

Where Innovation Soars

Vietnam Investment Handbook 2021

06/2021





Located in the southern province of Long An and invested by TIZCO JSC, Viet Phat Industrial Zone is one of the largest IPs in Vietnam so far. The project will offer work-live-play opportunities that will enhance the social interaction and liveability of the residents and workers while connecting people back to the natural environment.





KHU CÔNG NGHIỆP VIỆT PHÁT
TAN THANH LONG AN

Total area

1.868

ha

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In Partnership



CHAPTER 1

VIETNAM SNAPSHOT



CHAPTER 2

INVESTMENT



CHAPTER 3

LAND & CONSTRUCTION



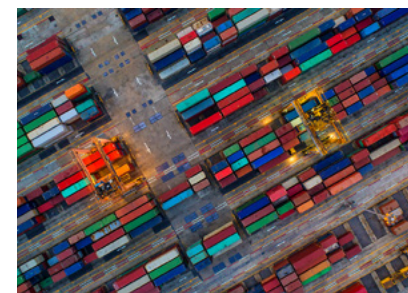
CHAPTER 4

**RECRUITMENT AND
MANAGEMENT OF
EMPLOYEES**



CHAPTER 5

**COMPLIANCES:
TAXES, ACCOUNTING,
AUDITS, AND REMITTANCE**



CHAPTER 6

**VIETNAM SUPPLY CHAIN
2021 OUTLOOK**



CHAPTER 7

**VIET PHAT
INDUSTRIAL ZONE**



CHAPTER 8

ABOUT VNIP

APPENDIX



CHAPTER 1 VIETNAM SNAPSHOT

1. GEOGRAPHY AND DEMOGRAPHICS LOCATION



Vietnam, officially the Socialist Republic of Vietnam, is a country in Southeast Asia and the easternmost country on the Indochinese Peninsula. The country shares its land borders with China in the north, Laos, and Cambodia in the west; maritime bordering with Thailand through the Gulf of Thailand, Gulf of Tonkin, and the East Sea. Vietnam has a tropical climate in the south; the monsoonal climate in the north with a hot, rainy season (mid-May to mid-September) and warm, dry season (mid-October to mid-March). The area of Vietnam is 331,236 sq. km with five municipalities.

Municipality	Type	Administrative Region	Area (km²)
Hanoi – the Capital	Special Class	Red River Delta	3,344.7
Ho Chi Minh City	Special Class	Southeast	2,095
Can Tho	First Class	Mekong Delta	1,389.6
Da Nang	First Class	South Central Coast	1,256
Haiphong	First Class	Red River Delta	1,507.57

2. POPULATION

- Population: 96,484,000
- Population density (Person/km²): 291
 - ♦ Urban Population: 33,816,600 – equivalent to 35%
 - ♦ Rural Population: 62,667,400 - equivalent to 65%
- Population of main cities:

MAIN CITIES	POPULATION
Ha Noi	8,093,900
Hai Phong	2,033,300
Da Nang	1,141,100
Ho Chi Minh	9,038,600
Can Tho	1,236,000

Source: General statistics office 2019

3. WORKFORCE AND EMPLOYMENT

The labour force aged 15 and over is 55.8 million in 2019 (an increase of 379.4 thousand persons compared with 2018). The labour force is considered young, abundant, well-educated, and hardworking. The unemployment rate in Vietnam is particularly low (reported 2.2% in 2019).

Labour force at 15 years of age and above by main cities in 5 years:

City/province	Year				
	2015	2016	2017	2018	Pre. 2019
Ha Noi	4,005,000	4,006,000	4,024,000	4,065,000	4,118,000
Hai Phong	1,147,000	1,138,000	1,136,000	1,138,000	1,111,000
Da Nang	574,000	583,000	595,000	601,000	607,000
Ho Chi Minh	4,421,000	4,494,000	4,579,000	4,685,000	4,826,000
Can Tho	723,000	723,000	726,000	731,000	720,000

Source: General statistics office 2019

4. ECONOMY

Vietnam is one of the fastest growing countries in the world. This accelerated economic pace is due to labour shifting from agriculture to manufacturing and services, private investment, a strong tourist sector, higher wages, and accelerating urbanisation.

Exports play a significant contribution to the increase of Vietnam's GDP.

Certain sectors, such as industrial production, textile, electronics and seafood production have been growing rapidly.

GDP Growth

Year	GDP growth (%)
2015	6.68%
2016	6.21%
2017	6.81%
2018	7.08%
2019	7.02%

Inflation Rate

Year	GDP growth (%)
2015	0.63%
2016	2.67%
2017	3.52%
2018	3.54%
2019	2.90%

Consumer price index

Year	Consumer price index
2015	0.63%
2016	4.74%
2017	2.60%
2018	2.98%
2019	5.23%

Foreign Trade in Figures

Year	Value (Mil. USD)	
	Exports	Imports
2015	162,016.7	165,775.9
2016	176,580.8	174,978.4
2017	215,118.6	213,215.3
2018	243,696.8	237,241.6
Pre. 2019	264,189.4	253,355.8

Interest rate by Average interest rate and Year

	Year; %/year				
	2015	2016	2017	2018	2019
Deposits in Vietnam dong - Demand deposits	0.7	0.64	0.59	0.54	0.52
Deposits in Vietnam dong 6 - month term	5.8	6.06	6.23	6.46	6.83
Deposits in Vietnam dong 12 - month term	6.58	6.81	6.93	7.09	7.29
Deposits in Vietnam dong 12 to 24 - month term	6.85	7.01	7.1	7.37	7.57
Deposits in Vietnam dong Above 24 - month term	7.08	7.1	7.02	7.15	7.39

Source: General statistics office 2019

5. OTHERS

Language

- Official Language: Vietnamese
- Other Languages: English, Chinese
- Business Language(s): Vietnamese and English. Japanese, Korean, Chinese, German, French are used at times.

Business hour

- Under the labour code, the normal working hour is 8 hours/day, 40-48 hours/ week

Currency

- Vietnamese Dong (VND)
- Exchange rate: 1 USD = 23,193 VND

CHAPTER **2** | INVESTMENT



1. FORM OF INVESTMENT¹ AND LICENSING PROCEDURES

FOR EACH FORM OF INVESTMENT

In general, Vietnam promulgates a principle to treat local and foreign investor equally. However, at national privilege, Vietnam still restricts market entry of foreign investment in some business sectors. The list of restricted business lines for foreign investors is published by the Government² from time to time. With respect to conditional business lines for market entry, the foreign investor must satisfy certain requirements on ownership percentage, investment form and scope, investor's capacity or investment partner³ if they wish to engage in Vietnam market.

According to the Vietnamese Law on Investment, there are three (3) popular forms of investment that a foreign investor may consider entering into the Vietnamese market, particularly (i) greenfield investment; (ii) merger and acquisition; and (iii) contractual partnership with a local investor without setting up an entity. Each of these investment forms will be subject to different licensing and approval procedure(s). Therefore, the investor should seek further advice to choose the optimal investment form based on the scope and nature of the contemplated investment and business activities.

For instance, the investor should find out whether there are any foreign ownership restrictions in the relevant investment sector, and what the tax implications of the contemplated investment structures are.

The sections below will generally provide the “big picture” of Vietnamese legal frameworks applicable to different types of market entry and the relevant licensing process(es) for new investors intending to invest in Vietnam.

1.1 GREENFIELD INVESTMENT

Foreign investors can make greenfield investments in Vietnam by setting up either a new corporate organisation or a Vietnam-domiciled branch of its existing offshore headquarter. The formation and operation of foreign-invested enterprises and branches of foreign companies are governed by different laws, and therefore subject to different licensing processes for establishment.

1.1.1 ESTABLISHMENT OF FIE

▶ Forms of corporate organisation

The investor may consider establishing a wholly-owned subsidiary or joint venture company with foreign or local partners to implement its investment project in Vietnam. Under the current Vietnamese regulations, a wholly-owned subsidiary shall be set up under the corporate form of single-member limited liability company (“**SMLLC**”) and a joint venture can be under the form of (i) a multi-members limited liability company (“**MMLLC**”) or (ii) joint-stock company (“**JSC**”).

A summary of the key features of these corporate organisations is provided in Appendix 1 - Forms of corporate organisations in Vietnam.

▶ Licensing process for newly incorporated entity

Generally speaking, the procedure for incorporating a foreign-invested enterprise (“**FIE**”) comprises of the following stages:

	Stage 1	Stage 2	Stage 3	Stage 4
Relevant procedures	Pre-investment approval (In-principle approval)	Investment registration	Enterprise registration	Post-licensing procedures
Main activities	Submit application dossier to get in-principle approval for contemplated investment project	Submit application dossier to get Investment Registration Certificate (IRC)	Submit application dossier to get Enterprise Registration Certificate (ERC)	Conduct public announcement on the company establishment and several necessary steps to start the business
Statutory timeline ⁴	At least 35 days	15 days	03 working days	Within regulatory timeline differently for each step

¹ Article 21 of Law on Investment 2020 (“LOI”)

² Article 9.2 of LOI

³ Article 9 of LOI

⁴ Article 34, 35, 36 of LOI

In practice, these stages normally take a longer time than the above statutory timeline, depending on the industry, investment objectives, location, and the business activities to be conducted by the investor's newly incorporated entity in Vietnam. For further information on the above procedures, please refer to Appendix 2 – Standard procedures for the establishment of foreign-invested enterprises in Vietnam.

In addition to the above-mentioned standard procedures and depending on its business sector or other business demands, the FIE may need to apply for sub-licences (operational licences) for conducting business activities in some special and highly regulated industries. Lastly, the FIE will need to obtain a work permit/visa for expatriate employees (if any).

▶ Duration of investment project

The current regulations do not limit the operation duration of a company. That said, the FIE being an investment project of the foreign investors shall have a definite duration as regulated by the LOI.⁵ Particularly, an investment project is technically allowed to be operated within the licensed duration stated in its IRC which is normally maximum of fifty (50) years. If the investment project is located in economic zones or a disadvantaged area or is a large-scale project with slow recovery, the allowed operation duration may be extended to a maximum period of seventy (70) years. However, in practice, at the end of the operation duration, the licensing authority, based on its consideration of the project implementation and the then applicable laws, may consent to the extension of the operation duration.

▶ Location of investment project

There is no specific requirement for the location of an investment project, which means it can technically be located inside or outside of a special-purpose zone/area (i.e., exporting-processing zone, industrial park, high-tech zone, economic zone, etc.). However, in practice, a special-purpose zone/area is technically designed/constructed to attract manufacturing projects or projects with special characteristics (e.g., high-tech and IT projects). Thus, it is difficult for an enterprise engaging in trading activities to be located in such zones/areas.

A lease contract/in-principle agreement for the location of investment project is normally required for the application for company establishment. Therefore, a suitable land/factory/office/construction works should be sorted out before the application for the FIE establishment. Please note further that certain supporting documents from the landlord (i.e. business licence of the landlord having leasing function, certificate on the building/office ownership, etc.) are also required to be submitted for the licensing authorities’ consideration and approval.

1.1.2 ESTABLISHMENT OF FOREIGN ENTITY’S BRANCH IN VIETNAM

The Commercial Law allows a certain foreign business entity to establish its Vietnam-domiciled branch in accordance with the treaties to which Vietnam is a signatory (“Branch Office”) and conduct business activities in Vietnam with the same business scope as its foreign headquarter. In order to set up the Branch Office, the foreign entity is initially required to meet certain conditions and obtain the establishment licence granted by the Ministry of Industry and Trade or other specialised management ministry⁶ (“**Branch Establishment Licence**”). The detailed conditions and licensing procedure to get the Branch Establishment Licence are set forth in Appendix 4 below.

The business scopes which can be conducted by the Branch Office are limited to the service provision only. The operation duration of the Branch Office is limited to a maximum of five (5) years, which is also the effective period of the Branch Establishment Licence. If the Branch Office engages in a conditional business, it is required to satisfy the regulatory conditions before commencing its operation⁷. Moreover, one of the requirements for setting up a Branch Office is its foreign head quarter must have conducted business in its home country for at least five (5) years as from the incorporation or registration date⁸. Under the Commercial Law, the Branch Office is permitted to engage in the following activities:

- To enter into the commercial, service and other types of contracts/agreements appropriate with business scope stated in the Branch Establishment Licence.
- To rent office space; lease or purchase equipment, the machinery necessary to the branch's

⁵ Article 44 of LOI

⁶ Article 6 of Decree 07/2016/ND-CP

⁷ Article 31 of Decree 07/2016/ND-CP

⁸ Article 8.2 of Decree 07/2016/ND-CP

operation in Vietnam;

- ♦ To recruit Vietnamese and expatriate employees;
- ♦ To open bank accounts in the Vietnamese currency or other foreign currencies at the licensed local banks;
- ♦ To remit the profits to their home countries;
- ♦ To have a branch seal;
- ♦ To conduct trading or other commercial activities permitted in the Branch Establishment Licence and international treaties to which Vietnam is a signatory.

1.2 MERGER AND ACQUISITION

Merger and acquisition (M&A) are a broad and familiar phrase in many jurisdictions. Under legal perspective, a merger is a legal consolidation of two entities into one and acquisition occurs when one entity takes ownership of another entity’s stock, equity interests or assets. In Vietnam, M&A may also be referred to as the purchase of, or additional contribution to, charter capital/shares in an existing Vietnamese company.

With an M&A, investors can enjoy pre-existing access to locations, machinery and equipment and other assets of the local company such as consumers and distribution channels which can prove critical to successful operations within Vietnam’s vibrant but rapidly changing investment environment. In addition, the investors may also utilise the existing company’s operational licences which may be quite burdensome and time-consuming for a newly incorporated company to obtain, to continue its business operation after completion of the M&A transaction. Therefore, the M&A route provides a unique solution to foreign investors wanting to enter the Vietnam market.

► Licensing process for M&A transaction

The M&A process normally comprises of the following stages:

	Stage 1	Stage 2	Stage 3
Relevant procedures	M&A Approval	Amendment to ERC	Amendment to IRC
Main activities	Submit application dossier to get M&A Approval for contemplated M&A transaction	Submit an application dossier to get the amended ERC	Submit application dossier to get the amended IRC
Statutory timeline	*Within regulatory timeline differently for each case in accordance with the LOI and Decree 31/2021/ND-CP	03 working days	*Within regulatory timeline differently for each case in accordance with the LOI and Decree 31/2021/ND-CP

Among the above stages, Stage 1 – obtainment of M&A Approval is not always mandatory for M&A transactions, as it is only required in the following circumstances: ⁹

- ♦ Increase of the ownership ratio of foreign investor(s) in an entity engaging in conditional business line for market entry;
- ♦ Increase of the ownership ratio of foreign investor and foreign-invested enterprise in an entity to equal or above 50% as a result of M&A transaction;
- ♦ Become the owner/shareholder of an entity holding land use right certificate to use land on an island or in a border or coastal commune or another highly protected area (e.g., military-related area)

Accordingly, if the investor’s contemplated M&A transaction does not come under the cases above, the investor and the target company can go straight to Stage 2 and Stage 3 to update/register the changes to the registered corporate information and the approved contents of the IRC. Once these

procedures are completed, the new investor is named in the corporate documents and IRC certified by the competent authority, and the investor’s title deems perfect.

1.3 INVESTMENT WITHOUT SETTING UP ENTITY

In addition to the above-mentioned forms of investment in Vietnam, investor may consider investing through a business cooperation contract (“BCC”) which allows investor not to set up an independent entity or branch in Vietnam. The BCC is a written contract between investors for their cooperation to undertake certain business activities and for sharing the profits thereof¹⁰. An IRC must be obtained for BCCs involving foreign investors. The procedures for seeking an IRC for the BCCs are similar to those in Stages 1 and 2 for establishing a new FIE as mentioned in Section 1.1.1 above.

