MANAGING CHANGE
FORMS OF DOING BUSINESS IN VIETNAM – CORPORATE AND TAX LAW
MANAGING CHANGE

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1. Introduction

Vietnam has grown impressively over the last years and international institutions like the World Bank or the Asian Development Bank predict further stable growth rates of 6.8% or higher for 2018 and the following years. Since its accession to the World Trade Organization (WTO) in 2007, the borders of this Southeast Asian coastal country have continuously been further opened to foreign investors in many sectors. In recent years, the government has issued various policies easing business conditions and relaxing administrative burdens. Vietnam progressively integrates itself into the international trade community with an increasing number of free trade agreements, which create attractive conditions for a business venture in Vietnam. Nevertheless several sectors are still subject to restrictions, for example the financial services, logistics, telecommunications and utilities. Especially buying into an existing domestic enterprise requires a close look at the affected industrial sector.

The following provides an overview over the forms of doing business in Vietnam as a sole owner or together with a Vietnamese partner as well as over participating in an existing company or start up for entering the Vietnamese market. Investment vehicle can be a limited liability company, a joint-stock company, a branch, a partnership, a business contract or a representative office. After that, we will explain the process of establishing a company and taxation.

This booklet is not a comprehensive guide of Vietnam’s legal and tax system. We created it in order to assist foreign investors in their Vietnam-related business and focus on areas where, in our experience, questions frequently arise. This booklet is meant to give you a first overview; it can never substitute individual counsel.

2. Forms of foreign investment in Vietnam

The Law on Investment (LOI) does not distinguish between direct and indirect investment. The law provides several forms of investments for foreign investors. The choice of investment vehicle depends on criteria such as the number of investors, the type of industry (related to ownership restrictions in single sectors), the size of the project and licensing and tax requirements and their implications. One of the most important investment decisions to be made beforehand is whether a local partner should be involved.

2.1. 100% FOREIGN-OWNED ENTERPRISE

An economic organisation with foreign investment capital or a Foreign-Owned Enterprise (FOE) is broadly defined as any organisation with a foreign investor being a member or shareholder. A 100% FOE is a legal entity set up by one or more foreign investors. The common form of 100% FOE is a Limited Liability Company (LLC) or in some cases a Joint Stock Company (JSC). Foreign investors are in principle not subject to minimum investment capital restrictions.

2.2. BUSINESS COOPERATION CONTRACT

A Business Cooperation Contract (BCC) is an agreement between one or more foreigners and one or more Vietnamese parties to cooperate and share the profits in a business field without establishing a company. The Vietnamese legal framework allows parties to decide freely on the subject, content, interests, obligations and responsibilities of and relations among the parties and to specify these in the contract.

To coordinate the daily operation of a BCC, a coordination board can be set up if necessary. However, for tax purposes, the business cooperation is treated as an entity on its own.

2.3. PUBLIC AND PRIVATE PARTNERSHIP CONTRACTS

A new PPP Decree (Decree 63/2018) came into force in Vietnam on 19 June 2018. The main purpose of the new decree is to make PPP projects more attractive in the future. In particular, investments in roads, ports and airports, energy supply and waste and sewage disposal are to be promoted. In case of PPP projects, a private investor assumes the costs of construction and (depending on the PPP model) operation. Depending on the terms of the contract and the specific PPP model, the investor is regularly entitled to receive income from the investment for a certain period of time. The most important PPP forms are:

- BOT (Build-Operate-Transfer): The investor is fully in charge of construction and management of a project for a specific duration, after which the project is to be transferred to the State without any compensation.
- BTO (Build-Transfer-Operate): The title has to be transferred to the State immediately upon completion of construction. However, the State will allow the investor to operate the project over the period of time agreed by both parties in the contract so that the investor can recover capital and reasonable profits.
- BT (Build-Transfer): The project is transferred to the State on completion of construction and the State pays the investor by either granting the right to implement another project or making payment as agreed in the BT contract.

