applicants, including persons of Vietnamese origin, individuals who have made special contributions to Vietnam, and other cases recognised by law, may benefit from exemptions from some of the standard naturalisation requirements.

A person who acquires Vietnamese nationality generally enjoys the same rights and obligations as other Vietnamese citizens.

If an individual holds both Vietnamese nationality and a foreign nationality, Vietnamese authorities generally regard that person as a Vietnamese citizen while in Vietnam, unless otherwise provided under an applicable international treaty.



Employment Regulations

Employees are entitled to a range of statutory protections relating to working hours, wages, leave entitlements, social insurance, occupational safety and termination of employment. While employers and employees are generally free to negotiate employment terms through labour contracts, contractual provisions must not provide less favourable treatment than the minimum standards prescribed by law.

1. Working Hours

The normal working hours of employees must not exceed eight hours per day and 48 hours per week. Employers are encouraged to implement a 40-hour workweek, although this is not mandatory.

Employees are entitled to at least 24 consecutive hours of rest per week and paid public holidays prescribed by law. Certain industries and occupations may be subject to specific working time arrangements.

2. Overtime

Overtime work generally requires the employee's consent, except in limited circumstances prescribed by law.

The total overtime hours must not exceed 50% of normal daily working hours and are subject to annual statutory caps. Depending on the nature of the work and industry, overtime may be increased up to 300 hours per year.

Employees working overtime are entitled to overtime pay at prescribed statutory rates, which range from 150% to 300% of their normal wage depending on whether the overtime is performed on working days, weekly rest days or public holidays.

3. Annual Leave

Employees who have worked for an employer for at least 12 months are entitled to paid annual leave.

The minimum annual leave entitlement is:

(a) 12 working days for employees working under normal conditions;

(b) 14 working days for employees engaged in hazardous or heavy occupations; and

(c) 16 working days for employees engaged in particularly hazardous or heavy occupations.

Additional annual leave accrues based on length of service.

4. Maternity and Parental Benefits

Female employees are generally entitled to six months of maternity leave with benefits paid through the compulsory social insurance system. It is unlawful to dismiss a female employee during pregnancy, maternity leave, or within 12 months of giving birth.

Male employees whose spouses give birth are entitled to paid paternity leave ranging from five to 14 working days depending on the circumstances of the birth.

Employees adopting children and employees using assisted reproductive technologies may also be entitled to statutory leave and social insurance benefits.

5. Paid Sick Leave

Sick-leave benefits are paid by the social insurance fund, not the employer, where the employee participates in compulsory social insurance and has a valid medical certificate.

Employees are generally entitled to 30 to 60 days of sick leave per year (subject to working conditions and years of social insurance contributions), with higher limits for heavy or hazardous jobs. Days beyond this are unpaid unless otherwise agreed.

6. Mandatory Insurance Contributions

Social security in Vietnam consists of social insurance, health insurance, and unemployment insurance. Contribution rates are split between the employer and the employee based on the contractual gross salary.

The total statutory contribution is approximately 21.5% of the contributable salary on the employer side and 10.5% on the employee side.

The employer contributes 17.5% for social insurance (covering retirement, survivors, sickness, maternity, and occupational accidents/diseases), 3% for health insurance and 1% for unemployment insurance.

The employee contributes 8% for social insurance, 1.5% for health insurance and 1% for unemployment insurance.

7. Minimum Wage

Vietnam applies a regional minimum wage system based on four economic zones, as follows:

Region	*Minimum Monthly Wage (VND)*	*Minimum Hourly Wage (VND)*
I	5,310,000	25,500
II	4,730,000	22,700
III	4,140,000	20,000
IV	3,700,000	17,800

Region I covers the highest-cost, most urbanised cities, including central districts of Hanoi, Ho Chi Minh City, Hai Phong and Da Nang.

Region II covers major provincial cities and key industrial belts outside the core metropolitan centres.

Region III covers smaller cities, towns and semi-urbanised districts with moderate living costs and less concentrated industry.

Region IV consists mainly of rural and less economically developed areas with the lowest living cost assumptions.