1.4 REPRESENTATIVE OFFICE

The representative office (“RO”) offers a low-cost entry for foreign investors seeking for a better understanding of the market before making a decision on official engagement in the Vietnam market. However, a RO offers much less functions compared to a fully-fledged company or the Branch Office mentioned above. Particularly, the RO is typically a dependent unit of its foreign head company and is forbidden to generate its own profits nor enter into any commercial contracts not serving its necessary operation. Under the current regulations, the operation of a RO shall be solely confined to the conduct of liaison activities, market research, and promotion of its foreign head office’s businesses.

2. SOURCES OF INVESTMENT CAPITAL, INJECTION OF CAPITAL AND REMITTANCE OF PROFIT

2.1. SOURCES OF INVESTMENT CAPITAL

Investment capital includes (i) equity capital which is an amount contributed by the company’s owner(s) and (ii) working capital which is flexible financial sources coming from loans, corporate bonds, guarantees, or other forms of financing, etc.

When the investor applies for the ERC for a newly incorporated FIE, the authorities often require the FIE to register its charter capital in the same amount as the equity capital recorded in the IRC that the investor has received for its investment project.

Under the Law on Enterprises, charter capital is the equity amount that a company’s owners contributed or promised to contribute into the company within the prescribed time limit of 90 days starting from the issuance date of ERC. The law does not state the specific minimum amount of investment charter capital that investors must contribute or commit to contributing when setting up enterprises in Vietnam, except for some highly regulated areas such as banking, finance, and insurance, etc. where the enterprise’s charter capital must be equivalent to or higher than a regulatory minimum amount for the obtainment of the relevant operational licence.

Notwithstanding the above, in practice, capital is considered as one of the important factors in the evaluation of an investment project’s feasibility before the licensing authorities decide on granting the relevant IRC and/or ERC. In some cases, if the licensing authorities are of the opinion that the FIE’s capital amount does not appear to be feasible for the implementation of the investment project, they can request the investor to provide a further explanation which may result in undesired prolonged licensing procedures. Thus, the amount of capital to be invested in a company must be appropriate to the nature and scale of that company’s investment project and/or business objectives.

In addition, the investor will also be required to prove its sound financial capability in the application for the approval of the licensing authorities. For this purpose, the investor may need to provide the authorities with at least one of the following documents: “audited financial statements” of the investor for the most recent 2 (two) years (most commonly); “undertaking letter” from the immediate parent company of the investor; “undertaking letter” from a credit institution for financing the investor; a “guarantee” from a credit institution or offshore government; or other documents evidencing the financial capability of the investor.

Investors may expand their sources of investment capital by getting an onshore or offshore loan.

⁹ Article 26.2 of LOI

¹⁰ Article 27 of LOI

Under the current regulation on lending in Vietnam, a loan is classified into three (3) categories based on its terms, which includes short-term (less than 1 year), medium-term (from 1 to 5 years), and long-term loan (above 5 years)¹¹. It should be noted that medium and long-term foreign loans must be registered with the State Bank of Vietnam prior to any drawdown. Failure to comply with the registration requirements may result in a fine for the borrower, and the inability for the remittance of lender's funds, such as repayment for loan or interest paid out of Vietnam.¹²

2.2. CAPITAL INJECTION

► Statutory timeline for capital injection

In general, the timing for making capital injection will be at the investor's own discretion or in accordance with the investor's agreement with its business partners. However, as mentioned above, the owners of a newly incorporated company are required to fully inject the registered charter capital of that company within 90 (ninety) days from the issuance date of the relevant ERC. Therefore, with respect to newly incorporated FIE, the investors must complete their contribution for the FIE's charter capital, being in one lump sum payment or by instalments, during this 90-day period.

► Implementation of capital injection

Under Vietnamese laws, enterprises are not allowed to make cash payments for capital contribution and share transfer transactions with respect to the capital at other enterprises.¹³ With respect to foreign investment, depending on the investment structure to be employed by the investor, the investor should be aware of the following issues in terms of the injection implementation:

- ♦ **Direct investment capital account ("DICA"):** Under the foreign exchange regulations, DICA must be opened by the FIEs and by foreign investors engaging in the BCC project without establishing a project company. DICA is used as the compulsory money transfer route not only for capital injection by the foreign investor but also for abroad profit remittance and for other purposes such as repayment and interest payment of a foreign loan, payment of equity transfer. DICA could be open in either foreign currency or Vietnamese Dong ("**VND**") at the investor's discretion which should also be appropriate for the business activities in compliance with the laws.
- ♦ **Indirect investment capital account ("IICA"):** If foreign investor conducts indirect investment in Vietnam, they are required to open IICA. Foreign indirect investment refers to the cases where a foreign investor makes an investment into Vietnam by the purchase of capital contribution, shares in FIEs having foreign ownership of less than fifty-one (51) percent (except for FIEs newly established as the investor's greenfield investment in Vietnam which is subject to the DICA requirement mentioned above) or are registered with a stock exchange¹⁴. Transaction related to indirect investments must be done through an IICA in VND at a licensed bank.¹⁵
- ♦ **Foreign currency control¹⁶:** VND is the country's official currency. Use of foreign currency within the territory of Vietnam is merely permitted for statutorily specific purposes governed and strictly managed by the State Bank of Vietnam. Generally, all domestic commercial transactions must be quoted, contracted and settled in VND.

2.3. REMITTANCE OF PROFIT

Generally, foreign investors have the rights to remit the profit they have legally earned from their investment in Vietnam upon fulfilment of the tax obligations related to such income. However, with respect to profits earned from direct investment in Vietnam (e.g., greenfield investment and BCC projects), the profit remittance can be conducted only in the following cases:

- ♦ **Annual offshore remittance of profits¹⁷:** Foreign investors may annually remit abroad the dividend they are duly distributed or otherwise have earned from their direct investment in FIEs in Vietnam at the end of a fiscal year. The profits can only be remitted if the enterprises have fulfilled their financial obligations owed towards the Vietnamese State under the laws and submitted the

audited financial statements and corporate income tax ("**CIT**") finalisation declarations of that year to the tax department.

- ♦ **Remittance upon termination of business in Vietnam¹⁸:** Upon termination of the investment activities in Vietnam, foreign investors can remit profits after fulfilling all financial obligations owed towards the Vietnamese State, submitting the audited financial statement and CIT finalisation declarations to the relevant tax department, and performing all obligations under the law on tax administration.

In these cases, following the declaration of CIT finalisation and issuance of audited financial statements, the company must report its intention to repatriate profits to the tax authority at least seven (7) days in advance¹⁹. If there is no notice from the tax authority from the eighth date onward, the profits may be remitted out. The location of a given investment project will dictate the office with which the notification process must be coordinated.

3. INVESTMENT INCENTIVES²⁰

3.1. FORMS OF INCENTIVES

Depending on the nature of the investment project, certain investment incentives may be granted in the form of:

- ♦ Preferential CIT rate, CIT exemptions and reductions;
- ♦ Exemption of import duty on goods imported to form fixed assets, raw materials, supplies and semi-finished products;
- ♦ Exemption from, or reduction of land use fee;
- ♦ Accelerated depreciation, increasing the deductible expenses upon calculation of taxable income.

The conditions and requirements for each type of incentive are stipulated in the legal instruments issued by various specialised management authorities.

3.2. TYPES OF INVESTMENT PROJECTS ELIGIBLE TO ENJOY THE INCENTIVES

The investment projects that are eligible for receiving investment incentives are determined by the Government, substantially depending upon the investment business sector, location, scale, and enterprise type. Please refer to Appendix 5 for further detail.

¹¹ Article 10 of Circular 39/2016/TT-NHNN

¹² Article 9 of Circular 03/2016/TT-NHNN

¹³ Article 3 of Circular 09/2015/TT-NHNN

¹⁴ Article 5.1 of Circular 06/2019/TT-NHNN

¹⁵ Article 3, 4 of Circular 06/2019/TT-NHNN

¹⁶ Circular 32/2013/TT-NHNN, amended by Circular 16/2015/TT-NHNN

¹⁷ Article 4.1 of Circular 186/2010/TT-BTC

¹⁸ Article 4.2 of Circular 186/2010/TT-BTC

¹⁹ Article 5 of Circular 186/2010/TT-BTC

²⁰ Article 15 of LOI

CHAPTER 3 | LAND AND CONSTRUCTION

1. CONCEPT OF LAND AND

CONSTRUCTION OWNERSHIP IN VIETNAM

In Vietnam, land is owned by the entire Vietnamese people with the State acting as the owner's representative and uniformly managing land. Thereby, private ownership of land is not allowed in Vietnam. Instead, the State will grant rights to use a certain land area ("**LUR**") to individuals and organisations (collectively referred to as "**land users**"). The land users will accordingly have ownership of the granted LUR and be entitled to employ, use, transfer and commercialise such LUR in accordance with the Law on Land 2013 as amended by Law on amendments to some articles concerning the planning of 37 laws 2018 ("**Land Law**").

It is noteworthy that the Land Law does not include foreign individuals nor foreign organisations (except for those with diplomatic functions as prescribed by laws) in the group of subjects able to become land users in Vietnam.²¹ Thus, foreign investors cannot directly acquire LUR ownership in Vietnam but have to use indirect manner via its FIE, which is a permitted land user provided by the Land Law. Please refer to Section 2 below for further information on the common land acquisition methods by FIE in Vietnam.

Land user's ownership of LUR must be registered with competent State authority and certified by the Certificate of land use rights and ownership of houses and other land-attached assets ("**LURC**") issued by the competent State authority. Upon receipt of the LURC, the LUR holder will be recognised by the State as the legitimate land users of the relevant land lot.

This LURC, as its name suggests, is also used to record the ownership of construction on the land. However, the registration of construction ownership is at the owner's discretion and not required under the Land Law as in the case of LUR ownership²². In practice, instead of registering construction ownership, the owners can claim their ownership over a building by proving that they have created, invested in, and/or purchased that property. Still, when the construction is used as collateral for bank funding, commercial banks will feel more comfortable in providing such financing if the lender's ownership over the collateral property is recorded in a LURC duly issued by the State.

Under the Land Law, it is also permissible if the recorded LUR holder of a specific land lot and the owner of the construction thereon are different entities. This situation often occurs where the LUR holder leases the relevant vacant land to a tenant for the tenant to build their own facilities on such land. In such a case, the State will grant separate LURCs to the landlord and the tenant with respect to their respective ownership of LUR and construction.

2. COMMON METHODS OF LUR AND/OR

CONSTRUCTION ACQUISITION BY FIE IN VIETNAM

2.1. ACQUISITION OF LUR

For an FIE to obtain ownership of LUR in Vietnam, there are two (2) common methods, which are (i) direct allocation/lease from the State, and (ii) land leased/sub-leased or transferred from the existing land user.

► State's allocation or lease of LUR

Pursuant to the Land Law, the State may grant LUR to FIEs either by land allocation or lease, depending on the investment objectives of the FIE. In particular, the LUR allocation method can be applied only when the FIE has been approved to conduct housing projects on the relevant land area, while other investment projects will be subject to the LUR lease method. The allocation/lease term of LUR will be subject to the investment term recorded in the relevant IRC of the FIEs.

In both cases, the land user FIE is required to fulfil its payment obligations to the State for the allocated LUR and leased LUR under the respective forms of "land use fee" and "land rental". Otherwise, the State as the ultimate landowner has rights to revoke the LUR upon the land user's failure to pay fully the land-related financial obligations.

²¹ Article 5 of Land Law

²² Article 95 of Land Law

We note that, in respect of the land leasing method, the land user has the rights to choose the rent payment scheme, namely between paying land rental annually and by one-off payment for the whole lease term. Each of these payment schemes has its pros and cons. For example, at the early stage of investment, the annual land rental scheme will not impose as much financial burden on the investor as in the case of a one-off payment. However, the amount of the land rental to be paid annually will be subject to the State's adjustment every five (5) years. Besides, land users paying annual land rental cannot transfer, mortgage nor contribute their LUR into other corporate organisation as capital, while these activities are allowed to be conducted by land users having fully paid land rental for the whole lease term.

► Land leased/sub-leased or transferred from existing land user

In practice, due to the State's current shortage of available land bank for new investment projects, direct land allocation/lease from the State often takes a fairly long period of time for FIE to complete the licensing procedures as well as for the State to prepare the project's land resources.

Therefore, LUR acquisitions from private LUR owners are often chosen by foreign investors when finding investment locations in Vietnam. The fast-growing real estate industry of Vietnam with the birth of many large-scale projects has offered an easier and friendlier channel for foreign investors to search for and decide a destination for their investment in Vietnam. By entering into a lease with the legal LUR owner, the investors can use the target land though not becoming the official land user recognised by the State under a LURC. In this case, the FIE may have rights to construct and claim ownership of the facilities thereon, subject to the lease agreement executed with the LUR owner. In case of transfer LUR or land sub-lease from the infrastructure developer of certain specialised zones (e.g., industrial parks and economic zones, etc.), that transfer or sub-lease is required to be registered with the authority and the State will issue new or updated LURC to record the FIE as the relevant LUR owner.

However, it is worth noting that under the Land Law, FIEs cannot directly acquire LUR ownership from Vietnamese individuals, households, or organisations. Instead, the LUR transfer must be conducted through either transfer of investment capital or transfer of the ready-built construction attached to the acquired land. In addition, the acquired land's use purpose must also be appropriate to the FIE's business activities or investment projects as approved by the State. Otherwise, the licensing authorities might ask for a change to the acquired land's use purpose or even refuse to recognise the FIE's title to the acquired LUR.

Therefore, to mitigate the risks of exposure to the above-mentioned risks as well as to become a recognised legal land user with better secured LUR, a large number of FIEs in Vietnam, especially those involved in manufacturing sectors, have opted for the LUR sublease from the specialised zones' developer. Furthermore, being located in a well-developed industrial park, economic zone or high-tech park will provide the investor not only with the chance to enjoy the investment incentives applicable to that specialised zone but also with easy access to the available infrastructure therein such as waste treatment, sewage and water supply, and other public utility systems.

2.2. Construction acquisition

► Self-built construction works

Upon receiving LUR from the State, the land user FIE can commence new construction works on the relevant land lot, provided that the construction work's function is appropriate to the land's use purpose as recorded in the relevant LURC and the FIE's registered projects and/or business activities.

While construction ownership is not subject to mandatory registration, the State's construction permit ("**Construction Permit**") is required for commencement of any construction works, except for works under the exempted cases prescribed in the Construction Law²³. Please refer to Appendix 6 for further information of these construction-permit exempted cases as well as the licensing procedures for the obtainment of new Construction Permit.

²³ Article 89 of Law on Construction 2014, as amended by Law on amendments to Construction Law 2020 ("Construction Law")

Within twelve (12) months from the issuance of a Construction Permit, the construction of the related works must be commenced. Construction work not compliant with the approved Construction Permit might be demolished or subject to mandatory modification for ensuring its conformity with the approved Construction Permit. Simultaneously, the construction owner might be imposed with a monetary fine and exposed to the risk of not being recognised by the State for his/her ownership of that construction.