A major innovation of Decree 63/2018 aims to ensure the financial performance of PPP investors. For this reason, the capital requirements have been raised, e.g., investors with an investment amount of up to VND 1,500 billion (approx. US$ 65 million) have to prove equity amounting to 20% of the investment amount.

3. Forms of enterprises

Under the Law on Enterprises (LOE) and Law on Investment (LOI), foreign investors are entitled to select one of the following vehicles or enterprise forms for their investment in Vietnam:
- Limited liability company
- Joint-stock company
- Partnership company
- Branch office
- Representative office

The first three forms are legally independent companies and the main business vehicles for foreign business. Branch and representative office are legally not independent organizations and assigned to the parent company.

3.1. LIMITED LIABILITY COMPANY

A LLC can be established by a single (one-member LLC) or several investors (multiple-member LLC) no matter if Vietnamese, foreign, individual or institutional. A LLC established by one or more foreign investors may take the form of either a 100% FOE (where all members are foreign investors) or of a foreign-invested joint venture enterprise between foreign and local investors.

A LLC cannot issue shares, but it can issue bonds to raise capital. The company is liable for all debts and other obligations within the amount of the charter capital. Generally the members of a LLC are not legally liable. In three cases, investors may incur liability in excess of their capital contribution:
- If one investor fails to contribute to the promised capital remaining investors may have to contribute the missing portion;
- If investors abusively harm creditors of the company;
- If investors perform illegal acts in the name of the company.

It is particularly important, that the full contribution of Charter Capital is to be paid within 90 days from the date of issuance from the enterprise registration certificate. The company owner is fully liable for the deposit of the charter capital on time and any damage caused by failure to contribute.

3.1.1. Personnel structure in a one-member LLC

The one-member LLC can have one or multiple authorized representatives:

- **AUTHORIZED REPRESENTATIVE:** Representing the mother company in the subsidiary.
- **LEGAL REPRESENTATIVE:** One or more to be appointed and either (vice-)general director or president.
- **PRESIDENT (ONE-PERSON-BOARD):** The President is appointed by the owner of the mother company. Generally the president is also legal representative of the LLC.
- **GENERAL DIRECTOR:** The GD takes care of the daily business but can be limited in his/her authorization. In principle, the GD has executive powers similar to that of a chief executive officer (CEO) in other jurisdictions. The president of the company can simultaneously act as GD.
- **INSPECTOR:** Verifies the legitimacy in implementation of the owner’s rights. Usually appointed by companies with significant size only. Number of inspectors depends on the company and it is the decision of the owner. The inspector is appointed for a time of maximum five years.
Multiple authorized representatives

AUTHORIZED REPRESENTATIVE:
Representing the investor in the Vietnamese company; 3-7 authorized representatives.

LEGAL REPRESENTATIVE:
The legal representative represents the company and signs on behalf of the company. The company charter should especially determine the number of Legal Representatives and their rights and obligations. Because the statutory power of a Legal Representative and a General Director may overlap one of the Legal Representative usually acts simultaneously as General Director. If there is no Vietnamese Legal Representative, at least one representative must maintain residence in Vietnam.

MEMBERS’ COUNCIL:
If the investor appoints more than one authorized representative, the Members’ Council is to be formed. The members are appointed and discharged by the owner of the company. The Members’ Council consists of 3 to 7 members with a term of office of maximum five years. It is the highest authority in the Company. CHAIRMAN OF MEMBERS’ COUNCIL:
Appointed by the owner of the company or elected by the members of the Members’ Council by simple majority. The Chairman of Members’ Council may concurrently act as a general director of the company.

GENERAL DIRECTOR:
The GD takes care of the daily business but can be limited in his/her authorization. The GD can simultaneously act as the chairperson of the member’s council, a member of the Members’ Council or the company president. The Members’ Council appoints the GD for a time of maximum five years.

INSPECTOR/SUPERVISORS:
Verifies the legitimacy in implementation of the owner’s rights. Usually appointed by companies with significant size only. If less than 11 members, an inspection committee may be established. If more than 11 members, an inspection committee has to be established. The inspector is appointed for a time of maximum five years.

