



# Taxation of international executives: Vietnam



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**01**

# **Overview and Introduction**

# 1 Overview and Introduction

An individual, who is tax non-resident, is subject to a flat tax rate of 20 percent on employment income attributed to Vietnamese responsibilities only.

Vietnamese citizens and foreigners (non-Vietnamese citizens) who are deemed tax residents of Vietnam are subject to personal income tax on their worldwide income at the progressive tax rate from 5 percent to 35 percent.

The official currency of Vietnam is the Vietnam Dong (VND).

Herein, the host country/jurisdiction refers to the country/jurisdiction where the expatriate is going on assignment. The home country/jurisdiction refers to the country/jurisdiction where the expatriate lives when they are not on assignment.

**02**

# **Income tax**

# 2 /Income Tax

## 2.1 Tax Returns and Compliance

### When are tax returns due? That is, what is the tax return due date?

The timing of tax declaration on various income elements varies depending on the type of income and circumstances.

- For employment income, the 20th of the following month for monthly tax declarations, the last day of the first month of the following quarter for the quarterly tax declarations and 30 April of the following year for the annual tax return under individual tax code (or 90th day if the first tax year is not calendar year)/31 March of the following year for the annual tax return under corporate tax code.  
If someone leaves Vietnam during the year, a finalization return will be due within 45 days from the departure date.
- For income from capital assignment, the filing due date is 10 days from the date that the income is generated which shall be performed under individual tax return (applicable for tax residents) or corporate tax return of the organizations receiving capital transferred (applicable for tax non-residents) or corporate tax return of the organizations where the tax residents transfer the capital in case the organizations do not have documents proving that the individuals transferring the capital has fulfilled their tax obligations).
- For income from securities transfer, the securities company or commercial bank in Vietnam where an individual opens a depository account, or the fund management company managing the individual's investment portfolio will deduct and declare tax under corporate tax return on behalf of the individual on a monthly or quarterly basis of which the deadline for tax filing is 20<sup>th</sup> of the following months or the last day of the first month of the following quarter respectively.  
In case the individuals make direct filing (e.g., transferring offshore securities), the due date is 10 days from the date that the income is generated.  
Especially in case individuals receive share bonus from employers, at the time transferring the shares, tax on employment income and securities transfer will be simultaneously imposed. The relevant due date will be applied.
- For business income and other types of income, the filing due date depends on the type of income.

### What is the tax year-end?

The first tax year is either (i) the first calendar year (from arrival month to December) if the foreigner stays for more than 182 days in such calendar year or (ii) 12 consecutive months from the first arrival month in Vietnam if the foreigner stays in Vietnam for 182 days or less in the first calendar year, but more than 182 days in 12 consecutive months from the first day the foreigner arrives in Vietnam. In case someone arrives from a country/jurisdiction without a Double Tax Agreement with Vietnam, if they are present in Vietnam for more than 182 days in the first calendar year of arrival, individuals are required to report pre-arrival income earned from the beginning of such a year (i.e., 1 January) for Vietnamese tax purposes.

Subsequent tax years are calendar years.

### What are the compliance requirements for tax returns in Vietnam?

#### Employment income

Tax declaration and payment are carried out on a withholding basis. The regulations encompass the concept of tax deduction at source, and legislate this by specifying that certain employers are designated

entities for tax collection purposes. Such entities are required to deduct income tax at source prior to paying income to individuals.

Although individual foreigners who are paid from an overseas entity may opt to declare and settle their own tax directly with the tax authority, the local tax authorities can require deemed employers in Vietnam to undertake to collect taxes on employees and ensure timely submission of the employees' tax declarations.

Under these circumstances, the employer must withhold a percentage of their employees' personal income equal to the respective employees' personal income tax liabilities and deposit the withheld amount with the State Treasury within the statutory deadlines.

The employer finalizes PIT on behalf of its employees, provided that the employees either:

- have income only from the employer; or
- have irregular income from other non-employment contracts with average amount not exceeding VND10 million/month and 10 percent PIT of which has been withheld.
- are transferred from a former Company to current one due to merger/ consolidation/ separation/ transformation of enterprise form and these two companies are in the same system and have income from only one of these employers and authorize the employer to finalize tax on their behalf.

Each employee is required to obtain their individual tax code and to declare their dependent(s) qualifying for tax relief. On top of this, an employee must complete their tax finalization return where their tax at year end is underpaid or overpaid, and employee wishes to claim a refund or carry forward to the next tax declaration period(s), unless: the tax arrears is not exceeding 50,000 VND; the amount of tax payable is smaller than the amount provisionally paid but the individual does not claim a refund or does not have it carried forward to the next tax declaration period(s).