► Transfer of ready-built construction

Besides constructing new facilities, investors can buy ready-built construction through asset transfer transactions. This allows investors to save time and effort in conducting the licensing procedures for obtaining the Construction Permit as well as in constructing the relevant facilities. However, in most cases, the transfer of the assets attached to land will be associated with the transfer of the LUR of the related land lot from the existing land user to the FIE. Accordingly, the construction ownership transfer in such circumstances would encounter the same issues as those in the FIE's LUR acquisition from an existing land user as analysed in Section 2.1 above.

► Lease of ready-built construction

In this case, no LUR and/or construction ownership will be transferred to the FIE tenant. Instead, the FIE will have contractual rights to use the assets under the lease signed with the construction owner.

Though construction lease is generally not subject to any compulsory licensing procedures, FIEs are still of obligations to report and update their business locations to the competent State agencies, who often requests the FIEs' provision of supporting documents on the landlord's eligibility for leasing the related locations. Thus, to mitigate the risk of being challenged by the authorities in this regard, the most straightforward way is to lease a ready-built facility from the developer of a project specialised for business purpose such as industrial parks, export processing zones and office buildings, etc. as the lessor in such cases should have completed all necessary paperwork and procedures prior to renting out the construction.





CHAPTER

4

RECRUITMENT AND MANAGEMENT OF EMPLOYEE

In principle, there is no specific requirement/limitation of the enterprise's personnel during its operation. The enterprise may, at its discretion, recruit suitable personnel, either Vietnamese or foreigners to work for them depending on its business needs. However, Vietnam-based enterprises, including FIEs, are encouraged to employ Vietnamese employees and only allowed to use foreigners for the works for which Vietnamese employees are not able to undertake. The foreigners working in Vietnam must be granted with proper Work Permit or Confirmation on Work Permit Exemption. Based on our experience, some simple administrative positions such as accountant, human resource executive, personal assistant, sales, etc., are normally held by



Vietnamese staff. High-level positions such as chief executive officer, chief financial officer, general manager, a highly experienced technical expert, will normally be held by foreigners, especially for a global company with its presence in Vietnam.

The Vietnamese Labour Code, together with its implementing sub-legal instruments, create a legal framework for recruitment and management of labour relations in Vietnam. The Labour Code sets forth labour standards; rights and obligations of employees and employers; internal representative organisations of employees; other relations directly related to labour relations; and the State's management of labour.

Below are some of the key legal features that need the investors' attention with respect to their recruitment and management of employees in Vietnam.

1. REMUNERATION

A monthly salary and other earnings/bonuses are freely agreed upon by the employer and employee and normally reflected in the labour contract. However, the wage paid to the employees must not be less than the statutory regional minimum wage, which is published by the Government from time to time. The statutory regional minimum wage is applied differently by region and currently ranges from VND3,070,000 (about USD130) to VND4,420,000 (about USD188) per month²⁴ which is normally applied to untrained manual employees only. The wage for those with vocational training must be at least 7% higher than the statutory minimum wage²⁵. In most areas in Hanoi and Ho Chi Minh City, the minimum wage is applied at VND4,420,000 (about USD188).

The minimum wage has usually been increasing every year, and in January 2020, the minimum wage increased by approximately 5.5% monthly in comparison to the previous year (nationwide average).

2. COMPULSORY INSURANCES

Vietnam has a compulsory insurances scheme and the contributions to the State insurance fund are to be borne by both of the employer and employee. The regulatory extent of participation in compulsory insurance is applied differently for local and foreign employees.

The local employee and employer are jointly obliged to participate in Social Insurance ("SI"), Health Insurance ("HI"), Unemployment Insurance ("UI"), Labour Accident and Occupational Diseases Insurance ("LAODI"). While the local employee needs to contribute at the total rates of 10.5% of the employee's monthly salary for all of the aforesaid, the employer's contribution is at the rate of 21.5% of the employee's monthly salary (capped at twenty (20) times of basic/regional minimum wage).

For a foreign employee directly signing a labour contract with the corporate employer, both the foreign employee and the employer have to make monthly statutory contributions of HI and LAODI at the rate of 1.5% and 3% respectively of the monthly salary until 31 December 2021. From 1 January 2022, an additional contribution for SI will apply and the new applicable rates for foreign employees and the employer are 9.5% and 17% respectively of the monthly salary²⁶.

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 State social insurance agency.

3. LABOUR CONTRACT

► Types of labour contracts

Under the Labour Code, labour contracts must be executed in writing and are classified into two (2) types: (i) definite-term contract with its maximum term to three (3) years, and (ii) indefinite-term contracts. The definite-term contract is basically renewable one time for most cases, except for labour contracts of directors in State-invested enterprises, elderly employees, foreign employees and members of the executive board of employee's representative organisations. The definite-term contract can also be convertible to an indefinite-term contract if the existing definite-term contract is expired and the parties do not execute a new one²⁷.

► Probation²⁸

Employers and employees can sign a separate probation agreement or include a probation clause in the labour contract. The probationary period can be fluctuated from 06 to 180 days based on educational level and title in the company; however, probation is not allowed if the term of labour contract is less than one (1) month. The maximum probationary period of 180 days is applied for managerial positions in a company. During the probationary period, the employer must pay a salary

²⁴ Article 3 of Decree 90/2019/ND-CP

²⁵ Article 5 of Decree 90/2019/ND-CP

²⁶ Article 12, 13 of Decree 143/2018/ND-CP and Article 7 of Decree 146/2018/ND-CP

²⁷ Article 20 of Labour Code 2019

²⁸ Article 24 and 25 of Labour Code 2019

that corresponds to at least 85% of the ordinary salary for the job²⁹ and either party may terminate the employment relationship without serving any advance notice or paying compensation³⁰.

► Termination of labour contract³¹

A labour contract can be terminated in the following circumstances:

- (1) Expiration of labour contract;
- (2) Completion of tasks prescribed in labour contract;
- (3) Mutual agreement of parties;
- (4) Employee receives the death penalty, sentence for imprisonment or sentence prohibiting the worker from performing his/her job under the labour contract;
- (5) Foreign employee expelled by court judgment of decision or competent authority, or their work permit is expired;
- (6) Death or loss of legal capacity of an employee;
- (7) Death or loss of legal capacity of the individual employer, or discontinuation of business of company;
- (8) Punitive dismissal;
- (9) Unilateral termination by employer or employee;
- (10) Failure to perform tasks during the probationary period or cancel the probation agreement.

For unilateral termination, the employer or employee must give prior notice to the other for their intent to terminate the labour relationship. In principle, the prior notice should be given at least forty-five (45) days for indefinite-term labour contract and thirty (30) days for a 12 to the 36-month labour contract. However, there are still several exceptions that the prior notice must be given within a longer or shorter period than the above-mentioned ones (e.g., pilot or employee holding managerial position must give 120-day prior notice if they wish to terminate their labour contract). Additionally, employees will be able to immediately terminate a contract for mistreatment, pregnancy, and if the employer fails to pay salary on time.

4. WORKING HOURS, OVERTIME AND ANNUAL LEAVE AND HOLIDAYS

► Working hours

- Weekly working hours: maximum 48 hours | - Daily working hours: maximum 8 hours

► Overtime

- Overtime: maximum 12 hours per day, 40 hours per month and 200 hours per year. However, the maximum overtime can be reached to 300 hours per year in some special cases promulgated by law (e.g., enterprise engaging in textile and clothing, footwear and electronics industry). Employee's consent must be obtained for working overtime.

- Overtime payment³²:

- ♦ Equal to 150% of the regular wage on a weekday
- ♦ Equal to 200% of the regular wage on weekends
- ♦ Daily payment for the public holidays/paid leave days and payment equal to 300% of the regular wage on public holidays/paid leave days

- Nightshift is a period from 10 p.m. to next 6 a.m.³³ and employee working in night shift is entitled to receive an additional amount of at least 30% of the normal wage.

► Annual leave and holidays

- 12 to 16 days paid leave subject to the working environment, increased by one (1) additional day for every five (5) years of employment³⁵;

- 11 public holidays (foreign employees are additionally entitled to a paid day off on one traditional holiday and one national day of their home country)³⁶.

²⁹ Article 26 of Labour Code 2019 ("Labour Code 2019")
³⁰ Article 27 of Labour Code 2019

³¹ Article 34 of Labour Code 2019
³² Article 98 of Labour Code 2019

³³ Article 106 of Labour Code 2019
³⁵ Article 113 of Labour Code 2019
³⁶ Article 112 of Labour Code 2019

5. INTERNAL LABOUR REGULATION AND TRADE UNION

5.1. INTERNAL LABOUR REGULATION

The internal labour regulation ("ILR") is a document issued by the employer which specifies the rules that employees are obligated to comply with when participating in labour relations at the company. The ILR should be in line with the employer's business and industry and under no circumstances should these rules be contrary to the Vietnamese labour legislations. Through the ILR, employees will acknowledge their responsibilities when working in that company and the penalties for not complying with the rules. The development and registration of ILR is very important for each business in managing employees and building a unified system in the company.

ILR is a mandatory requirement in Vietnam for companies employing ten (10) employees or more. The duly registered ILR is regarded as one of the most important documents in the company. In case of dispute, the ILR provides a legal platform for the employer to enforce the procedures contained in the law. For instance, dismissal of an employee is possible only for reasons provided both at law and under the registered ILR.

► Contents of ILR

ILR typically includes provisions relating to the following³⁷:

- (1) Working hours and rest breaks; | (2) Orders in the workplace; | (3) Occupational safety and hygiene; | (4) Actions against sexual harassment in the workplace; | (5) Protection of assets, technological and business secrets and intellectual property of the employer; | (6) Permitted cases of employee's reassignment; | (7) Conducts which are in breach of the employee's duties, competence of labour discipline and penalties imposed to the employees' breach; and | (8) Liability in case of damage.

► Registration of ILR

The employer must consult with the company's trade union or district-level trade union (in case the company's trade union has not been established) about the contents of the ILR and register it with the provincial-level labour management authority within ten (10) days from the date of issuing the internal labour regulations. The ILR becomes effective and enforceable after 15 days as from the receipt date of the registration dossier by the competent authority, except the cases where further necessary amendments and supplements are required³⁸.

In addition, the enterprise may consider signing the collective labour regulations with the employees, provided that the contents of such documents are not contrary to the laws and must contain greater benefits for employees than the provisions of laws.

5.2. TRADE UNION

Trade union ("TU") is an agency presenting, protecting the legitimate rights and obligations of the TU members (i.e., participating employees) and participating, negotiating, signing and supervising the implementation of the collective labour regulations, wage and salary system, wage and salary payment policies, bonus policies, internal labour regulations; participating to the procedures of labour discipline over the breaches of employees and the labour disputes arisen between the employer and its employees.

The establishment of TU at a company is not mandatory. Rather it is a right of the employees working in the company to establish and join trade unions and to participate in their activities. The employer is prohibited from hindering or causing difficulty for any employee to establish or join a TU or participate in its activities. In practice, it would be difficult for an employer to retrench, apply disciplinary actions or terminate employment without the participation of the enterprise-level TU.

TU fee is required for all employees and employer regardless of whether the TU is established at such organisation or not. The calculation of TU fee is based on the wage used as the basis for social insurance calculation.

³⁶ Article 118 of Labour Code 2019
³⁷ Article 118, 119, 120 of Labour Code 2019

COMPLIANCES: TAXES, TRANSFER PRICING, ACCOUNTING, AUDITS, AND REMITTANCE



1. TAXES

All taxes in Vietnam are imposed at the national level; there are no local, city, or provincial taxes. In principle, enterprises should pay tax in localities in which they are headquartered or have duly registered branches.

There are seven major taxes / duties in Vietnam, which are as follows:

1.1. BUSINESS LICENCE FEE ("BLF")

BLF is a fee imposed on entities conducting business activities in Vietnam and paid by January 30 on an annual basis. Newly established enterprises are eligible for BLF exemption for the calendar year of establishment.

BLF is a fixed amount and varies depending on the charter capital of the enterprise:

- Charter capital above VND 10 billion: VND 3,000,000 per year.
- Charter capital of VND 10 billion or less: VND 2,000,000 per year.
- Branches, representative offices, business locations, business units, other economic organisations: VND 1,000,000 per year.

1.2. CORPORATE INCOME TAX ("CIT")

▶ Tax Rates

- The current standard CIT rate is 20%.
- Oil and gas industry companies: CIT rates range from 32% to 50% depending on the location and specific project conditions.
- For firms engaging in prospecting, exploration and exploitation of mineral resources (e.g. gold and precious stones), CIT rates are 40% or 50%, depending on the project's location.

▶ Tax Incentives

- CIT incentives are only applicable to enterprises adopting the Vietnamese accounting system and satisfying certain invoicing requirements in accordance with current Vietnamese regulations. They are self-assessed by the taxpayers based on prevailing tax regulations and subject to tax audits and inspections by tax authorities.
- There are two main types of CIT incentives in Vietnam as summarised in the following table:

<div>◆ Preferential tax rates</div> <p>Preferential CIT rates are 10% and 20% for 15 years and 10 years, respectively. From 1 January 2016, enterprises previously entitled to the preferential CIT rate of 20% will enjoy the rate of 17% instead. When the preferential rate expires, the CIT rate reverts to the standard one.</p> <p>For normal projects: applicable once having turnover from the project.</p> <p>For high-tech enterprises: applicable once obtaining the Certificate on high-tech enterprises.</p> <p>For projects with high-tech application: applicable once obtaining the Certificate on projects with high-tech application.</p>		
<div>◆ Tax holidays</div> <p>A complete exemption from CIT for a certain period generally beginning after the enterprise first makes profits, followed by a period where tax is charged at 50% of the applicable rate. Where an enterprise has not derived taxable profits within 3 years of the commencement of generating revenue from the incentivised activities, the tax holiday/tax reduction will start from the 4th year since the 1st year of having revenue.</p> <p>For high-tech enterprises: applicable once obtaining the Certificate on high-tech enterprises.</p>		
Location	Sector	Scale
Inter alia qualifying economic and high-tech zones, certain industrial zones, and difficult socio-economic areas.	Inter alia education, health care, sport/ culture, high technology (including in agricultural sector), environmental protection, scientific research, infrastructural development, clean energy and computer software manufacturing and supporting industries.	Large manufacturing projects meeting requirements regarding investment capital, minimum revenue and minimum headcount.