3.1.2. Personnel structure in a multiple-member LLC
A multiple member LLC must have at least 2 members and may not have more than 50 members. The main difference to an SLLC is that an MLLC must always have a board of directors.

A multi-member LLC must have a Members’ Council, a chairperson of the Members Council and a General Director. The exact assignment of the position of the legally representative takes place in the statutes. If more than 11 members, an inspection committee (supervisory board) has to be established.
3.2. JOINT STOCK COMPANY

A joint stock company (JSC) is a company in which the charter capital is divided into shares. The company is formed by subscription of the shares. The JSC is the only form of company under Vietnamese law that can issue shares. The reason for choosing the legal form of a stock corporation is often the possibility of raising additional capital at a later date by selling shares. With regard to the organizational structure, the stock company generally has the following bodies: General Meeting of Shareholders, Board of Directors, Supervisory Board and GD. The chairperson of the board of directors may simultaneously be the GD of the stock company. The supervisory board has 3 to 5 members. In case the joint stock company has fewer than 11 shareholders and the institutional shareholders own less than 50% of the total number of shares of the company, a Supervisory Board is not mandatory. Compulsory is an annual General Meeting of Shareholders (GMS) within four months of the end of the financial year.

A JSC is a legal entity established by at least three investors, with no maximum requirement, regardless individual or institutional, local or foreign. A JSC protects their owners from liabilities incurred by the JSC. Shareholders are not liable with personal assets for the debts of the JSC, except for the cases as mentioned regarding the LLC.

3.3. PARTNERSHIPS

A Partnership is required to have at least two members (only individuals). The general partners are unlimitedly liable with their private assets for debts incurred by the partnership. In addition to the general partners, the partner company may have members who only pay money into the capital. Their liability is limited to the extent of the amount of capital they have contributed.

3.4. BRANCH

Another possible form of organization is the branch. However, a branch is not an independent legal entity. The operating license of the branch expires after five years, but is extendable. Unlike a RO, a Branch may make a profit. A prerequisite for the establishment of a branch is that the parent company has been operating in its home country for at least five years. The branch is an interesting organizational form but may only be established in a limited number of sectors, such as insurance, education, banking and legal services.

3.5. REPRESENTATIVE OFFICE

A Representative Office (RO) is quite often the entry vehicle for establishing a presence in Vietnam. The rights of the RO are very limited. RO’s are permitted to engage only in certain activities, without the aim to generate revenue. The RO is only representing the parent company in Vietnam. Liabilities of the RO have to be borne by the foreign parent company. As a RO is prohibited from generating taxable income the RO is not subject to corporate income taxation.

Despite these limitations, a representative office may play an important role in facilitating operations and business objectives on behalf of the foreign parent company. The most relevant benefit of a RO is to manage contractual relations between the mother company and the partner in Vietnam as well as providing a certain level of control ("act as a liaison office"). Furthermore, the company may undertake market research and promote tasks for the parent company. The company may not engage in any direct activities to earn profits.

A RO is – compared to a company – the easiest way of establishing a presence in Vietnam. Generally the only relevant tax scheme is the personal income tax of employees in the RO. There is no obligation that the Chief Representative resides permanently in Vietnam.

4. Setting up a business in Vietnam

4.1. Approval process for establishing a new enterprise

The Law on Investment (LOI) and the Law on Enterprises (LOE), both effective since 1 July 2015, have indeed made it easier for foreign and Vietnamese investors to invest. The LOI allows any business investment that is not explicitly prohibited or restricted. Prohibited businesses are for instance trading in chemicals and minerals or activities related to human cloning.

When establishing a new enterprise foreign investors must prepare an investment project and apply for both an Investment Registration Certificate “IRC” (only required for international investors) and an Enterprise Registration Certificate “ERC”. The IRC and ERC can be processed concurrently. In some specific cases, the investors also need to carry out certain procedures in advance to receive written decisions from different authorities on the investment. The Department of Planning and Investment (DPI) is in principle the relevant authority to grant the licenses. The duration for the process is
5 working days for the ERC and 15 working days for the IRC. In practice, however, there are major regional differences regarding the processing time of registrations by the various DPIs.