A company must undertake monthly tax declaration or quarterly tax declaration, and annual tax finalization return on its employees' taxable employment income and submit to the tax authority no later than the 20th of the following month or the end of the first month of the following quarter, and within the first 3 months after the year ends, respectively.

### **Non-employment income**

For income from investment capital, capital assignment, transfer of securities, royalties, winnings/prizes and franchises, tax declaration and payment are carried out on a withholding basis. Income paying bodies are required to withhold tax at source and then pay to the relevant tax authority within the statutory deadlines mentioned previously.

For other income, individuals are required to handle their tax declaration at the time mentioned previously.

Each payment from VND2,000,000 to individual sale agents or individual service providers is subject to 10 percent withholding tax. In case they provide a commitment indicating they have annual income less than the annual personal and dependent relief; no withholding tax is required.

## **2.2 Tax rates**

### **What are the current income tax rates for residents and non-residents in Vietnam?**

#### **Employment income**

Tax residents of Vietnam: The following unified progressive tax rates are applicable to Vietnamese and foreign nationals.

Average monthly income (*)	Tax rate	Tax to be paid
VND	Percent	
Up to 5,000, 000	5	Income * 5%
Over 5,000,000 up to 10,000,000	10	Income * 10% - 250,000
Over 10,000,000 up to 18,000,000	15	Income * 15% - 750,000
Over 18,000,000 up to 32,000,000	20	Income * 20% - 1,650,000
Over 32,000,000 up to 52,000,000	25	Income * 25% - 3,250,000
Over 52,000,000 up to 80,000,000	30	Income * 30% - 5,850,000
Over 80,000,000	35	Income * 35% - 9,850,000

(\*) This income is the income including tax. If the individual is remunerated on a net basis, his/her income shall be converted into income including tax before applying the above formulas.

Tax non-residents of Vietnam: A flat tax rate of 20 percent is applicable to Vietnam-sourced employment income.

### Business income

From 2015, individuals' business income exceeding VND100 million per year is subject to PIT at the deemed rates (percent) on the revenue from sale of goods and provision of services (applicable to tax residents only, different rates exist for non-residents).

Taxable income	Tax rate
Income from supply and distribution of goods	0.5%
Income from service, construction service without material supply	2.0%
Income from assets leasing, insurance agent, lottery agents, multi-level marketing	5.0%
Income from manufacturing, transportation, service with goods provision, construction service with material provision	1.5%
Other activities	1.0%

### Other non-employment income

Taxable income	Tax rates	
	Resident	Non-resident
Income from capital investment (including interest from loans and dividends)	5.0% No PIT payment for income from capital investment of individuals being the owners of a private entity or one-member limited liability company	5.0% No PIT payment for income from capital investment of individuals being the owners of a private entity or one-member limited liability company



Taxable income	Tax rates	
	Resident	Non-resident
Income from capital assignment	0.1% on gross sale proceeds for capital assignment in joint stock companies  20% on net gain for capital assignment in other types of company	0.1% on gross sale proceeds
Income from security transfer	0.1% on gross sale proceeds	0.1% on gross sale proceeds
Income from real property transfer	2.0% on gross sale proceeds	2.0% on gross sale proceeds
Income from royalty, technology transfer/franchising with value more than VND10 million for each receipt	5.0% on received payment	5.0% on received payment
Income from lottery winnings, promotions, games with prizes valued more than VND10 million for each reward	10.0% on received payment	10.0% received payment
Income from inheritance, gifts valued over VND10 million for each receipt	10.0% on received payment	10.0% on received payment

## 2.3 Residence rules

### For the purposes of taxation, how is an individual defined as a resident of Vietnam?

A foreign individual is considered a tax resident of Vietnam in the relevant tax years if one of the following conditions is met.

- The foreign individual is physically present in Vietnam for 183 days or more during a calendar year or 12 consecutive months from the initial date of arrival in Vietnam.
- Having a permanent residential place in Vietnam.
  - In the case of a Vietnamese citizen, a residential location for which permanent residence has been registered means the specific place where such citizen lives and earns their living on a regular and stable basis and not only for a term, and for which such citizen has conducted registration pursuant to the Law on Residence.
  - In the case of a foreigner, a residential location for which permanent residence has been registered means the permanent residence written in the permanent residence card or the temporary residence when applying for the temporary residence card issued by a competent authority affiliated to the Ministry of Public Security. It also includes the situation in which an individual has a leased house or the like (that includes a hotel room, guest house, location of office and so on) in Vietnam with a total lease term of 183 days or more in the tax year, and in both cases the individual is not able to provide a certificate of tax residency of a country/jurisdiction other than Vietnam.