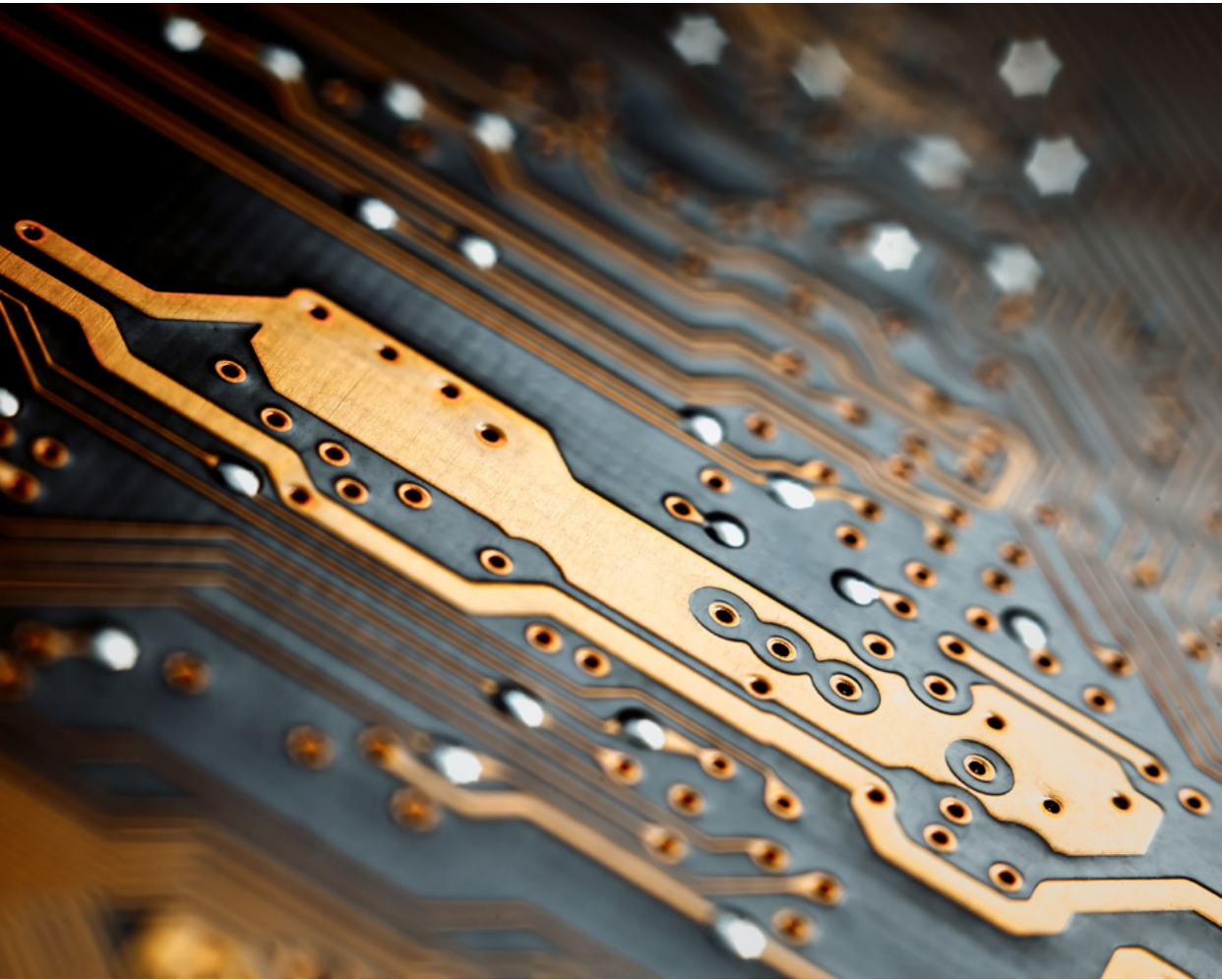
▶ Administration

- A corporate taxpayer is obliged to make CIT declarations and payments directly to its managing tax authority. It is now no longer required to lodge the quarterly provisional CIT declaration returns. Rather, CIT declaration will only be made either under:
 - ◆ A one-off basis whenever CIT liabilities are incurred in certain circumstances [e.g., upon a decision on division, consolidation, merger, conversion, dissolution, or liquidation, gains from unordinary business activities (e.g., incomes from immovable properties), gains from capital assignment, etc.].
 - ◆ An annual basis for a CIT finalisation return: by the last day of the 3rd month from the end of the registered fiscal year.
- Provisional CIT payment is still required. If the provisional quarterly CIT payments for the first 3 quarters of the fiscal year account for less than 75% of the final CIT liability, interest on late tax payment will apply.
- Where a taxpayer has a dependent accounting unit (e.g., a branch) in a different province, a single CIT return is required. However, manufacturing companies are required to allocate tax payments to the respective provincial tax authorities in the locations where they have dependent manufacturing establishments.

1.3. VALUE-ADDED TAX ("VAT")

VAT is imposed on the supply of goods and services. There are three bands of VAT that apply to different goods and services, as follows:

- By law, there are two VAT calculation methods: the deduction method (e.g., Credit method) and the Direct method.
- Normally, a Vietnamese corporate taxpayer will declare and pay tax under the Credit method.



CRITERIA	CREDIT METHOD	DIRECT METHOD
Applicable subjects	<ul style="list-style-type: none"> Business establishments satisfying proper accounting and book-keeping requirements and having annual revenue of VND1 billion or more/ or having annual revenue of less than VND1 billion but voluntarily applying the Credit method. Certain other cases voluntarily registering for the Credit method. 	<ul style="list-style-type: none"> Business establishments not satisfying proper accounting and book-keeping requirements; foreign organisations/ individuals carrying out business activities in forms not regulated in the Law on Investment. Business establishments having an annual revenue subject to VAT of less than VND1 billion. Business establishments trading in gold, silver and precious stones. Individuals and business households.
Determination of VAT payable	<ul style="list-style-type: none"> VAT payable = Output VAT - Input VAT 	<ul style="list-style-type: none"> VAT payable = VAT rate x value added of goods or services sold; or VAT payable = direct VAT rate x taxable revenue.
Tax rates	<ul style="list-style-type: none"> 0%: generally applicable to exported goods/services. 5%: generally applicable to the provision of essential goods/ services (i.e. clean water, fertiliser, etc.) 10%: generally applicable to other goods/services not specified as not- subject to VAT, exempt or subject to 0% or 5%. 	<ul style="list-style-type: none"> For distribution and supply of the goods: 1%. For construction services exclusive of building materials: 5%. For manufacturing, transportation, services associated with goods, construction inclusive of building materials: 3%. For other lines of business: 2%.
Goods/ services not subject to VAT	<ul style="list-style-type: none"> Twenty-six (26) categories, including certain agricultural products; water supply and drainage; public telecommunications services; technology transfers; computer software (including software products and software services); goods in transit via the territory of Vietnam, goods temporarily imported and re-exported; etc. 	

► **Administration**

- Newly established enterprises will initially make VAT declarations on a quarterly basis.
- After the first twelve (12) months of operation, the entity will assess its total revenues from the past twelve months to decide whether it is required to continue to declare VAT liabilities on a quarterly basis or not. If the total assessed revenue is VND50 billion or less, the entity is obliged to declare VAT liabilities on a quarterly basis. Otherwise, VAT declaration must be made on a monthly basis.
- Monthly VAT declaration and payment to the local tax authority must be no later than the 20th date of the following month. Quarterly VAT declarations and payments to the local tax authority must be no later than the last day of the first month following the end of the declaring quarter.

1.4. PERSONAL INCOME TAX ("PIT")

Under the current PIT regulations, individuals having a taxable income will be subject to Vietnamese PIT depending on their tax residency status.

Vietnamese tax residents will be subject to Vietnamese PIT on their worldwide taxable income, regardless of where such income is paid or received. Employment income is taxed on a progressive basis (e.g., ranging from 5% to 35%), while other types of income are taxed at a variety of specific tax rates.

Tax non-residents of Vietnam are subject to Vietnamese PIT at a flat tax rate of 20% on their Vietnam-sourced employment income, and at various other rates on certain of their non-employment income.

Generally, taxable persons include Vietnamese citizens or foreigners who have taxable income and may or may not reside in Vietnam.

Tax declarations and payments are generally performed on a withholding basis. Employers (or "the payers") are required to withhold income tax at source prior to paying the employees, file tax returns on behalf of such employees and then remit the tax withheld to the tax office.

Employers are generally only responsible for withholding and reporting the income that they pay to their employees. Employees who earn additional income from other sources (such as investment income, business income or other employment Income etc.) are themselves responsible for reporting and paying tax on such additional income separately.

For foreigners, their first taxable year will be based on the twelve (12) consecutive months from their first arrival date in Vietnam and their subsequent taxable years will be based on calendar years.

For individuals who have stayed in Vietnam for more than 182 days in the first calendar year, their first tax year is also the calendar year and income earned prior to arriving in Vietnam would also be subject to tax in Vietnam. The tax paid on foreign source income could be credited in Vietnam fully or partly. However, an exception is provided to those from a tax treaty country with Vietnam who become Vietnamese tax residents whereby their PIT obligations shall only be calculated from the month of their first arrival in Vietnam, instead of from January of that year.

► **Allowable deductions**

Tax deduction items for Vietnamese tax residents would include:

- Employee contributions to mandatory social, health and unemployment insurance schemes;
- Contributions to local voluntary pension schemes (subject to a cap); and
- Employee contributions to certain approved charities.
- Tax relief

(1) Personal relief: VND11 million/ month.

(2) Dependent allowance: VND4.4 million/ month/ qualified dependent.

► **Administration**

- Provisional PIT declaration and payment for employment income
- Employer's responsibilities

- ♦ The eligibility to declare tax quarterly shall be determined in the month when tax is deducted and kept unchanged throughout the year. If the employer is eligible for VAT declaration on a quarterly basis, then it would also be eligible for PIT declaration on a quarterly basis.
 - ♦ For monthly declarations, monthly returns are required to be filed by the 20th day of the following month, and monthly PIT amounts payable (if any) have to be paid provisionally by the same deadline.
 - ♦ For quarterly declarations, quarterly returns are required to be filed by the last day of the first following month, and quarterly PIT amounts payable (if any) have to be paid provisionally by the same deadline.
 - ♦ For annual PIT finalisation, an annual final tax return must be submitted, and any additional tax must be paid by the last day of the 3rd month since the calendar year-end.
- PIT finalisation at year-end or upon the termination of employment / assignment in Vietnam for expatriate employees
- ♦ Generally, PIT is finalised each calendar year or completed employment year, with the declaration required to be submitted by the last day of the 4th month since the calendar year-end or within 45 days from the date of termination of employment/assignment in Vietnam. The same deadline is applicable for payment of outstanding PIT.
 - ♦ Expatriates receiving remuneration from both a local entity and a foreign entity shall combine their incomes and finalise PIT under their individual tax code at the year-end and/or upon the termination of employment/assignment in Vietnam.

1.5. FOREIGN CONTRACTOR WITHHOLDING TAX ("FCWT")

FCWT is applied to foreign companies/individuals (“FC”) who conduct business or earn income in Vietnam on the basis of an agreement with Vietnamese parties. FCWT is not a separate tax and normally comprises CIT and VAT components.

There are 3 methods to declare and pay FCWT in Vietnam by the FC (e.g., the Deduction method, the Direct method, and the Hybrid method).

- *Deduction method*: If the FC satisfies certain conditions (i.e. having a permanent establishment in Vietnam, and having a contract of 183 days or more, and adopting the full Vietnamese Accounting System, and completing a tax registration, and being granted with a tax code), such FC may declare FCWT by itself under the Deduction method (e.g. declaring VAT and CIT in the same manner as a normal Vietnam established company).

- *Direct method*: FCWT rates will include a deemed VAT rate and a deemed CIT rate which will apply to the total “taxable turnover” earned by the FC. Deemed VAT and CIT rates are applicable to different services and business activities that would be applicable to the proposed contract.

- *Hybrid method*: If the FC satisfies certain conditions (e.g., having a permanent establishment in Vietnam, and having a contract of 183 days or more, and maintaining simplified accounting records in accordance with the accounting regulations and the guidance of the Ministry of Finance), such FC may register for VAT and accordingly pay VAT based on the deduction method (e.g. output VAT less input VAT), but with CIT being paid under the direct method rates on gross turnover.

In the case where the FC does not register the Deduction method or Hybrid method for FCWT declaration, the Direct method would be applied by default.

▶ Administration

	Deduction Method (FCWT filing is carried out by the FCs)	Direct Method (FCWT filing is carried out by the Vietnamese payor on behalf of the FCs)
Tax registration	20 working days from the contract signing date	10 working days from the contract signing date
Declaration & Tax payment	Comply with CIT, VAT administration requirements	10 days after each payment (or by 20 th day of the following month if there are many payments)
Tax Finalisation	Comply with CIT requirements.	45 days following the end of the contract

1.6. SPECIAL CONSUMPTION TAX ("SCT")

SCT applies to the production or importation of certain goods, including cigarettes, cigars, spirits, beer, autos, assorted types of petrol, air conditioners, and the provision of certain industry services including services by casinos, golf clubs, and lotteries.

SCT rates range from 10% to 150%. Although SCT is collected and paid by the enterprises, it is in fact a tax on the consumers of such goods and services as SCT is added to the selling price at the point of sale.

1.7. CUSTOMS DUTIES

▶ Import Duty

Most goods imported into Vietnam or entering into the domestic market from a non-tariff zone are subject to import duties. Exceptions to this include goods in transit, goods which are imported from abroad into a non-tariff zone and only used within that non-tariff zone, and goods passing from one non-tariff zone to another.

Import duty rates are classified into 3 categories: ordinary rates, preferential rates, and special preferential rates:

	IMPORT DUTY RATES
Special preferential rates	Import from countries that have free trade agreements (FTA) with Vietnam such as Korea, Japan, China, Chile, India, the ASEAN members, New Zealand, Russia, and the EU.
Most favoured nation (MFN) rates	Import from countries that maintain the most favoured nation status with Vietnam. The MFN rates are in accordance with Vietnam's WTO commitments and are applicable to goods imported from other member countries of the WTO.
Ordinary rates	Import from countries that neither maintain the MFN nor have an FTA with Vietnam.

▶ Exemptions

Import duty exemptions are provided for projects which are classified as being in encouraged sectors/ locations and other goods imported in certain circumstances. Categories of import duty exemption include Machinery & equipment, specialised means of transportation and construction materials (which cannot be produced in Vietnam) comprising the fixed assets used in encouraged investment projects; Machinery, equipment, specialised means of transportation, materials (which cannot be produced in Vietnam), office equipment imported for use in oil and gas activities; Materials, supplies and components imported for the production of exported goods; Raw materials, supplies, components imported for processing of exports; Goods manufactured, processed, recycled, assembled in a free trade zone without using imported raw materials or components when imported into the domestic market; Materials, supplies and components which cannot be domestically produced and which are imported for the production of certain encouraging projects; Goods temporarily imported or exported for the purpose of warranty, repair, and replacement.

▶ Export Duties

As exports are the factor that drives the growth of Vietnam’s economy, most goods are not subject to an export tax. That said, export duty is applied on a few items, such as basic natural resources, including sand, chalk, marble, granite, ore, crude oil, forest products, and scrap metal with rates ranging from 0% to 40%.

2. TRANSFER PRICING ("TP")

2.1. OVERVIEW

Vietnam recently introduced Decree No. 132/2020/ND-CP ("**Decree 132**") to replace the existing ones, Decree No. 20/2017/ND-CP ("**Decree 20**") and Decree No. 68/2020/ND-CP ("**Decree 68**"). Decree 132 took effect from 20 December 2020 and is applicable for the tax year 2020 onwards.

Vietnam has detailed rules applicable to TP arrangements between related parties. However, unlike other jurisdictions, these rules apply to both domestic and foreign-related parties.

2.2. DEFINITION OF 'RELATED PARTY'

The ownership threshold defining a related party under Decree 132 is 25%. In addition, related parties are defined under Decree 132 as parties with an associated relationship, which means parties with one of the following relationships:

- One party participates directly or indirectly in the management of, control of, capital contribution to, or investment in the other party;
- The parties are directly or indirectly subject to the management, control, capital contribution, or investment of another party.

Decree 132 also provides relevant criteria for assessing the related party relationships in specific scenarios.

2.3. METHODOLOGIES

The acceptable methodologies for determining arm's length pricing are analogous to those espoused by the Organisation for Economic Co-operation and Development ("**OECD**") in the Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (e.g. comparable uncontrolled price, resale price, cost plus, profit split and comparable profits methods).

2.4. REPORTING OBLIGATIONS

Taxpayers who are subject to TP rules are required to disclose a range of financial and non-financial data as part of their annual CIT return. The information to be disclosed is extensive and preparation of the forms can be relatively complex. TP related information required to be attached to the CIT return includes:

- Information on related parties and related transactions;
- List of information, documents required in Local File; and
- List of information, documents required in Master File.