According to Vietnamese law (Circular 19/2014), an investor who invests to participate directly in the management of the company (direct investor) is obliged to set up a so-called „direct investment capital account“ (DICA).

4.1.1. Investment registration certificate

Only foreign investors need an Investment Registration Certificate (IRC). However, an IRC is not necessary, if the foreign investor invests in an existing company below legally defined thresholds.

The registration procedure to obtain the IRC depends on the size and type of project. In a first step, foreign investors must obtain an IRC from the licensing authorities, which may be either:

- The provincial DPI (for projects located outside of industrial zones, export processing zones, high-tech zones and economic zones); or
- The provincial industrial zone management authority or economic zone management authority (for projects located inside industrial zones, export-processing zones, high-tech zones and economic zones); or
- Larger projects and certain projects in certain areas, e.g. airports, are subject to the approval of the Prime Minister and such projects that have a significant impact on the environment, e.g. nuclear power plants, even to the decision of the National Assembly.

This process should take about 15 days by law but it might take longer depending on the complexity of the project. The law provides for a maximum period of 45 days after receipt of the complete application. However, in cases where the deadline is not met, the authorities usually argue that the application was not complete.

The necessary application documents include in particular:
- Details of the planned investment project.
- Describing the land use permits and lease agreements required.
- Financial statements of the investor of the last two years.
- In the application for issuance of the IRC, the foreign investor must, amongst others, state the time frame for a contribution of the charter capital to the investment project.
- In case of a LLC: the charter capital has to be contributed in full within 90 days after the issuance of the ERC.
- In case of a JSC: founding shareholders have to pay in the registered amount also within 90 days after the issuance of the ERC.

4.1.2. Enterprise registration certificate

In a second step, foreign investors must conduct procedures with the licensing authorities to obtain an ERC.

The necessary application documents include next to the application itself in particular the Charter of the company and the list of members and legal representatives. Documents issued outside of Vietnam (such as the business registration certificate or the articles of association or the audited financial statements of the parent company) have to be legalized. Legalization is a procedure to certify the authenticity of foreign documents. In practice, most applicants make a copy of the original, have a notary in their home jurisdiction certify that the copy corresponds to the original, have a competent body certify that the notary acted within his or her powers and finally obtain a statement from a Vietnamese mission to their home country that the procedure was followed correctly. All documents in a foreign language must be translated into Vietnamese; the translation must be certified correctly by a Vietnamese notary. Sometimes, Vietnamese translation is completed by the Vietnamese diplomatic mission that has legalized the document.

Under the regulations, the licensing process should take around 15 to 18 working days. In practice, it usually takes longer.

The approval for the establishment of a representative office of a foreign company is granted in the form of a licence issued by the provincial Department of Industry and Trade. Procedures for setting up a representative office are quite simple and it normally takes 2 to 4 weeks to obtain a representative office licence from the date of submission of a complete application dossier.

4.1.3. Investment capital

When applying for an IRC, the applicant must specify what is known as investment capital, which comprises the following items:

<table>
<thead>
<tr>
<th>Charter capital</th>
<th>The amount actually contributed or will be contributed by the owner of a company (the subsidiary’s registered equity).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loan capital</td>
<td>Loans granted to the subsidiary by its parent company, group companies or third parties.</td>
</tr>
<tr>
<td>Legal capital</td>
<td>- Minimum amount of capital required by law for the establishment of an enterprise engaging in certain conditional business;</td>
</tr>
<tr>
<td></td>
<td>- Fixed at a specific number;</td>
</tr>
<tr>
<td></td>
<td>- Required in case of a building contractor.</td>
</tr>
</tbody>
</table>
With a few exceptions (banking, financial leasing, debt collection, film production and aviation), Vietnamese law does not stipulate minimum requirements due to the amount of the charter capital.

In common practice, nevertheless, when the law does not stipulate a minimum amount the authorities review the viability of an investment project under the angle whether, in their opinion the subsidiary has sufficient funds. Problematic is the determination of how much money is needed to be "sufficient". There are no official guidelines. Generally the higher the investment capital, in particular regarding the charter capital, the easier it is to obtain the ERC.