8. Termination of Employment

Employment contracts may be terminated by mutual agreement, expiry of term, unilateral termination by either party in circumstances permitted by law, redundancy, restructuring or other statutory grounds. Vietnamese labour laws impose strict procedural requirements on employers when terminating employees, particularly in cases involving unilateral termination, restructuring, redundancy or disciplinary dismissal. Employees may be entitled to severance allowance, job-loss allowance or other statutory payments depending on the circumstances of termination.

9. Trade Unions

Trade unions, at the grassroots level, play a number of roles, including:

(a) representing and protecting the rights and interests of trade union members and employees;

(b) engaging in negotiations, execution and supervision of the implementation of the collective labour agreements, salary scales and salary tables, labour norms, salary payment regulations, bonus regulations, internal labour regulations and democracy regulations;

(c) participating in and assisting in settling labour disputes; and

(d) engaging in dialogue and cooperating with employers to build good industrial relations.

There is no mandatory requirement on companies to establish a workplace trade union, unless the employees request one. At least five employees are required to set up a grassroots trade union at the workplace.

The employer must pay a labour union fee of 2% of the employer's total payroll on a monthly basis (the payroll base for social insurance contribution purposes), and deduct the monthly trade union membership dues (1% of the union member's salary used as the basis for social insurance contributions, capped at a statutory maximum) directly from the participating employees' payroll to remit to the trade union fund.



Intellectual Property

Intellectual property ("**IP**") is primarily protected under Vietnam's Law on Intellectual Property. The principal categories of protected IP include copyright and related rights, industrial property rights and rights to plant varieties. Industrial property rights include patents, industrial designs, trademarks, trade names, trade secrets, layout designs and geographical indications.

Different IP rights arise in different ways. Copyright and related rights generally arise automatically when the relevant work or subject matter is created and fixed or performed in the manner required by law. Rights in patents, industrial designs and trademarks are generally established through registration or recognition under an applicable international treaty. Rights in trade names and trade secrets may arise through lawful use or lawful acquisition and appropriate confidentiality measures.

1. Patents and Industrial Designs

An invention may be protected by an invention patent if it is novel, involves an inventive step and is capable of industrial application. A technical solution that is novel, is not common knowledge and is capable of industrial application may qualify for protection as a utility solution. Vietnam generally follows a first-to-file system, so businesses should consider filing before disclosing or commercialising new technology in Vietnam.

An invention patent may remain in force for up to 20 years from the filing date, while a utility solution patent may remain in force for up to 10 years from the filing date. Applicable maintenance fees must be paid to keep the patent in force.

An industrial design may be protected if it is novel, creative and capable of industrial application. A registered industrial design is initially protected for five years from the filing date and may be renewed twice for five years each time, giving a maximum protection period of 15 years.

2. Trademarks

A trademark is a sign used to distinguish the goods or services of different organisations or individuals. Registrable signs may include words, images, three-dimensional forms, combinations of these elements and certain sound signs represented graphically, provided that the mark satisfies the applicable distinctiveness and other protection requirements.

Trademark rights are generally obtained through registration or recognition under an applicable international treaty (e.g., *Madrid Agreement*). Well-known marks may be protected based on use without registration – although establishing well-known status can be difficult in practice. Vietnam generally follows a first-to-file system, so early clearance searches and registration are advisable.

A trademark registration is valid for 10 years from the filing date and may be renewed repeatedly for further 10-year periods. A registration may become vulnerable to termination if the mark has not been used by its owner or an authorised person for five consecutive years without a justifiable reason, subject to the statutory conditions.

3. Copyright and Related Rights

Copyright arises automatically when a protected work is created and expressed in a material form. Registration is not required for protection, but it provides reliable evidence of copyright ownership.

Copyright comprises moral rights and economic rights. Depending on the circumstances, economic rights may belong to the author, an organisation commissioning or assigning the work, an employer, a transferee or another person recognised by law. Businesses should therefore address ownership and permitted use clearly in employment, commissioning and contractor agreements.

The duration of copyright protection depends on the type of work and right concerned. Certain moral rights are protected indefinitely, while economic rights and the right of publication are protected for the periods prescribed by law.

Related rights protect matters including performances, sound and video recordings and broadcasts, and generally arise without registration when the relevant subject matter is fixed or performed without prejudice to copyright.