In addition to the above-mentioned declaration process, Vietnam requires the maintenance of a Local File, Master File and a Country by Country report ("**CbC Report**") unless specifically exempted (refer below). That is to say, a multi-tiered documentation approach is required in Vietnam and such documentation must be maintained in Vietnamese and retained locally. Care should be taken to ensure TP documentation meets these local requirements.

TP documentation is also required to be prepared on, or before the last day of the quarter following the tax year-end. It is also required to be submitted upon the request of the tax authority.

The deadline for submitting the TP documentation at the request of the tax authority in the event of a tax/TP audit shall be within thirty (30) days (which can be extended for another fifteen (15) days with proper justification) from the date of request by the tax inspectors.

A taxpayer is exempted from TP documentation requirements in the following circumstances:

- Having revenue below VND50 billion and related party transactions below VND30 billion; or
- Concluding an Advance Pricing Agreement ("**APA**") and submitting the annual APA report in accordance with the APA regulations; or
- Having revenue below VND200 billion, the performance of simple functions, and meeting nominated profit ratios.

In addition, a taxpayer engaged in related party transactions solely with domestic related parties can be exempt from preparing TP documentation if the following conditions are met: (i) the taxpayer and related parties have the same CIT rates, and (ii) none of the parties enjoy tax incentives.

3. ACCOUNTING AND BOOKKEEPING

3.1. ACCOUNTING STANDARDS FRAMEWORK IN VIETNAM

Local and foreign-invested companies operating in Vietnam are obliged to conform to Vietnam Accounting Standards ("**VAS**") when recording their financial transactions.

3.2. PRESENTATION OF FINANCIAL STATEMENTS

The components of financial statements under VAS:

- A Balance Sheet;
- An Income Statement;
- A Cash Flow Statement; and
- Notes to the financial statements.

In brief, the requirements of VAS and the laws include:

- ◆ If a foreign language is used on an accounting voucher, both the Vietnamese language and foreign language should be used simultaneously in the preparation of accounting records and financial statements. Furthermore, a minimum content of the accounting voucher should be translated into Vietnamese; however, it is not mandatory to translate all the supporting documents unless for specifically requested to do so by a competent authority;
- ◆ VND is the default currency unit in accounting. An FIE is permitted to use a "foreign currency" as the currency unit in their accounting records if certain criteria are met. However, in such cases the financial statements submitted to local authorities must be converted into VND and must be audited;
- ◆ The prescribed VAS chart of accounts and forms of financial statements must be complied with.

3.3. ACCOUNTING PERIOD TIMELINE

The fiscal year applicable to FIEs in Vietnam is normally twelve (12) months, commencing on 1 January and ending on 31 December. FIEs with specific operational characteristics may adopt their own 12-month fiscal year, commencing from the first day of a solar calendar quarter and ending on the last day of the previous solar calendar quarter in the following year. Furthermore, an FIE adopting a non-calendar year basis is required to inform the local tax authority of the adoption of such fiscal year.

Where the first fiscal year is of a shorter duration than ninety (90) days, it will be permitted to add this period to the following fiscal year in order to make up one fiscal year.

3.4. COMPLIANCE

Companies are advised to double-check their accounting system and take care of spotting possible VAS non-compliance issues. Within ninety (90) days following the closure of the fiscal year, enterprises operating in Vietnam are required to prepare and file Annual Financial Statements to relevant local authorities.

For those enterprises operating in export processing zones ("**EPZs**") or industrial zones ("**IZs**"), Annual Financial Statements may be required to be filed with the management board of the respective EPZs or IZs.

3.5. RETENTION OF DOCUMENTATION

Companies are required to maintain documents resulting from the bookkeeping, and accounting process. Depending on the nature of the documents, the retention period is split into 5-year, 10-year, and an indefinite term, commencing from the end of the annual accounting period.

- The 5-year retention period: applied to documents that are not directly used for accounting records and financial statements but used for the management and operation of the enterprise (such as payment notes, receipt notes, and delivery notes, etc.)
- The 10-year retention period: applied to documents that are used to prepare accounting books and financial statements, accounting data, monthly, quarterly, annual financial statements, and reports of independent audit firms that have been prepared on behalf of the company.
- The Indefinite retention period is limited to documents that are deemed to be of significance to the economics, national defence, or security of the Vietnamese state.

4. AUDITS AND REMITTANCE GUIDE FOR FIES

Prior to transferring profits abroad, foreign companies maintaining operations and taking in revenue in Vietnam must fulfill certain annual compliance requirements. These involve a statutory audit, audited financial statements, and tax finalisation filings.

Step 1	Step 2	Step 3	Step 4	Step 5
Audit	CIT Finalisation	PIT Finalisation	Social Insurance Finalisation	Profit Remittance

STEP 1 – PREPARE STATUTORY ANNUAL AUDIT REPORT	
<p>Under Vietnam Law, all foreign-invested entities are required to have their annual financial statements audited by an independent auditing firm. These statements must be prepared in accordance with VAS and follow the most up to date guidance available.</p>	<p>TIMING: Within 90 days from the end of the fiscal year, FIEs need to submit audited reports to the following government agencies:</p> <ul style="list-style-type: none">♦ Provincial Department of Planning and Investment ("DPI") (or the Management Board of the Industrial Parks ("IPs")/EPZs in the case of FIEs based in IPs or EPZs);♦ Provincial Tax Departments;♦ Provincial Finance Departments;♦ Provincial Statistical offices.
STEP 2 AND STEP 3 – CIT FINALISATION AND PIT FINALISATION	
<p>Please refer to Section 1.2 and Section 1.4 of Chapter V above.</p>	
STEP 4 – SOCIAL INSURANCE FINALISATION	
<p>In addition to their Vietnamese counterparts, foreign employees legally working in Vietnam under a labour contract with the term of over 03-month and over 01-year (including indefinite term contract) need to be included in the mandatory health insurance scheme and social insurance scheme respectively.</p>	
STEP 5 – PROFIT REMITTANCE	
<p>Please refer to Section 2.3 of Chapter II above for detailed information.</p>	<p>TIMING: Foreign investors may directly send, or authorise enterprises in which they have made joint investment to send, notices on the profit remittance abroad to the relevant managing tax authority at least 07 working days before remitting the profit abroad.</p>





CHAPTER

6

VIETNAM SUPPLY CHAIN 2021 OUTLOOK

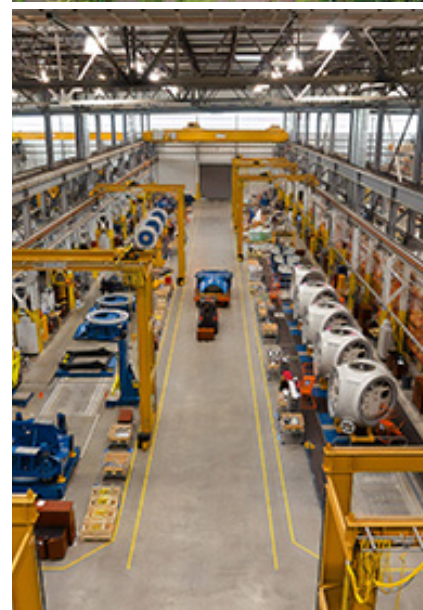
2020 HAS BEEN A TOUGH YEAR DUE TO THE GLOBAL IMPACT OF COVID-19 PANDEMIC, HOWEVER, VIETNAM HAS WEATHERED THE CRISIS QUITE WELL THANKS TO THE EXCEPTIONAL PERFORMANCE IN CONTROLLING THE PANDEMIC IN THE COUNTRY

Vietnam Main Economic Indicator 2016-2020: Key demand drivers shifted as the pandemic unfold, some of the shifts will remain for the long term (e-commerce, remote working processes, more decentralised manufacturing, and supply chain footprint).



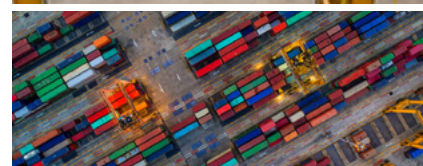
AGRICULTURE, FORESTRY AND FISHERY PRODUCTION

Not only the Covid but natural disasters (drought, saltwater intrusion) and disease (African Swine Fever) caused serious disruption across the country, but productivity remained high.



INDUSTRIAL PRODUCTION

Lots industries suffered a decrease in output (car assembly, oil & gas, equipment manufacturing and repair, beverage, wood processing, garment, leather, and metal production) but several industries still managed to maintain moderate growth (electronic, textile) while others took the advantage of the new normal from the fight against the pandemic (demands for certain supplies as well as the new remote working environment) and achieved significant growth (pharmaceutical and hospital supply, paper-based products, chemical, IT service, and IT equipment).



IMPORT / EXPORT

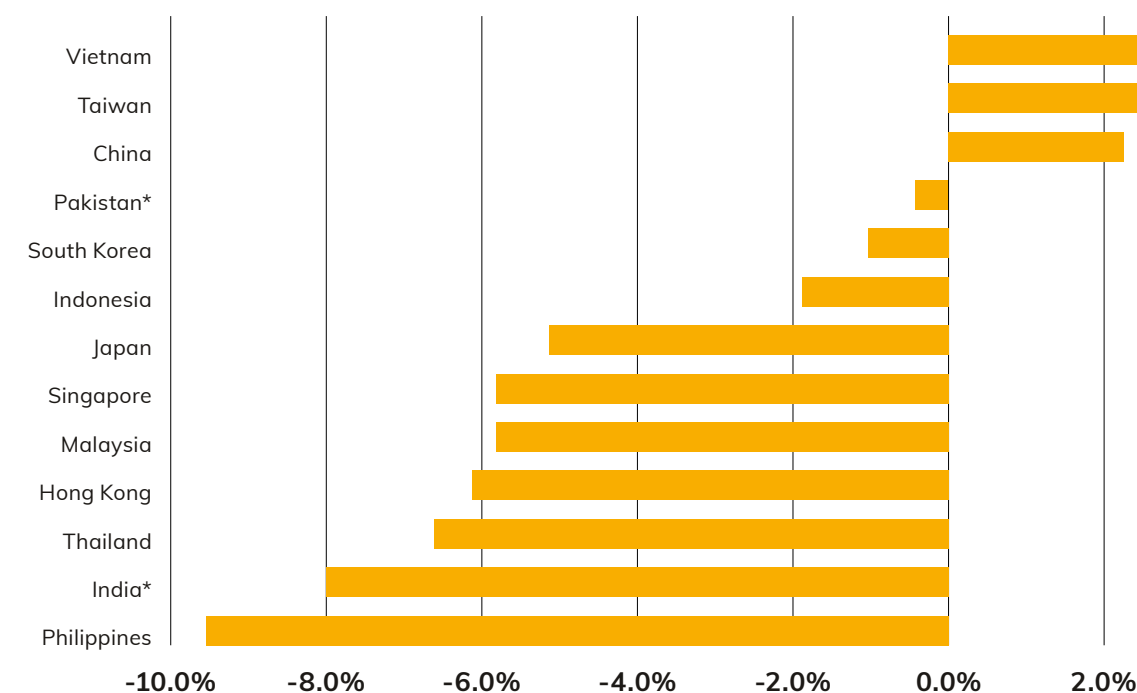
Volumes maintained flat, actually even achieved slight increase vs. 2019.



THE MANUFACTURING INDUSTRIES

A very optimistic mood: a survey conducted by the GSO of Vietnam in Q4-2020 indicated that 81% of enterprises projected to continue stable operation and actually grow in 2021.

2020 GDP GROWTH / CONTRACTION OF MAJOR ASIAN ECONOMIES



SOURCE: Vietnam's General Statistics Office, Central Bank of the Republic of China (Taiwan), National Bureau Statistics of China, Bank of Korea, Singapore's Ministry of Trade and Industry, Hong Kong's Census and Statistics Department, Philippine Statistics.

* Data for India and Pakistan are on the fiscal year 2020 / 2021 basis.

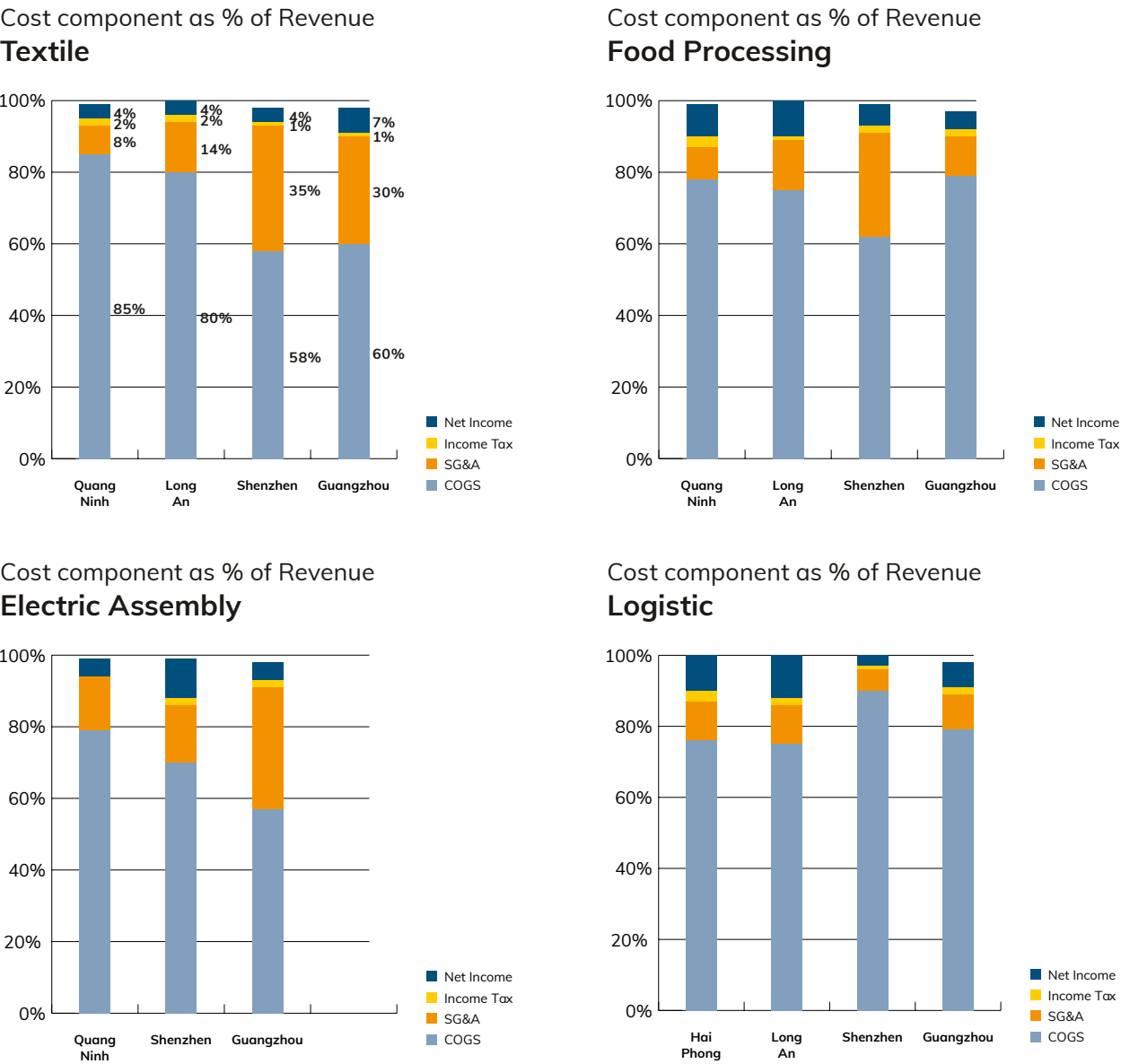


MANUFACTURING RELOCATION REMAINS A KEY DEMAND DRIVER, WHILE THE LOGISTICS INDUSTRY RAMPS UP CAPACITY TO ACCOMMODATE THE CONSUMER'S/CUSTOMER'S SHIFT TOWARD E-COMMERCE.