Within 90 days after the issuance of the ERC, capital has to be contributed. Failing to do so will lead to a reduction of the capital and liquidation of the company if reduction leads to capitalization of zero.

The charter capital is considered as working capital. After injection into a capital account of the company, the capital can be transferred to current accounts of the company. The minimum capital (required for only a few business scopes, see above) is not working capital and shall remain deposited in the capital account at all times.

Charter capital and loans provided by the parent company must be paid into a capital account of the subsidiary. The capital account is governed by special foreign exchange control provisions aimed to enable the government to supervise the inflow and outflow of cash. The capital account must be opened in a foreign currency with a bank licensed to do business in Vietnam.

4.2. POST-LICENSING PROCEDURES

Once the ICR has been issued, the following additional steps have to be taken to complete the procedure and start business operations, in particular:
- Seal application;
- Bank account opening;
- Tax filing;
- Labour registration;
- Announcing in newspapers.

Within 10 working days after its establishment, the subsidiary has to register for tax purposes. Within 30 days, the establishment of the subsidiary has to be announced in newspapers. Furthermore, the subsidiary has to register its company seal and open bank accounts (operating account in VND and / or foreign currencies, capital account in a foreign currency) to transfer money such as the charter capital from the parent company to the subsidiary or dividends and other payments from the subsidiary to the parent company.

5. Taxation

The major taxes, which are relevant for companies and foreign investors, are as follows:
- Corporate Income tax (CIT)
- Value-added tax (VAT)
- Foreign Contractor Withholding Tax (FCWT)
- Special consumption tax
- Business license tax
- Stamp duty
- Compulsory insurances (health, unemployment, social)
- Private Income Tax (PIT)

As far as goods are imported or exported, customs duties must of course also be observed. All taxes in Vietnam are levied at national level. There are no local or provincial taxes. However, there are several other types of national tax that may be applicable to a particular business, e.g. property tax and environment protection tax.

5.1. CORPORATE INCOME TAX

Since 1 January 2016, the standard Corporate Income Tax (CIT) rate in Vietnam is 20%, which is levied on the taxable income (taxable profit). Foreign-invested companies must implement accounting in accordance to the Vietnamese accounting standard. The tax base for CIT is the annual income based on the Vietnamese accounting standard, whether domestic or foreign sourced, minus deductible expenses (including tax-exempt income, losses carried forward) plus certain additions (expenses which are not deductible for tax purposes). Income that is transferred to the company from outside Vietnam is to be allocated to taxable income within the framework of CIT. Profits from the sale of capital contributions or shares are also subject to capital income tax.

Vietnam has a system of self-assessment. Preliminary tax returns have to be filed every quarter. However, the final tax return, so-called corporate income tax finalization, is filed on the basis of the company’s audited financial statements. If the company operates a dependent business unit in another province, e.g. a branch, it must apply for an independent CIT reimbursement. Financial statements of foreign-invested companies must be audited.
5.2. TAX INCENTIVES AT CIT AND OTHER TAXES

In certain areas, regions, sectors and at certain scales of a project it is possible to receive investment incentives for new investments, e.g. preferential tax rates, tax holidays, tax reductions or import tax exemptions. These possibilities should be carefully examined in advance in order to be able to make full use of all funding possibilities for a new investment.

The following investment incentives can be granted within the framework of CIT:

<table>
<thead>
<tr>
<th>Tax rate</th>
<th>Incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced corporate tax rates.</td>
<td>Preferential CIT rates of 10% and 20% for 15 years and 10 years, respectively. Since 1 January 2016, enterprises previously entitled to the preferential CIT rate of 20% will enjoy a rate of 17% instead. When the preferential rates expire, the CIT rate reverts to the standard rate. Certain socialized sectors such as education and health enjoy a 10% rate for the total duration of the project. Tax holidays for 2-4 years with a complete exemption from CIT and then reduction of the tax rate by 50% for subsequent 4-9 years. Tax incentives are based on the sector, location and industrial products manufacturing.</td>
</tr>
<tr>
<td>Tax-free periods or tax reductions during start-up phase.</td>
<td>- Minimum amount of capital required by law for the establishment of an enterprise engaging in certain conditional business; - Fixed at a specific number; - Required in case of a building contractor.</td>
</tr>
</tbody>
</table>

In addition, other incentives may be used in individual cases, e.g.
- Exemption from import duty on goods imported to form fixed assets, raw materials, supplies and components for implementation of an investment project.
- Exemption from and reduction of land rent, land use fees and land use tax.