Individuals who do not meet the above-mentioned conditions are considered as tax non-residents of Vietnam.

**Is there a de minimus number of days rule when it comes to residency start and end date? For example, a taxpayer can't come back to the host country/jurisdiction for more than 10 days after their assignment is over and they repatriate.**

There is no de minimus number of days rule in Vietnam.

**What if the assignee enters the country/jurisdiction before their assignment begins?**

There is no specific rule in relation to the period from the date the assignee enters the country/jurisdiction before their assignment begins. Where the assignee is a tax resident, personal income tax shall be calculated from the month the individual arrives in Vietnam.

Regulations provide that if assignees are tax residents of Vietnam in the first calendar year in Vietnam, they are required to report their pre-arrival income from the beginning of such year for Vietnamese tax purposes, unless they are from a country/jurisdiction with a Double Tax Agreement with Vietnam in which case only income from arrival month is subject to tax. For tax non-residents of Vietnam in such year, the first arrival day is the start date of their first tax year.

## **2.4 Termination of residence**

**Are there any tax compliance requirements when leaving Vietnam?**

The employee's tax finalization returns for the income earned up to the termination date of employment in Vietnam must be filed within 45 days after their departure, applicable for tax residents. In addition, any tax shortfall per the tax finalization return should be settled by the same deadline.

**What if the assignee comes back for a trip after residency has terminated?**

If their return affects the residency status (that is, change their status from non-resident to resident) then they will be required to revise their tax returns based on worldwide income.

In addition, if they travel to work in Vietnam, they may also have an additional Vietnamese tax exposure in relation to the income earned during the trip back.

### **Communication between immigration and taxation authorities**

**Do the immigration authorities in Vietnam provide information to the local taxation authorities regarding when a person enters or leaves Vietnam?**

The current practice is that there is no systematic and frequent communication between the tax authorities and the immigration authorities in relation to the tax status of someone in Vietnam.

However, the tax authorities will work with the Immigration Department to check the number of residing days in Vietnam of individuals for the purpose of assessing a tax exemption under the double tax treaty and can request the Immigration Department to confirm/provide the details of entry/exit dates of a person, if necessary.

Moreover, individuals wishing to leave the country/jurisdiction but still having an outstanding tax debt can be denied leaving the country/jurisdiction by the Immigration Department until they settle their tax liability.

### **Filing requirements**

**Will an assignee have a filing requirement in the host country/jurisdiction after they leave the country/jurisdiction and repatriate?**

If the assignee has completed all the tax returns for the period they are in Vietnam, fully paid their taxes and notified the tax authority that they repatriate, they are not required to file further tax returns in Vietnam, unless he/she has further Vietnam sourced income after repatriation.

## 2.5 Economic employer approach

**Do the taxation authorities in Vietnam adopt the economic employer approach to interpreting Article 15 of the Organisation for Economic Co-operation and Development (OECD) treaty? If no, are the taxation authorities in Vietnam considering the adoption of this interpretation of economic employer in the future?**

Although Vietnam is not an OECD member and therefore not bound by the guidelines, the Vietnamese tax authority appears willing to follow international practice provided in the OECD guidelines. Please note that for work permit purposes under “conducting labor contract” type, a labor contract with a Vietnamese entity is required and hence for such cases, both the formal employer and economic employer will usually be the Vietnamese entity. Where someone comes to Vietnam on business trips, Vietnam does interpret Article 15 in such a way that where no payment is made in Vietnam, exemption under Article 15 should be possible. Please note however that in order to claim treaty exemption, an exemption application procedure needs to be adhered to and many (certified / legalized / translated into Vietnamese) documents are needed to support this application.

### De minimus number of days

**Are there a de minimus number of days before the local taxation authorities will apply the economic employer approach? If yes, what is the de minimus number of days?**

There is no de minimus number of days applied in Vietnam.