- ♦ Vietnam is a very attractive and competitive destination for Manufacturing Relocation under the China + 1 Strategy that requires significant restructuring of the whole Supply Chain: Foxconn is investing 270 million USD to expanding production sites while Pegatron is planning a 1 billion USD investment for a new production site in Hai Phong.
- ♦ The transformation of Supply Chain Footprint (along with the rise of e-commerce) triggers the needs of high scale, professional logistics service that has been lagging behind the development of manufacturing industries -> Soaring demand on industrial land for logistics property development with new big players entered the market (LOGOS, GLP... are setting up 1.2-1.5 billion USD JVs to build logistics centres).
- ♦ FTA provides a strong boost to the expansion of Vietnam's manufacturing footprint (key beneficiaries: electronics, automotive, agriculture, and garment).
- ♦ Aggressive investment plan to expand/upgrade infrastructure connecting key industrial hubs:
 - **North Region:** Expansion of expressways to border and coastal area (e.g. Van Don – Mong Cai expressway is expected to complete in 2021).
 - **South Region:** New Long An International Port commenced operation in Oct-2020. Trung Luong – My Thuan expressway started experimental operation in Dec-2020, expected to start full operation in Q2-2021. Construction of My Thuan – Can Tho expressway started in Jan-2021.

THE EMERGING INDUSTRIAL HUBS IN LONG AN (SOUTH) AND QUANG NINH (NORTH) IN VIETNAM OFFER A RANGE OF COMPETITIVE ADVANTAGES AND OPPORTUNITIES WHEN CONSIDERING MANUFACTURING RELOCATION

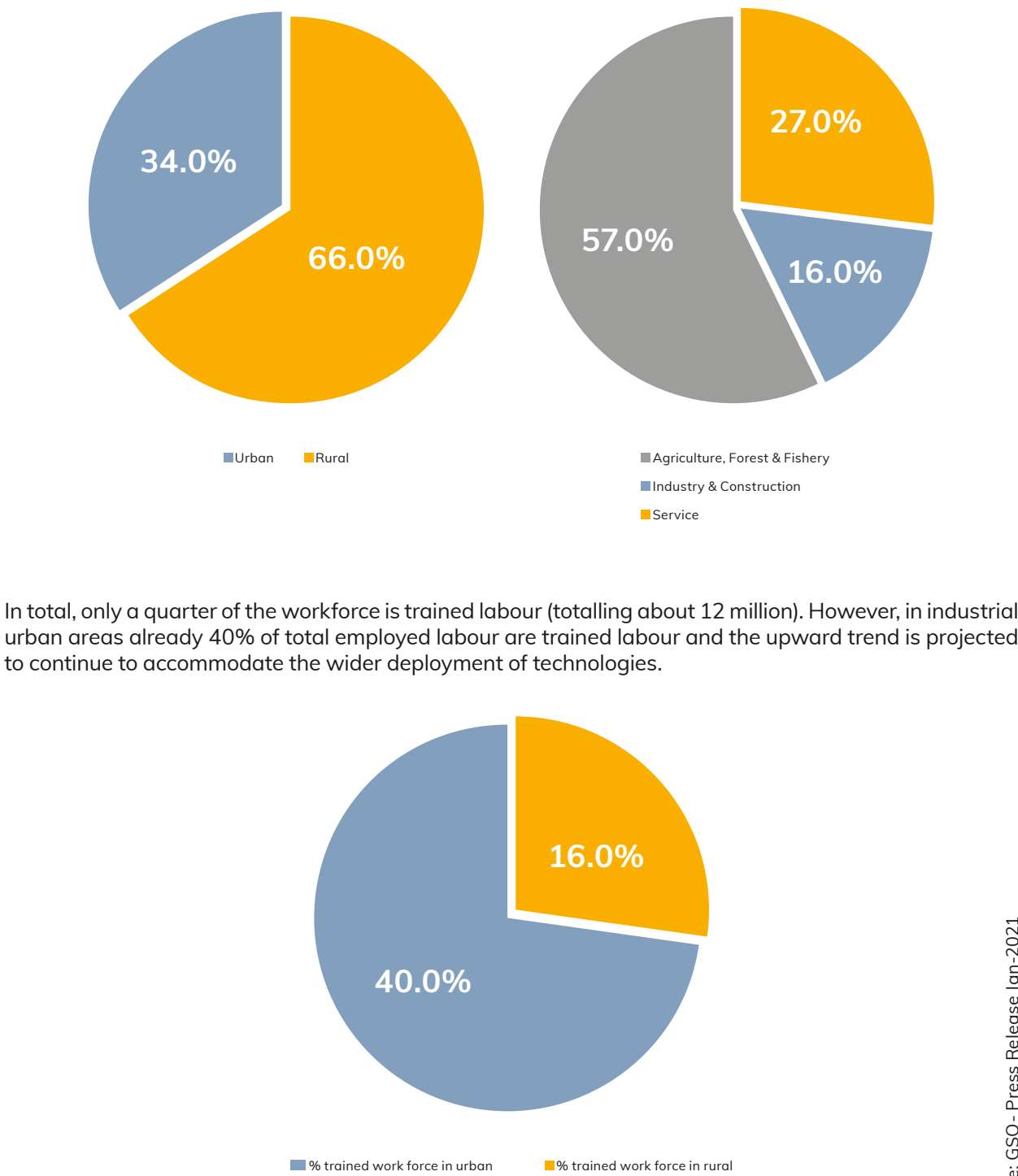
Very competitive operations costs: COGS/SG&A/net profit benchmarking at public companies in Quang Ninh / Long An / Shenzhen / Guangzhou on few industries (food processing, textile, electronics, logistics)



Source: Roland Berger – VNIP study

YOUNG, HARD-WORKING, AND QUICK LEARNING WORKFORCE PROVIDES A BIG ADVANTAGE IN THE DEVELOPMENT OF INDUSTRIAL ACTIVITIES.

About two-thirds of the total 48.8 million labours are in rural agriculture, forestry, and fishery areas. This workforce can ensure ample labour supply when shifting toward the higher value-added industry and construction activities.



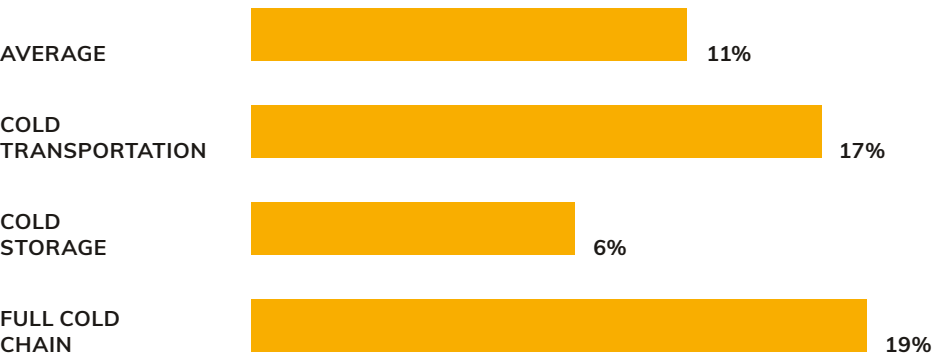
Source: GSO - Press Release Jan-2021

HUGE OPPORTUNITY FOR PROFESSIONAL, HIGH-TECH LOGISTICS INDUSTRY

Large scale e-commerce operations and a significant increase in inventory volume from the Manufacturing Relocation import/export volumes require capital intensive storage systems such as Automatic Storage & Retrieval Systems (ASRS), Cold Storages... which all have been in short supplies so offer quite lucrative business opportunities in the coming 3-6 years.

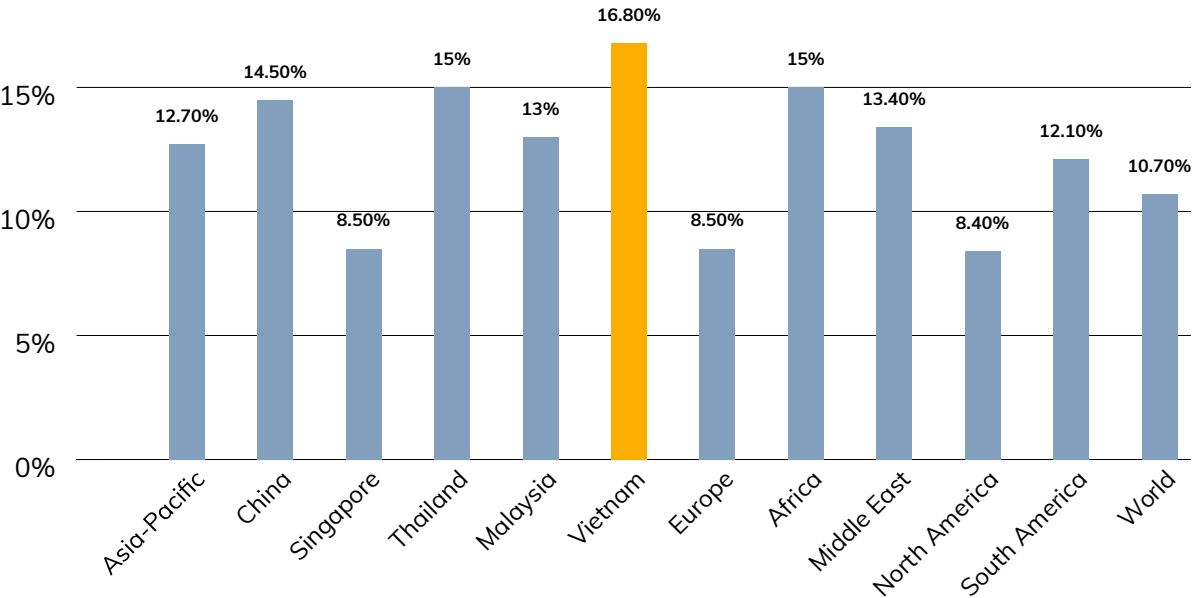
Cool Chain is a nascent sector with huge growth potential: The market size was about US\$169 million in 2019 and is a project to grow 12% year on year to reach US\$ 295 million by 2025 due to the growth in seafood processing for both export and domestic consumption, the rapid expansion of food retail industry and the strong government support in the effort to reduce the currently very high, 25% post-harvest waste). This industry is currently yielding a very impressive profitability ratio.

CHART OF NET PROFIT MARGIN



More than 40% of manufacturers in Vietnam engage very limited professional 3PL/4PL logistics services (< 10% of their logistics activities. On average, logistics cost accounts for 9% (manufacturing) – 10% (wholesale) of revenue in manufacturing companies (with transportation cost taking up over 50% of logistics cost), and Vietnam's Logistics Cost over GDP (at 16.8%) is still one of the highest in Asia (comparing to Thailand's 15%, China's 14.5%, Malaysia's 13%).

LOGISTICS COSTS OVER GDP OF CERTAIN COUNTRIES / CONTINENTS



Source: Armstrong & Associate March 6, 2020



SUPPLY CHAIN CHECKLIST FOR INVESTMENT OF MANUFACTURING SITE - SIMULATION OF OPERATIONS COST, WITH FOCUS ON HIGH IMPACT ITEMS (TAX INCENTIVE, LOGISTICS COST)

COST SIMULATION ON A MANUFACTURING OPERATIONS OF FMCG		
REVENUE	100%	How big is the potential customer base in the area?
COST OF GOOD SOLD	65-80%	
Direct Material	43-65%	
Purchased cost of material	40-60%	
Shipping/warehousing cost of material	4-8%	Shipping cost of material
Direct Labour	8-15%	Labour cost at the area
Factory Overhead	6-10%	
Indirect material (maintenance, consumable)	1%	
Indirect labour (QA, WH, maintenance...)	1%	
Other factory overhead	5-8%	
Utility (electricity, water)	3-6%	Utility Cost at area
Depreciation (building, equipment)	1%	Construction cost (e.g. including levelling/piling), Years remaining in the project life time
Lease/rent	1%	Land lease price
GROSS PROFIT (GP)	20-35%	
SELLING, GENERAL ADMINISTRATIVE (SG&A)	10-14%	
Selling	6-8%	
Direct Selling Cost (shipping, distribution)	4-6%	Shipping and distribution cost from factory to the final destination
Indirect Selling Cost	1-2%	
G&A	4-6%	
Company Overhead		
OPERATING PROFIT (OP)	10-25%	
TAX AND OTHER FINANCIAL COST/INCOME	(00)%	Tax incentive at the location
NET PROFIT AFTER TAX	(00)	

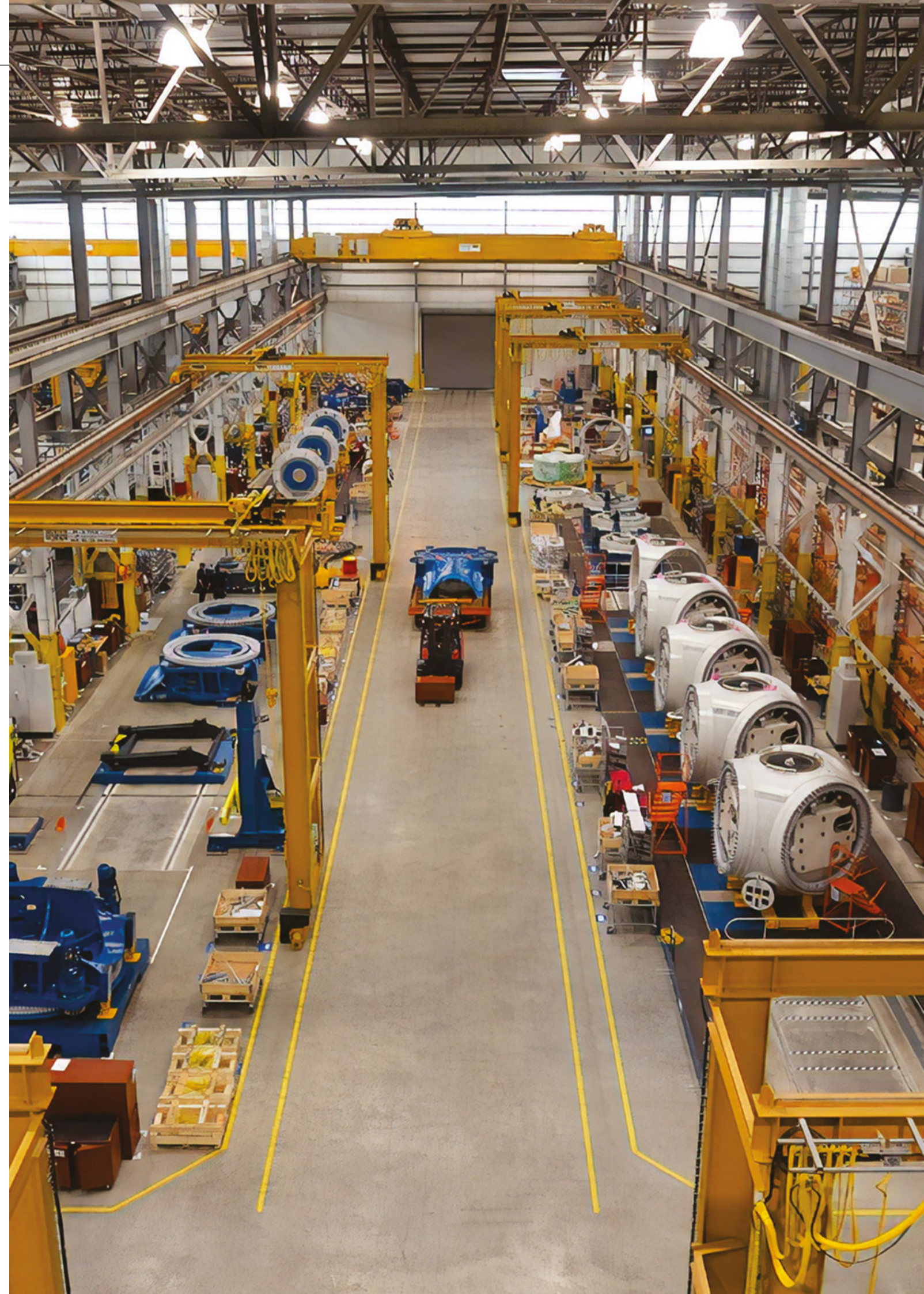
Tax Incentives (vary by provinces, Economic Zones as well as industries)

Logistics Cost (~ 10% of Revenue)

- ♦ Where are the raw materials sourced from? Where are the finished products going?
- ♦ What transportation modes (bulk/bag/palletised, trucks/containers, in-land/waterway...) are available? How many times are the goods loaded/unloaded/transferred from one vehicle to another (significant impact on time/cost/complexity)? Potential back-up plan (transportation route/modes)?