Tax incentives normally apply once the first profit is generated but latest after 4 years of registration of the company. Some industrial zones provide investors with tax incentives.

5.3. VALUE ADDED TAX

The Value-added-tax is imposed on the supply of goods and services with a standard rate of 10%. For certain goods and services lower rates apply.

<table>
<thead>
<tr>
<th>VAT rate</th>
<th>Descriptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Normal rate of 10%</td>
<td>Supply of Goods and Services.</td>
</tr>
<tr>
<td>Reduced rate of 5%</td>
<td>Supply of certain Goods and Services, which are deemed as basic necessities, for example books, medicine, clean water, husbandry feed et al.</td>
</tr>
<tr>
<td>Rate of 0%</td>
<td>Export of Goods and Services (with certain exceptions). Certain goods like agricultural products and services like healthcare are exempt from VAT.</td>
</tr>
</tbody>
</table>

The VAT rate for exported goods and services is zero (0)%. However, there are exceptions: In case of services the normal VAT rate of 10 % shall be applied if the foreign recipient of the services has a permanent establishment in Vietnam. The Vietnamese tax authorities take a broad view on what constitutes a permanent establishment in order to protect the Vietnamese tax base. The reduced rate of 0% only applies if the foreign recipient of the services has no permanent establishment in Vietnam and confirms this fact in written form. A number of services (e.g. data entry services) are subject to the normal rate of 10% even if they are exported.

With regard to imported services, VAT can be collected under the FCWT procedure (bullet point 5.4.). In addition, special sales tax (SST, see bullet point 5.6) may be due here. Import duties must also be observed for imported goods.

5.4. FOREIGN CONTRACTOR WITHHOLDING TAX

The Foreign Contractor Withholding Tax (FCWT) is applied to certain payments made by foreign parties. FCWT is not an independent tax. It is more of a VAT, CIT (or PIT) collection mechanism for the income of foreign persons or companies. The tax is therefore applied when a Vietnamese company, which may also be owned by foreigners, enters into contractual relations with a foreign company not licensed in Vietnam for its business. The mere delivery of goods, e.g. if the responsibility and risks at the border pass to the Vietnamese customer, do not fall under the FCWT.
There are three methods for calculating and paying the corporate income tax (CIT) and value-added-tax (VAT) for foreign contractors. Which concrete method has to be used depends on various conditions, e.g. on the status of the foreign contractual partner (permanent establishment or resident status) in Vietnam and the question of the application of the Vietnamese accounting system in the concrete company.

5.5. BUSINESS LICENSE TAX

Business license tax (BLT) is an indirect tax. The tax is paid on an annual basis by entities. The BLT-rates are fixed in Circular 302/2016/TT-BTC, in effect since 1 January 2017. The amount of the BLT-rate for companies is between 1 and 3 million depending on corporate structure and the amount of registered capital.

5.6. SPECIAL CONSUMPTION TAX

A special sales tax (special consumption tax or luxury tax) applies to the production or import of special/ luxury goods and services in addition to VAT. These goods are particularly cars and related products.

5.7. STAMP DUTY

This tax applies for the necessary registration of ownership of specified assets, e.g. buildings and transportation. The tax rate is between 0,5 and 15 %.