## 2.6 Types of taxable compensation

**What categories are subject to income tax in general situations?**

As a rule, most types of remuneration and certain benefits-in-kind earned by an individual from employment in Vietnam are generally taxable regardless of where it is paid:

- salary, wages, and items in the nature of salary and wages allowances including living allowances receivable by employees
- remuneration receivable in all forms such as brokerage commission, payment for participation in a scientific or technological research project; royalties for written books or newspaper articles or for translating documents and so forth; payment for participation in teaching activities; cultural and artistic performances, sports and games and so forth; and payment receivable from advertising and other services
- payments receivable as a result of participation in professional and business associations, on corporate boards of management and inspection committee, on project management boards, on management and corporate councils and other organizations
- other monetary or non-monetary benefits other than salary to which an employee is entitled, and which are paid to or on behalf of an employee by the employer
- monetary or non-monetary bonuses (including bonus in form of stocks).

### Intra-group statutory directors

**Will a non-resident of Vietnam who, as part of their employment within a group company, is also appointed as a statutory director (i.e. member of the Board of Directors in a group company situated in Vietnam) trigger a personal tax liability in Vietnam, even though no separate director's fee/remuneration is paid for their duties as a board member?**

Yes. Where there is no separate director's fee/remuneration is paid, their total income package will be assessed to determine their Vietnam-sourced income.

**Will the taxation be triggered irrespective of whether or not the board member is physically present at the board meetings in Vietnam?**

Yes. Non-residents are taxed even in cases they are not present in Vietnam.

**Will the answer be different if the cost directly or indirectly is charged to/allocated to the company situated in Vietnam (i.e., as a general management fee where the duties rendered as a board member is included)?**

No. Where the cost is charged without mark-up, it can be used as Vietnam-sourced income for the employee's tax calculation. Otherwise, their actual worldwide income will be assessed to determine their Vietnam-sourced income.

**In the case that a tax liability is triggered, how will the taxable income be determined?**

Taxable income (Vietnam-sourced income) is determined by prorating the employee's worldwide income over the number of the employee's present days in Vietnam. Where the employee is not present in Vietnam, their working days for Vietnam company during the tax year will be used.

## **2.7 Tax-exempt income**

**Are there any areas of income that are exempt from taxation in Vietnam? If so, please provide a general definition of these areas.**

Employment income which is exempt from personal income tax based on either the current tax regulations or the practice of the tax authorities in Vietnam include the following:

- income being part of overtime or night shift which is higher than the normal working hour salary
- mid-shift meal or lunch allowance, uniform allowance and per diem which are in line with certain regulations / company policy
- allowances for people having contributed to the revolutionary cause in accordance with the law on preferential treatment for such people
- national defense and security allowances as stipulated by law
- allowances as stipulated in the Labor Code, comprising allowances for toxicity and danger applicable to trades, lines of business or jobs at workplaces involving toxic or dangerous elements; attraction allowances for new economic zones, economic establishments, and remote islands with especially difficult living conditions; and regional allowances as stipulated by law for people working in remote or unfrequented areas with an unfavorable climate
- allowances as stipulated in the Law on Social Insurance and Labor Code, like subsidies for one-off difficulties, subsidies for labor accidents and occupational diseases; one-off subsidies on the birth or adoption of a child; subsidies due to reduction in ability to work; one-off subsidy on retirement, monthly widow's subsidies; retrenchment or loss of work subsidies, unemployment subsidies; other subsidies paid by the Social Insurance Fund; and allowances to resolve social evils in accordance with law
- bonuses/awards attached to titles bestowed by the State or to national and international awards recognized by the State of Vietnam; awards for technical improvements, inventions and innovations recognized by the competent State authorities; awards for detecting and reporting breaches of law to the competent State authorities
- stationery and telephone allowance, per diem allowance, uniform allowance and meal allowance which are in line with the current regulations of the State and the Company policy.
- Expense for Work permit application is entitled to tax exemption provided that all legitimate invoices and receipts are available upon requested by the tax authority.
- Based on Official Letter No. 5200/TCT-DNNCN dated 12 December 2019 issued by the General Tax Department to EuroCham, fees for visa/temporary residence card ("TRC") for expatriate employees

paid by the employer on behalf of the employees can be treated as PIT exempt provided that it is the employer's responsibility to do so. To be eligible for the PIT exemption, the related expenses must be supported with legitimate invoices/receipts issued under the employer's name. Given the above OL is issued to EuroCham, the above treatment can be widely applied. However, as the OL is silent on the time of application, we have considered this treatment for PIT calculation after the time the OL was issued.