Key requirements for stable operations (focus is on sustainable availability/reliability as cost variation is insignificant from location to location):

- ♦ Utility
- ♦ Trained labour sources





1. ABOUT LONG AN PROVINCE

OVERVIEW

Total land: 4,494.9 km²
Population: 1,695,100 people (2019)
Population density (Person/km²): 377
The labour force at 15 years of age and above: 1,056,800
City: Tan An City
Districts: Ben Luc, Can Duoc, Can Giuoc, Chau Thanh, Duc Hoa, Duc Hue, Moc Hoa, Tan Thanh, Tan Tru, Thanh Hoa, Thu Thua, Vinh Hung, Tan Hung.

GEOGRAPHY

Located on the Mekong Delta, Long An is surrounded by Tay Ninh Province and Cambodia on the north, Ho Chi Minh City on the East, Tien Giang Province on the south and Dong Thap Province on the west. The major rivers including Vam Co Dong, the Vam Co Tay River, Soai Rap can be considered as one of the most important advantages of Long An in terms of transportation infrastructure.

CLIMATE

Long An is on tropical monsoon climate. The rain season lasts from May to October and the dry season lasts from November to April next year. The annual average temperature is 27.4°C. The annual average rainfall is 1,620mm.

TRANSPORTATION

Transportation system connects Long An province and HCMC, Mekong delta river and another area is a basic good, including inland and waterway.

a. Water transport:
Water transport is considered as one of the advantages of Long An province with some important routes such as Vam Co Dong, Vam Co Tay river, and Rach Cat river (Can Giuoc river). Other important waterways like Ho Chi Minh City - Kien Luong, Ho Chi Minh City - Ca Mau, Ho Chi Minh City - Tay Ninh go through Long An Nuoc Nam canal, river Rach Cat, Vam Co Dong River. The water vehicles of more than 100 tons may follow the canal as Phuoc Xuyen, Duong Van Duong, Tra Cu, Kinh Xang, Ben Luc river, Rach Cat river, and Thu Thua canal. There are major ports connected to HCMC and Ba Ria Vung Tau such as Long An International (30,000-70,000 DWT, 15 million tons of cargo/year) and Bourbon Ben Luc (5,000 DWT, 550,000 tons of cargo/year). Other nearby ports are Hiep Phuoc seaport (50,000 – 70,000 DWT, 200 million ton/year), and Cat Lai port (70 million ton/year).

b. In-land transport:
Long An has National Highways No.1A crossing Tan An Town, National Highway No.62 linking to Binh Hiep Border Gate to Cambodia, National Highway No.50 from My Tho (Tien Giang) to Ho Chi Minh City via Can Duoc Townlet. Long An is 47km from Ho Chi Minh City.

c. Air transport:
The distance from Long An to Tan Son Nhat International airport is around 50-55 km. In the future, Long An can also utilise Long Thanh International Airport in Dong Nai.

2. VIET PHAT INDUSTRIAL ZONE

Located in the southern province of Long An and invested by TIZCO JSC, Viet Phat Industrial Zone is one of the largest IPs in Vietnam so far. The project will offer work-live-play opportunities that will enhance the social interaction and liveability of the residents and workers while connecting people back to the natural environment.



OVERVIEW

Name	VIET PHAT INDUSTRIAL ZONE
Owner	TAN THANH JOINT STOCK COMPANY (TIZCO JSC)
Address	Viet Phat IZ, Hamlet 2, Tan Long Commune, Thu Thua District Long An Province
Land use term	To 20 Mar 2056 Land allocated with land use fee fully paid
Project scale and land use structure	Total land area: 1.868 ha (Industrial land area: 1.213 ha / Residential Area: 655 ha) <ul style="list-style-type: none"> ◆ Industrial land: 953 ha (Stage 1: 295ha) ◆ Administration and service land: 2.9 ha ◆ Technical land: 13 ha ◆ Traffic: 122 ha ◆ Green and water Area: 122ha
Major target industries	<ol style="list-style-type: none"> 1. Producing construction materials and interior decoration. 2. Manufacture of electrical equipment 3. Manufacture of prefabricated metal products 4. Wood processing, glass and ceramic production 5. Food production and processing 6. Chemicals and chemical products 7. Manufacture of paper and paper products 8. Weaving, producing costumes 9. Other projects
Products	<ol style="list-style-type: none"> 1. Industrial land, warehouse 2. Ready-Built Factory 3. Build-To-Suit Factory

ACCESSIBILITY

Location	<ul style="list-style-type: none"> ◆ Easily accessible from National road 1A connected to provincial road 10. ◆ The site is located within a dynamic industrial area, easily accessing agricultural, forestry and fisheries resources, which are a particular characteristic of the Mekong Delta Region. ◆ Viet Phat Industrial Zone is located on the National Highway N2 which is the main road connecting Long An, Tay Ninh, HCMC to the Mekong Delta. ◆ From Viet Phat Industrial Zone, it only takes 40 minutes to go to the intersection of the Ho Chi Minh City - Trung Luong (Project will expand 46m into Ho Chi Minh City - Can Tho Highway)
Central Business District	<ul style="list-style-type: none"> ◆ Duc Hoa Town: 23km – 30 minutes ◆ Tan An City: 25km – 35 minutes ◆ Ho Chi Minh City (district 1): 50km – 90 minutes
Waterway & Port system	<ul style="list-style-type: none"> ◆ Bourbon: 29 km – 40 minutes ◆ Long An International Port: 60km - 80 minutes ◆ Cat Lai Port: 65 km – 110 minutes ◆ Sai Gon-Hiep Phuoc: 70km – 105 minutes
Airport	◆ Tan Son Nhat International Airport: 50 km – 90 minutes

INFRASTRUCTURE AND UTILITIES

Road (Carriage)	<ul style="list-style-type: none"> ◆ Main road: 58m (N1,N5,D1,D1a) ◆ Secondary road: 46m, 34m, 31m,25m
Electricity	◆ Electricity grid:110/22KV -40 +40MVA from Thanh Hoa station
Water supply	<ul style="list-style-type: none"> ◆ Supplied by HCM Water Company and Viet Phat Industrial Zone water supply station, following the standards of QCVN 01:2009/ BYT ◆ Capacity: 30.000 - 60.000m³/day from HCM water supply system (from 4/2021) ◆ Current: 2.000 -10.000m³/day from treated groundwater – Supply station at Viet Phat Industrial Zone.
Wastewater Treatment Plant capacity	<ul style="list-style-type: none"> ◆ 17.600m³/day/ 295ha: ◆ Phase 1: Capacity: 6.000m³/day-night/ 100ha ◆ Phase 2: Capacity: 11.600m³/day-night/195ha ◆ Output treatment standard: Level A follow the QCVN40:2011/BTNMT
Telecommunication	From Thu Thua station
Standard firefighter system	◆ 24/24 hours

ADDITIONAL INFORMATION

NATURAL ENVIRONMENT

Climate	<ul style="list-style-type: none"> ◆ Tropical monsoon: Average temperature is 27.4°C; the highest is 38oC; the lowest is about 25°C ◆ Annual average rainfall: 1,926 mm. The rainy season (May to Nov) & Dry season (Dec to Apr). ◆ Humidity: Annual average humidity is 79%; the highest is 90%; the lowest is 65%. ◆ Disasters: not cause any big natural disaster like Typhoon, Earthquake, Flood...
Topography & Geology	◆ 2,2m compared with National elevation system – Hon Dau

	LOCAL LABOUR
Population (Statistic of the year 2019 from Statistics office of Long An Province)	<ul style="list-style-type: none">◆ Long An Province: 1,688,547 people◆ Tan Tru district: 66,502 people◆ Ben Luc: 181,660 people◆ Tan An city: 145,120 people◆ Thu Thua: 98,333 people
Density	<ul style="list-style-type: none">◆ Long An province: 377 people /km²◆ Tan Tru district: 590 people /km²◆ Ben Luc: 658 people/km²◆ Tan An city: 1,769 people/km²◆ Thu Thua: 340 people/km²
Labour force (from 18 to 60 years old)	<ul style="list-style-type: none">◆ Long An Province: 1,072,310 people◆ Tan Tru district: 40,522 people◆ Ben Luc: 118,520 people◆ Tan An: 93,049 people◆ Thu Thua: 61,382 people
Salary	<ul style="list-style-type: none">◆ Minimum salary (according to legal provision): 3,430,000 VND/month (2020)◆ Ordinary worker: 5,500,000 – 6,000,000 VND/month◆ Skilled worker: 6,500,000 – 7,500,000 VND/month◆ Officer, Staff: 7,500,000 – 9,000,000 VND/month◆ Senior manager, technical manager: according to work experience and skills: 20,000,000 VND / month
	TAX INCENTIVE
Corporate Income tax	Different tax incentives may be granted to different industries, subject to prevailing laws and regulations and official approval. In general, CIT incentives are granted to new investment projects, depending on their location and/or their sector-specific activities. Accordingly, tenants who lease Viet Phat Industrial Zone to implement its investment projects may be entitled to CIT incentives on the principles set out in Vietnam tax regulations.

For inquiry, please contact Ms. **Vo Thi Kim Dieu** – Sales Manager

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ABOUT VNIP

Vietnam Innovation Parks (VNIP) is at the forefront of our country's industrial transformation in bridging regional opportunities to local communities. We develop and manage our diverse portfolio of Integrated Industrial Parks and Townships across Vietnam with quality and integrity.

By embracing the government's Public-Private Partnership initiatives and leveraging our strategic access to unique land banks, we are leading a new chapter in industrial development.

We align our effort and ambition with local communities to help achieve sustainable master plans, that elevate their natural competitive advantages to build a brighter future.

Our united strength as a team of multinational and local veterans with deep roots in Vietnam shapes our forward outlook, while enabling us to provide complete integrated strategies and solutions to our network of local and global investors and partners.

Combining depth of experience with a distinctive set of values, VNIP is emerging as the prominent partner in bridging cross-border opportunities while advancing Vietnam's industrial transformation, competitiveness, and reputation across the region.

► VISION

Leading Vietnam's industrial transformation by empowering local communities with sustainable futures, while developing Integrated Industrial Parks and Townships that amplify regional growth and investments.

► MISSION

We are fully committed to Sustainability, Quality, and Innovation as we develop our Integrated Industrial Parks and Townships portfolio so that our stakeholders can attain new frontiers.





APPENDIX

APPENDIX 1 – FORMS OF CORPORATE ORGANISATION IN VIETNAM

Features	SMLLC	MMLLC	JSC
Required number of members/ shareholders	One (1) individual/corporate member ³⁹	From two (2) to fifty (50) individual/corporate members ⁴⁰	At least three (3) individual/ corporate shareholders; no limitation on number of shareholders ⁴¹
Issuing bonds	Allowed ⁴²	Allowed ⁴³	Allowed ⁴⁴
Issuing shares	Not allowed, except for equitisation ⁴⁵	Not allowed, except for equitisation ⁴⁶	Allowed ⁴⁷
Listing on securities market	Not allowed	Not allowed	Allowed if satisfying certain conditions ⁴⁸
Management structure	<p>Owner is an organisation The owner can consider choosing one of the two following management structure⁴⁹:</p> <p>Option 1:</p> <ul style="list-style-type: none">◆ A President; and◆ A General Director/Director <p>Option 2:</p> <ul style="list-style-type: none">◆ A Members’ Council; and◆ A General Director/Director <p>Owner is an individual</p> <ul style="list-style-type: none">◆ A President;◆ A General Director/Director	<p>Management structure includes:</p> <ul style="list-style-type: none">◆ A Members' Council;◆ A Chairperson of the Members' Council; and◆ A General Director/ Director	<p>The shareholders can consider choosing one of the two following management structure⁵⁰:</p> <p>Option 1:</p> <ul style="list-style-type: none">◆ General Meeting of Shareholders;◆ Board of Management;◆ General Director/ Director <p>In this option, at least 20% members of the Board of Management must be independent members and it is required to establish an internal auditing committee under the Board of Management</p> <p>Option 2:</p> <ul style="list-style-type: none">◆ General Meeting of Shareholders;◆ Board of Management;◆ General Director/ Director;◆ Inspection Board (not required if a JSC has less than eleven (11) shareholders and corporate shareholders own less than 50% of the total shares)
Legal Representative ⁵⁰	All SMLLC, MMLLC and JSC are allowed to have more than one (1) legal representative and at least one of them must reside in Vietnam. The number of the Legal Representative(s) and the specific rights and duties of each Legal Representative must be recorded in the charter of the company.		

³⁹Article 74.1 of LOE
⁴⁰Article 46.1 of LOE
⁴¹Article 111.1 of LOE
⁴²Article 74.4 of LOE
⁴³Article 46.4 of LOE
⁴⁴Article 111.3 of LOE
⁴⁵Article 74.3 of LOE
⁴⁶Article 46.3 of LOE
⁴⁷Article 46.3 of LOE
⁴⁸Article 109 of Decree No. 155/2020/ND-CP
⁴⁹Article 79.1 of LOE
⁵⁰Art 137 of LOE
⁵¹Article 12.2 and 12.3 of LOE

APPENDIX 2 – STANDARD PROCEDURES FOR ESTABLISHMENT OF FOREIGN-INVESTED ENTERPRISES IN VIETNAM

STAGE 1 – PRE-INVESTMENT APPROVAL⁵²

The pre-investment approval is only required if the investment project may cause material effect to national defence and security, culture, society, economy, environment, residence, land usage plan, or require the application of special mechanism/policy (e.g., investment projects in airports, seaports, petroleum, casinos). A list of investment projects subject to a pre-investment approval is stipulated in the Law on Investment and subject to amendment and/or supplement from time to time. At present, there are four (4) competent authorities to issue the pre-investment approval, namely National Assembly, Prime Minister, Provincial People’s Committee and Management Board of exporting-processing zone, industrial park, high-tech zone, economic zone. Please refer to Appendix 3 for the detailed list of projects requiring pre-investment approval.