4. Licensing

Copyright and related rights may be assigned or licensed to the extent permitted by law. In general, owners of copyright and related rights may transfer ownership of, or grant permission to use, specified economic and related rights. Certain moral rights cannot be assigned or licensed. Assignment and licensing agreements must be made in writing and should clearly identify the rights, scope, term and payment arrangements.

Industrial property rights may also be assigned or licensed, subject to statutory restrictions. Assignment and licensing agreements must be made in writing. For industrial property rights established through registration, an assignment generally takes effect only after it has been registered with the relevant registration authority. A licence generally takes effect between the parties as agreed, while recordal is required for it to have legal effect against third parties (although trademark licences are an exception to this third-party recordal requirement).

Rights to protected plant varieties may be licensed or assigned under written agreements. Where plant-variety rights are jointly owned, the consent of all co-owners is generally required. An assignee becomes the holder of the plant variety protection title once the assignment agreement has been registered with the competent authority.

5. Enforcement

IP rights may be enforced through civil, administrative or criminal measures, depending on the nature and seriousness of the infringement. Customs measures may also be available for suspected infringing imports or exports.

Available civil remedies may include orders to stop the infringement, public correction or apology, performance of civil obligations, compensation and destruction or non-commercial disposal of infringing goods and materials.



Land Ownership

Land in Vietnam is owned by the people, with the State acting as representative owner and exercising unified management. Private freehold ownership of land is not recognised.

Instead, qualifying land users may hold land-use rights through land allocation, land lease, recognition of existing land-use rights, receipt of land-use rights or permitted sublease arrangements. Land-related matters are primarily governed by the Law on Land.

Land users include domestic organisations and individuals, persons of Vietnamese origin residing overseas, foreign-invested economic organisations and foreign diplomatic organisations. Foreign companies and individuals generally cannot be recognised as land users in Vietnam.

Land-use rights and ownership of qualifying assets attached to land may be recorded in a *Certificate of Land Use Rights, House Ownership and Ownership of Assets Attached to Land*, commonly referred to as a land-use rights certificate ("**LURC**").

Land must be used for its authorised purpose. Depending on the extent of non-compliance and basis on which land use rights were obtained, the use of land for an incorrect purpose could result in land recovery if there is a continuing violation.

1. Foreign-Invested Enterprises

A foreign-invested economic organisation ("**FIE**") can receive land use rights. For this purpose, an FIE is an economic organisation that will have to satisfy the conditions and carry out the investment procedures applicable to foreign investors under the Law on Investment. Approval for an investment project that uses land often forms the basis on which the FIE is able to acquire rights to use land.

2. Forms of Land Access for FIEs

FIEs may obtain the right to use land by several means, including:

(a) leasing the land directly from the State, with payment of rent on an annual basis or entirely upfront as a lump sum;

(b) being allocated the land from the State for certain projects (e.g., social housing projects), with payment of a land use fee;

(c) receiving the land as capital contribution or transfer from existing economic organisations that already hold LURC; or

(d) subleasing the land from the infrastructure developers in industrial parks, industrial clusters, export-processing zones, high-tech zones and economic zones.

3. Land Use Terms for FIEs

The land-use term for an investment project is determined according to the project's operating term or the application for land allocation or lease. However, with limited exceptions, it generally may not exceed 50 years (corresponding to the maximum project term for most conventional investment projects).

A land-use term may be extendable, but it is not automatic. A land user that wishes to continue using the land must apply for an extension within the prescribed period, generally no later than six months before expiry, and the State will consider the application under the applicable conditions.

4. Mortgage, Transfers, and Capital Contribution

An FIE leasing land from the State with a lump-sum rental payment for the entire lease term may, within the remaining land-use term and subject to statutory conditions, transfer, lease or sublease its land-use rights and assets attached to the land, mortgage them to a Vietnamese credit institution, or use them to contribute as capital.

An FIE that pays annual land rent generally cannot transfer or mortgage the land-use rights themselves. It may, however, mortgage or contribute qualifying assets attached to the land, lease those assets and, where the applicable conditions are satisfied, sell the assets together with the lease rights under the land-lease agreement.