5.8. COMPULSORY SOCIAL INSURANCE, HEALTH INSURANCE, UNEMPLOYMENT INSURANCE

Vietnam has a compulsory social, health and unemployment insurance scheme. Contributions are to be borne by both the employer and the employee. The basis for calculating the contributions is the monthly salary as stipulated in the labor contract (capped at presently 26 million VND). Compulsory unemployment insurance only applies to enterprises with 10 or more employees. Foreigners seconded to Vietnam by the parent company do not have to contribute to the compulsory insurance schemes. Foreigners with a local employment contract currently only have to pay contributions to the health insurance. Seasonal workers are not subject to social insurance contributions either.

An employer is obliged to withhold the employee’s portion of the insurance contribution from the salary of the employee and transfer the amount together with the employer’s portion to the insurer. For a more comprehensive overview of the labor law in Vietnam, see our brochure “Labour Law in Vietnam”.

<table>
<thead>
<tr>
<th>Year</th>
<th>Social Insurance</th>
<th>Health Insurance</th>
<th>Unemployment Insurance</th>
<th>Occupational accident and disease insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>17 %</td>
<td>3 %</td>
<td>1 %</td>
<td>-</td>
</tr>
<tr>
<td>2017</td>
<td>18 %</td>
<td>3 %</td>
<td>1 %</td>
<td>-</td>
</tr>
<tr>
<td>2018</td>
<td>19 %</td>
<td>3 %</td>
<td>1 %</td>
<td>-</td>
</tr>
</tbody>
</table>

Additional Notes:

- Employer rate: 17 % Social Insurance, 3 % Health Insurance, 1 % Unemployment Insurance, 0.5 % Occupational accident and disease insurance.
- Employee rate: 7 % Social Insurance, 1.5 % Health Insurance, 1 % Unemployment Insurance.
5.9. PERSONAL INCOME TAX

Personal Income Tax (PIT) is levied on all individually earned income. Personal Income Tax taxation in Vietnam also covers profit-sharing or other forms of employee share ownership. PIT is applied in the same way to expatriates and Vietnamese. Tax residents are taxed on their world income, regardless of where it is earned. Resident taxpayer is a person who has been in Vietnam for 183 days or more in a calendar year (or 12 consecutive months) or has a permanent residence in Vietnam. Taxation is based on the income level. From an income of VND 80 million per month (approx. EUR 3 thousand), income is taxed at the maximum rate of 35%. Non-residents are taxed at a flat tax rate of 20% on their income generated in Vietnam. Double taxation agreements between Vietnam and the respective countries have to be observed.
As attorneys, tax advisers, management and IT consultants and auditors, we are present with 111 own offices in 51 countries. Worldwide, our clients trust our 4,700 colleagues.

The history of Rödl & Partner goes back to its foundation as a solo practice in 1977 in Nuremberg. Our aspiration to be on hand wherever our international-ly-active clients are led to the establishment of our first, own offices, commencing with Central and Eastern Europe in 1989. Alongside market entry in Asia in 1994, the opening of offices in further strategic locations followed, in Western and Northern Europe in 1998, USA in 2000, South America in 2005 and Africa in 2008.

Our success has always been based on the success of our German clients: Rödl & Partner is always there where its clients see the potential for their business engagement. Rather than create an artificial network of franchises or affiliates, we have chosen to set up our own offices and rely on close, multidisciplinary and cross-border collaboration among our colleagues. As a result, Rödl & Partner stands for international expertise from a single source.

Our conviction is driven by our entrepreneurial spirit that we share with many, but especially German family-owned companies. They appreciate personal service and value an advisor they see eye to eye with.

Our ‘one face to the client’ approach sets us apart from the rest. Our clients have a designated contact person who ensures that the complete range of Rödl & Partner services is optimally employed to the client’s benefit. The ‘caretaker’ is always close at hand; they identify the client’s needs and points to be resolved. The ‘caretaker’ is naturally also the main contact person in critical situations.

We also stand out through our corporate philosophy and client care, which is based on mutual trust and long-term orientation. We rely on renowned specialists who think in an interdisciplinary manner, since the needs and projects of our clients cannot be separated into individual professional disciplines. Our one-stop-shop concept is based on a balance of expertise across the individual service lines, combining them seamlessly in multidisciplinary teams.
Contact

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