- On 27 October 2021, the Ministry of Finance issued the OL 4110 on the tax treatments related to Covid-19 expenses. In particular, the following expenses will be deductible for CIT purpose and not included in taxable income of the employees: Quarantine expenses incurred in Vietnam and overseas in case of overseas business trip as per the requirement of competent authorities; covid-19 test fees, purchase of cost of equipment to prevent Covid-19 at work and Meal expenses and accommodation expenses of the employees under "3T" (three on spot).

Please note that the above expenses must be actual and supported by proper supporting documents in accordance with regulations.

## 2.8 Expatriate concessions

### Are there any concessions made for expatriates in Vietnam?

Generally, there are limited concessions made for expatriates in Vietnam:

- tax exemption on one-off relocation allowance for moving to Vietnam, determined based on the labor contract/ assignment letter;
- school fees for expatriates' children from kindergarten up to high school level paid in Vietnam supported with relevant documents (tuition only, and payment should be made directly to the school);
- airfares for one round trip home leave per year for expatriates supported with relevant documents (not applicable to family members); and
- compulsory insurance contributions in accordance with the regulations of the expatriate's home country/jurisdiction.
- Accommodation of employees provided by employers is taxable based on the actual rental amount but not exceeding 15 percent of total gross assessable income (excluding the housing benefit).
- In addition, although not specific to expatriates, benefits from houses built by the employer and provided by the employer free of charge for employees who are working in industrial zones, economic zones or in disadvantaged or severely disadvantaged areas.

## 2.9 Salary earned from working abroad

### Is salary earned from working abroad taxed in Vietnam? If so, how?

Tax residents in Vietnam must pay tax on their worldwide income at progressive tax rates. Therefore, salary earned from working abroad is taxable in Vietnam.

Tax non-residents in Vietnam must pay tax on their Vietnam-sourced income only, at the flat rate of 20 percent. Therefore, salary earned from working abroad for a Vietnam entity/project can be treated as Vietnam source and subject to tax under domestic regulations.

Vietnam has double tax treaties (DTAs) signed with several countries/jurisdictions. In this regard, if the taxpayer has already paid tax in one country/jurisdiction which has DTA with Vietnam, they may not have to pay tax in Vietnam or vice versa. This is not an automatic process. An application including a tax payment certificate from the other country/jurisdiction may have to be lodged with the tax authority in Vietnam in order to apply for the exemption under the treaty.

## 2.10 Taxation of investment income and capital gains

### Are investment income and capital gains taxed in Vietnam? If so, how?

Income from capital investments and capital assignment are treated as non-employment income and taxed under the personal income tax regime from 1 January 2009 at the tax rates indicated above.

#### Dividend, interest, and rental income

- Under current regulations, dividends are treated as income from capital investments and taxed at a flat rate as mentioned above.
- Interest income from banks and credit institutions is exempt from PIT. Other forms of interest are taxed as income from capital investment.
- Rental income is considered as business income and subject to tax as stated above.

#### Gains from stock option exercises (taxed at the point of sale of the underlying shares)

Residency status	Taxable at:		
	Grant	Vest	Exercise
Resident	N	N	Y
Non-resident	N	N	Y/N

The taxation treatment of employee stock option programs (ESOPs) to date has not been specifically addressed in the main Vietnam personal income tax regulations but is based on Official tax rulings issued by the General Department of Taxation.

#### Foreign exchange gains and losses

Foreign exchange gains / losses are not subject to personal income tax.

#### Principal residence gains and losses

Principal residence gains and losses (from individual having only one sole residential house or land) are not subject to personal income tax.

#### Capital losses

Capital losses are not deductible for personal income tax purposes in Vietnam.

#### Personal use items

Gains and losses on personal use items are not subject to personal income tax in Vietnam. Only income from transfer of real property is taxed.

#### Gifts

Gifts from employers to employees will be regarded as employment income and subject to personal income tax at progressive tax rates.

Other kinds of gifts and/or inheritance which are subject to ownership registration (such as securities, shares of economic organizations or business entities, real estate and other assets, and so on) are taxed at deemed rates as mentioned above when the income for each recipient is higher than VND10 million.

## 2.11 Additional capital gains tax (CGT) issues and exceptions

### Are there additional capital gains tax (CGT) issues in Vietnam? If so, please discuss?

No additional CGT issues for individuals.

### **Are there capital gains tax exceptions in Vietnam? If so, please discuss?**

There is no separate Capital gains tax. A capital gain for individuals is subject to PIT at 20 percent on the net gain or 0.1 percent on sale proceeds as stated above (note, transfer of real property is subject to different rates also provided above). The tax treatment shall be determined on a case-by-case basis.