More limited subleasing rights may apply to completed infrastructure in industrial parks, industrial clusters and high-tech zones.

5. Residential Property

Foreign individuals permitted to enter Vietnam and certain foreign organisations investing or operating in Vietnam may own apartments or certain standalone housing through the forms permitted by Vietnamese housing law.

Foreign ownership is subject to applicable eligibility, project, location, quantity, term and other statutory or regulatory restrictions.



Trade

1. Import and Export Controls

Vietnam's import and export regime is mainly governed by the Law on Foreign Trade Management, the Law on Customs, and the Law on Export and Import Duties.

Vietnamese traders are generally free to export and import goods, provided those goods are not on ban or suspension lists. For example, weapons, ammunition, explosives (except industrial explosives) and military technical equipment, certain prohibited or controlled chemicals, and certain protected wildlife specimens are banned.

The Government may occasionally impose quotas on certain commodities (often, in the field of agriculture). These can take the form of explicit quantity-based quotas or tariff-rate quotas (i.e., preferential tariffs would only apply to imports of up to a certain quantity of commodities).

For certain conditional goods, traders may need to obtain licences before they may be exported or imported.

Goods imported into or exported from Vietnam normally need to undergo customs procedures. Importers and exporters should also check import and export duties, customs valuation, tariff classification and other applicable taxes or charges.

2. FTAs

Vietnam is party to a number of bilateral and regional FTAs. These include ASEAN-related trade agreements and major agreements such as the CPTPP, the EVFTA, the UK-Vietnam Free Trade Agreement (UKVFTA) and the RCEP.

These FTAs may give businesses preferential tariffs and other market access benefits. To use these benefits, businesses usually need to satisfy rules of origin and keep the required origin documents.

Some FTAs also cover services, investment, intellectual property, government procurement, labour, environment and dispute settlement. The exact benefit will depend on the relevant agreement and the business activity.



Competition Law

Vietnam's competition regime (under the Law on Competition) applies to anti-competitive conduct and economic concentrations that have or may have anti-competitive effects on the Vietnamese market. It can apply to Vietnamese enterprises and to foreign enterprises operating in Vietnam.

The Vietnam Competition Commission (under the Ministry of Industry and Trade) is the main competition regulator.

1. Anti-competitive Agreements

The Law on Competition prescribes a list of agreements that are considered anti-competitive. Among others, they include agreements on price fixing, market or customer allocation, output restriction, technical development or investment restrictions, prevention of market entry and bid rigging.

Whether these anti-competitive agreements are prohibited depends on the nature of the agreements and whether they are expected to have an anti-competitive effect in the market.

2. Abuse of Dominant Position or Monopoly Position

The Law on Competition prohibits enterprises with a dominant market position or monopoly position from abusing that position.

Abusive conduct may include selling goods or services below total cost to exclude competitors, imposing unreasonable purchase or sale prices, restricting production or distribution, limiting market access, applying different commercial conditions to similar transactions, or imposing unrelated contractual obligations.

3. Economic Concentration

Vietnam's merger control rules exist in the form of notifications of economic concentrations. Economic concentrations include mergers, consolidations, acquisitions, joint ventures and other forms of concentration under the Competition Law.

An economic concentration may need to be notified to the Vietnam Competition Commission if the relevant thresholds are met. These thresholds are tied to assets, revenue, transaction value or combined market share of the participating parties.

Where notification is required, filing must be made before the economic concentration is conducted. Completion timing should therefore be planned around the authority's review process.



Workplace Health and Safety Regime

1. Occupational Safety and Hygiene

Vietnam's workplace health and safety regime is primarily regulated by the Law on Occupational Safety and Hygiene and the Labour Code.

Employers must take measures to ensure occupational safety and hygiene at the workplace. These measures may include putting in place workplace safety rules, risk control, training, protective equipment, health checks and reporting of workplace accidents and occupational diseases.

Certain types of work, machinery, equipment and materials are subject to stricter safety requirements. Employers in high-risk operations should check whether additional training, inspection or safety management requirements apply.

2. Workplace Accidents and Occupational Diseases

Employees who suffer a workplace accident or occupational disease may be entitled to statutory benefits.