STAGE 2 – INVESTMENT REGISTRATION⁵³

Investment registration is a mandatory requirement for investment project of foreign investor and foreign invested enterprise. The investment registration procedure is successful once an investor obtains the IRC issued by DPI. An IRC is a physical or electronic document stating the fundamental information on an investment project registered by an investor. The statutory timeline for IRC issuance is fifteen (15) days as stated above. However, the licensing timeline for IRC issuance may be longer than the statutory timeline in certain cases. For instance, in case the investment field of a project is under strict State management (e.g., medical equipment, medicine, etc.), it is likely that the application dossier for IRC issuance will be escalated to the relevant ministry for evaluation, which will prolong the licensing process.

STAGE 3 – ENTERPRISE REGISTRATION⁵³

The enterprise registration is required for all investment projects implemented by setting up new entity within Vietnam. The enterprise registration is completed when the DPI issues the ERC to certify the basic corporate information of the newly incorporated entity. The enterprise code stated in ERC is also the tax registration number of the entity and serves as the identification number of such entity during its operation in Vietnam.

STAGE 4 – POST-LICENSING PROCEDURES

Upon the issuance of the IRC and ERC, the newly incorporated company will be required to complete a number of post-licensing procedures before it officially commences its operations to comply with the Vietnamese laws. This includes but not limited to the following:

No.	Post-licensing procedures	Statutory timeline	Authority/ Organisation
1	Conduct public announcement of company establishment ⁵⁵	Right after the issuance of the ERC	DPI
2	Corporate seal making	No-fixed timeline but recommended right after the issuance of the ERC	Seal making agency
3	Bank account opening (Direct investment capital account)	No-fixed timeline but recommended right after the obtainment of corporate seal and before capital injection deadline	Bank
4	Notification on bank account information ⁵⁶	After opening a bank account	DPI
5	Charter capital injection ⁵⁷	Within 90 (ninety) days from the issuance date of the ERC	Bank

⁵² Article 30, 31, and 32 of LOI

⁵³ Article 37.1 of LOI

⁵⁴ Article 27 of LOE

⁵⁵ Article 32 of LOE and Article 35 of Decree 01/2021/ND-CP

⁵⁶ Notification on bank account is a part of notification on amendment of tax registration regulated at Article 59 of Decree 01/2021/ND-CP

⁵⁷ Article 47.2 of LOE

APPENDIX 3 - LIST OF PROJECTS REQUIRING PRE-INVESTMENT APPROVAL

NO.	INVESTMENT PROJECTS	APPROVAL AUTHORITY
1	Nuclear power plants	National Assembly ⁵⁸
2	Investment projects requesting for conversion of the land use purpose of special use forest land, of upstream protective forest or of border protection forest of 50 hectares or more; or of protective forest as a windbreak, shelter from flying sand or breakwater/protection from sea encroachment of 500 hectares or more; or productive forest of 1,000 hectares or more	
3	Investment projects requesting for conversion of the land use purpose of wet rice cultivation land (used for two harvests) in an area of 500 hectares or more	
4	Investment projects requesting for relocation and resettlement of 20,000 people or more in mountainous areas or 50,000 people or more in other areas	
5	Investment projects requesting for application of a special mechanism or policy decided by the National Assembly	
6	Investment projects requesting for relocation and settlement of 10,000 people or more in mountainous areas and 20,000 people in other areas	Prime Minister ⁵⁹ (except investment projects required approval of National Assembly mentioned)
7	New construction of: - Airfields and airports; - Landing runways of airfields and airports; - International passenger terminals; - Cargo terminals of airfields and airports with a capacity of 1 million and onward tones per year; - Ports and wharves of specialised seaports or with an investment capital of 2,300 billion VND or more within the category of Grade 1 seaports	
8	Petroleum processing	
9	Betting and casinos business, excluding business in electronic games with prizes reserved for foreigners	
10	Construction of residential housing (for sale, lease or lease purchase), urban areas in the following circumstances: - A land use scale of 50 or more hectares or below 50 hectares but with a population of 15,000 or more people in such urban area; or - With a land use scale of 100 or more hectares or below 100 hectares but with a population of 10,000 or more people in the non-urban area; or - Within the scope of protection of relics being national and special level national heritage recognised by the competent authority regardless of the size of the land area or population	
11	Construction and commercial operation of infrastructure in industrial zones and export processing zones	
12	Investment projects of foreign investors in the following sectors: - Telecommunications services with network infrastructure; - Afforestation; - Publication, press.	
13	Investment projects under approval of two or more provincial People's Committees	
14	Other investment projects subject to approval authority of Prime Minister provided by law	
15	Investment projects requesting the State to (i) allocate or lease land not through an auction or tendering or assignment or (ii) approve for conversion of land use purpose (except for cases of land allocation, land lease or permission to convert land use purpose by family households or individuals not within the category requiring approval from the provincial People's Committee as prescribed by the Land Law)	
16	Construction of residential housing (for sale, lease or lease purchase), and urban zones in the following circumstances: - A land use scale below 50 hectares with a population below 15,000 people in such urban area; - A land use scale below 100 hectares with a population below 10,000 people in the non-urban area; - Within a development-restricted area or an historical inner area (in accordance with urban master planning) in a special urban area regardless of the size of the land area or population	Provincial People's Committee ⁶⁰ (or Management Board of exporting-processing zone, industrial park, high-tech zone, economic zone) (except investment projects required approval of National Assembly and Prime Minister mentioned above)
17	Construction and commercial operation of golf courses	
18	Investment projects of foreign investors and foreign-invested enterprise on an island or in a border or coastal commune or other highly protected area (e.g., military-related area)	

⁵⁸ Article 30 of LOI

⁵⁹ Article 31 of LOI

⁶⁰ Article 32 of LOI

APPENDIX 4 – CONDITIONS AND LICENSING PROCEDURE FOR ISSUANCE OF BRANCH ESTABLISHMENT LICENCE

Conditions⁶¹

Foreign entity shall be granted with Branch Establishment Licence if it satisfies the following requirements:

- Being an entity recognised by the law of the country where it has been lawfully established or made its business registration;
- Having been operating for at least five (5) years as from the date of its lawful establishment or business registration;
- Being operative for at least one (1) year from the submission date of application for issuance of Branch Establishment Licence (in case the Incorporation Certificate or its equivalent document stated the operation term);
- The business scope of a branch is in conformity with the business scope of the foreign head quarter;
- The business scope of branch is in line with Vietnam’s international commitments. Otherwise, the establishment of the branch must be approved by the relevant Minister.

Licensing procedures

Application dossier ⁶²	<div>- A statutory application form;</div> <div>- A copy of Incorporation Certificate or its equivalent document of foreign entity;</div> <div>- An appointment letter of the branch's head issued by foreign entity;</div> <div>- A copy of audited financial statement or its equivalent documents;</div> <div>- A copy of the branch's charter;</div> <div>- A copy of passport (Vietnamese and foreigner) or ID card (for Vietnamese) of the branch's head;</div> <div>- Documents regarding contemplated location of the branch.</div>
Statutory timeline for dossier assessment ⁶³	From seven (7) to thirteen (13) working days from the receipt date of the sufficient and valid application dossier (subject to specific case)
Licensing authority ⁶⁴	Ministry of Industry and Trade or other specialised management ministry/ministerial body
Result	Branch Establishment Licence

⁶¹ Article 8 Decree No. 07/2016/ND-CP
⁶² Article 12 Decree No. 07/2016/ND-CP
⁶³ Article 13 Decree No. 07/2016/ND-CP
⁶⁴ Article 6 Decree No. 07/2016/ND-CP

APPENDIX 5 – INVESTMENT PROJECTS ELIGIBLE TO ENJOY INVESTMENT INCENTIVES

Note:

- Investment incentives are applied to new and expanded investment projects⁶⁵;
- Investment incentives are applicable for a limited period and subject to the outcome of project implementation⁶⁶;
- Investors must satisfy the conditions for incentive entitlement throughout the duration of enjoying such investment incentives;
- The Government shall provide further detail of policy on investment incentive from time to time⁶⁷.

No.	Investment projects	Note
General classification		
1	Investment projects concurrently adapt the following criteria: <div>- Capital scale being 6,000 billion VND or more;</div> <div>- At least 6,000 billion VND is disbursed in a three-year period from the issuance date of the IRC or in-principle approval;</div> <div>- A minimum turnover is 10,000 billion VND per year in no later than three (3) years from the year arising turnover or employing more than 3,000 employees</div>	The investment project listed from No. 1 to No. 4 is not applied in the following sectors: <div>◆ Exploitation of minerals;</div> <div>◆ Production and/or trading in goods or services subject to special consumption tax, except for manufacture of automobiles, aircraft and yachts;</div> <div>◆ Construction of commercial residential housing</div>
2	Construction of social residential housing	
3	Investment projects located in rural areas and employing 500 employees or more	
4	Investment projects employing disabled people in accordance with the law on the disabled	
5	High-tech enterprises, and scientific and technological (S&T) enterprises or organisations	
6	Investment projects with transfer of technologies on the List of technologies encouraged to be transferred in accordance with the law on technology transfer; technology incubators and S&T enterprise incubators in accordance with the law on high-tech or the law on science and technology; and enterprises producing or supplying technology, equipment, products and services serving the requirements for environmental protection as stipulated in the law on protection of the environment	
7	Investment projects for innovative start-up, innovative renovation centres and R&D centres	
8	Investment in product distribution chain of a small and medium-sized enterprise (SME); in facility for supporting SMEs and SME incubators; and in commercial operation of a co-working space for supporting innovative start-up SMEs in accordance with the law on support of small and medium-sized enterprises	
Classification based on industry ⁶⁸		
9	High-tech activities, industrial products supporting high-tech; research and development activities; production of products formed from the results of science and technology	
10	Production of new materials, new energy, clean energy or renewable energy; production of products with an added value of 30% or more, and energy-saving products	
11	Production of electronics, prioritised mechanical products, agricultural machinery, automobiles, automobile parts; and shipbuilding	
12	Production of products on the List of industrial products prioritised for development	
13	Production of information technology, software and digital content products;	

⁶⁵ Article 15.3 of LOI
⁶⁶ Article 15.6 of LOI
⁶⁷ Article 15.8 and 20.7 of LOI
⁶⁸ Article 16 of LOI

14	Breeding, growing and processing agricultural, forestry and aquaculture products; afforestation and protection of forests; salt production; fishing and fishing logistics, creation of plant and animal varieties and production of products of biological technology	
15	Collection, processing, reprocessing or reuse of refuse/waste	
16	Investment in development and operation, and management of infrastructure facilities; and development of public transportation in urban areas	
17	Pre-school education; general education; vocational education; and university education	
18	Medical consultation and treatment; production of medicines, raw materials for production and storage of medicines; and scientific research in relation to technology of preparation or biological technology for production of new medicines; production of medical equipment	
19	Investment in facilities for training and competition of sports or physical practice for disabled people or for professional sportsmen; and protection and promotion of the value of cultural heritage	
20	Investment in centres for geriatrics, psychiatry or treatment of patients exposed to Agent Orange, and centres for care of the old, disabled, orphans or street children without support	
21	People's credit funds and micro-financial institutions	
22	Production of goods or supply of services which create or participate in a value chain or industry linkage cluster.	
Classification based on geographical areas ⁶⁹		
23	Areas with difficult socio-economic conditions and especially difficult socio - economic conditions;	The investment project No. 23 and No. 24 is not applied in the following sectors: <ul style="list-style-type: none">◆ Exploitation of minerals;◆ Production and/or trading in goods or services subject to special consumption tax, except for manufacture of automobiles, aircraft and yachts;◆ Construction of commercial residential housing
24	Industrial zones, export processing zones, high-tech zones, and economic zones	
Classification based on application of special investment incentives ⁷⁰		
25	Investment projects for new establishment (including expansion of such newly established projects) of research and development centres and creative renovation centres with the total investment capital of 3,000 billion VND or more and disbursing at least 1,000 billion VND within three (3) years as from the issuance date of IRC or in-principle approval; and national creative renovation centres established pursuant to a decision of the Prime Minister;	Investment projects No. 25 and No. 26 are not applied in the following cases: (1) Investment projects registered and granted with the Investment Certificate, the IRC or in-principle approval prior to 01 January 2021; (2) Investment projects in the following sectors: <ul style="list-style-type: none">◆ Exploitation of minerals;◆ Production and/or trading in goods or services subject to special consumption tax, except for manufacture of automobiles, aircraft and yachts;◆ Construction of commercial residential housing
26	Investment projects in especially preferential investment industries and trades with the amount of investment capital of 30,000 billion VND or more and disbursing at least 10,000 billion VND within three (3) years as from the issuance date of the IRC or in-principle approval;	

⁶⁹ Article 16 of LOI
⁷⁰ Article 20 of LOI

APPENDIX 6 – GENERAL PROVISIONS ON CONSTRUCTION PERMIT

1. List of construction exempted from Construction Permit requirement⁷¹

A Construction Permit is not required for construction of the following works, including:

- State secrets works; emergency construction works;
- Works under projects using public investment funds and under approval competence of governmental authorities or socio-political organisations;
- Temporary construction works;
- Works being repairs or renovation inside [construction] works or works being repairs or renovation of external parts which do not adjoin any urban road with requirements for architectural management as stipulated by a competent State agency; and is consistent with the construction master plan which has been approved by the competent State agency and with other requirements;
- Advertising works not falling into the category of works requiring issuance of a Construction Permit in accordance with the law on advertising; passive telecommunications infrastructure works in accordance with regulations of the Government;
- Construction works located in two or more provincial-level administrative units, or construction works built along a route which does not pass through an urban zone and which complies with the construction master plan or master plan of a technical or specialised nature approved by the competent State agency;
- Construction works for which the result of appraisal of the construction design formulated after the preliminary design has been notified by a professional agency for construction as satisfying the conditions for construction design approval and the conditions for issuance of a Construction Permit in accordance with the Construction Law;
- Separate dwelling-houses on a scale of less than seven (7) storeys in investment projects for construction of urban zones or investment projects for construction of residential housing with a detailed master plan [to the scale] of 1/500 approved by a competent State agency;
- Level IV construction works or separate dwelling-houses in rural areas on a scale of less than seven (7) storeys within a region for which neither a master plan approved by a competent State agency; level IV construction works or separate dwelling-houses in mountainous areas or marine islands in areas for which there is no master plan; except for works and separate dwelling-houses built in a reserve or historical-cultural heritage site;

2. Licensing procedures for obtaining Construction Permit of new construction works

Application dossier ⁷²	<ul style="list-style-type: none">- A statutory application form;- A copy of LURC or its equivalent as prescribed in Decree 53/2017/ND-CP;- A copy of investment approval or project approval;- A copy of Report on appraisal of construction drawing design;- A copy of Certificate on appraisal of firefighting and prevention design and the approved drawings and documents;- A copy of confirmation on results of carrying out the environmental protection procedures in accordance with the law on environmental protection (if applicable);- 02 copies the technical design or construction drawing design; and- A copy or reference numbers of the practicing certificates of the organisations in charge of designing and/or verifying construction designs, and those of practicing certificates of person in charge or head designer or head of the verification [organisation] of the construction works.
Statutory timeline for dossier assessment ⁷³	From twenty (20) to thirty (30) days from the receipt date of the sufficient and valid application dossier.
Licensing authority ⁷⁴	Provincial People's Committee, District-level People's Committee or other specialized management body as authorised by the provincial People's Committee
Result	Construction Permit

⁷¹Article 89 of Construction Law
⁷²Article 95.2 of Construction Law and Article 43 of Decree 15/2021/ND-CP
⁷³Article 102.1.e of Construction Law
⁷⁴Article 103 of Construction Law

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