Depending on the case, the employer may have to provide first aid, advance treatment costs, pay medical expenses not covered by health insurance and pay compensation or allowance to the employee.

Employers are generally required to participate in compulsory social insurance for eligible employees. Compulsory social insurance includes occupational accident and occupational disease insurance as regulated under the occupational safety and hygiene regime.



Dispute Resolution Systems

1. Litigation

Civil and commercial disputes in Vietnam are generally resolved by the People's Courts under civil procedure rules. If the parties have a valid arbitration agreement, the dispute may be referred to arbitration instead.

Business and commercial disputes are generally handled by specialised Economic Courts within the competent People's Courts, depending on the type of dispute, the parties involved and the applicable jurisdiction rules. A foreign element does not necessarily prevent Vietnamese courts from hearing the case, but it may affect jurisdiction and procedure. Court judgments and decisions are enforced through Vietnam's civil judgment enforcement system.

2. Mediation

If both parties wish to find a mutually acceptable solution amicably, disputants may mutually agree to appoint a neutral mediator to assist in negotiations. Mediation is generally faster, and parties retain both privacy and control over the mediation outcome.

If the parties reach a settlement, this may be recorded as a mediated settlement agreement. The Vietnamese Government has passed regulations (Decree 22/2017/ND-CP) that facilitate the enforcement of mediated settlement agreements.

The Vietnam Mediation Centre, which is a division of the Vietnam International Arbitration Centre, provides commercial mediation services.

3. Arbitration

Parties may submit their dispute to a neutral arbitrator for a binding and final decision. Arbitration need not be conducted in Vietnam, although the Vietnam International Arbitration Centre hears both international and domestic disputes. Parties usually agree to arbitrate in their contract, although they may resort to it post-dispute.

Parties may alternatively resort to Arb-Med-Arb, referring the dispute to arbitration before mediation. If the parties settle, the settlement agreement can be recorded as a consent award. If mediation fails, they can proceed with arbitration. As this process is consensual, both parties must agree to it.

Arbitration is quicker than litigation, incurs lower costs, and allows parties to choose an arbitrator with technical knowledge in a particular field.



Closing Down of a Business

The process for closing down a business in Vietnam depends on the type of business vehicle, the reason for closure and whether the business is solvent.

1. Company Dissolution

A Vietnamese company may be dissolved voluntarily by decision of its member(s) or shareholders. It may also be dissolved where its term of operation expires, it no longer has the minimum number of members or shareholders for a continuous period, or its enterprise registration certificate is revoked.

Crucially, the company may only be dissolved if it can settle all debts and other property obligations, and if it is not in the process of resolving a dispute before a court or arbitration. If the company is insolvent, recovery or bankruptcy proceedings may need to be considered instead.

2. Bankruptcy and Recovery

If a company is insolvent, dissolution may not be available and bankruptcy proceedings may need to be considered.

Bankruptcy proceedings are court-supervised processes. They may involve creditors, asset management, recovery plans, liquidation and distribution of assets in accordance with the law.

Insolvency issues should be considered early, especially where the company may be unable to pay debts as they fall due, because the law imposes filing obligations and potential liability on certain responsible persons.

3. Branches and Representative Offices

A Vietnamese company may terminate the operation of its branch, representative office or business location through enterprise registration procedures. Before the termination filing, the company, branch or representative office generally needs to complete tax-related steps with the tax authority.

For a foreign trader's branch or representative office in Vietnam, the closure process should comply with the separate rules for representative offices and branches of foreign traders.

Rajah & Tann LCT Lawyers
Vietnam

Rajah & Tann LCT Lawyers is a full service law firm with offices in Ho Chi Minh City and Hanoi. The firm is among Vietnam's most prominent legal advisors, representing a wide range of multinational and domestic clients on a variety of business and investment matters.

With practice groups spanning all areas from banking and finance to litigation and tax, Rajah & Tann LCT Lawyers has gained a reputation for providing comprehensive, high-quality legal service to an international and local client base.

Rajah & Tann LCT Lawyers has distinguished itself as one of Vietnam's most committed and client-responsive firms and developed strategic partnerships with Vietnamese authorities and leading legal experts in Asia.

Fast Facts

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