#### **Pre-CGT assets**

Not applicable.

#### **Deemed disposal and acquisition**

Not applicable.

## **2.12 General deductions from income**

### **What are the general deductions from income allowed in Vietnam?**

The following deductions are applicable to employment income only. In addition, the personal and family relief and deductible donations are granted to tax residents only.

- For individual taxpayers: VND11 million per month.
- For taxpayer's dependents: VND4.4 million per month for each qualifying dependent (if required documents are submitted).
- Donations to certain approved charities, human aid, and education funds.
- Payments for compulsory insurance contribution (including social security contributions).

The taxpayer has to register their dependents for dependent relief with the tax authority (submit to the employer by the last day of the first month they enter into a labor contract) and submit the legitimate supporting documents proving qualified dependency (within 3 months after registration). Each dependent can only be assessed for deduction once in respect of one taxpayer within the tax year.

## **2.13 Tax reimbursement methods**

### **What are the tax reimbursement methods generally used by employers in Vietnam?**

For expatriates in Vietnam, some employers apply tax equalization scheme.

## **2.14 Calculation of estimates/ prepayments/ withholding**

### **How are estimates/prepayments/withholding of tax handled in Vietnam? For example, Pay- As-You-Earn (PAYE), Pay-As-You-Go (PAYG), and so on.**

Monthly provisional withholding and payments are applied which is similar to PAYE method.

#### **Pay-as-you-go (PAYG) withholding**

Monthly provisional withholding and payments are applied which is similar to PAYE method.

#### **PAYG installments**

Not applicable for employees with local employers. In case of working for a foreign employer, an individual is required to lodge quarterly tax calculations and pay the relevant tax due (which is similar to PAYG Instalments).



## When are estimates/prepayments/withholding of tax due in Vietnam? For example: monthly or quarterly, annually, both, and so on.

Monthly withholding/tax payments should be made by the 20th of the following month. For the case of applying quarterly withholding/tax payments, the deadline is the end of the first month of the following quarter.

Taxpayers should pay the outstanding tax payable based on the annual tax return by 30 April/90th day of the following year under the individual tax code (if not authorize to the employer for tax finalization).

## 2.15 Relief for foreign taxes

### Is there any Relief for Foreign Taxes in Vietnam? For example, a foreign tax credit (FTC) system, double taxation treaties, and so on?

Vietnam has signed Double Tax Agreements with more than 70 countries/jurisdictions including Australia, Belgium, Canada, China, Denmark, France, Germany, Japan, the Netherlands, Russia, Sweden, Switzerland, Thailand, and the United Kingdom. Vietnam has signed a Bilateral Trade Agreement with the United States, the Vietnam-EU Textile Agreement with the European Community, and has applied for a full membership of WTO, furthering the process of opening its market.

The personal income tax legislation appears to allow credit for tax paid in other countries/jurisdictions and it states explicitly that in the event of any inconsistency between a treaty in force and the existing tax provisions, the treaty will take precedence. In order to claim a foreign tax credit, extensive documentation needs to be submitted, such as a completed tax exemption application form, foreign income tax return, tax payment vouchers and tax receipts (or a certificate of tax paid issued by the foreign tax authority).

Unilateral relief is available to Vietnamese tax residents in the form of a deduction from Vietnamese income tax of income taxes paid abroad on foreign-sourced employment income that is subject to personal income tax in Vietnam.

## 2.16 General tax credits

### What are the general tax credits that may be claimed in Vietnam? Please list below.

Income tax paid overseas may be credited in Vietnam. However, current domestic regulations mention tax credit on employment income only and are silent on tax relief on other types of income.

## 2.17 Sample tax calculation

This calculation assumes a married taxpayer resident in Vietnam with two children whose 4 - year assignment begins 1 January 2020 and ends 31 December 2023. The taxpayer's base salary is 100,000 US dollars (USD) and the calculation covers 4 years.

No change has been applied since 2024 onwards.

Years of income	2020 USD	2021 USD	2022 USD	2023 USD
Salary	100,000	100,000	100,000	100,000
Bonus	20,000	20,000	20,000	20,000
Cost-of-living allowance	10,000	10,000	10,000	10,000



Years of income	2020 USD	2021 USD	2022 USD	2023 USD
Housing allowance	12,000	12,000	12,000	12,000
Company car	6,000	6,000	6,000	6,000
Moving expense reimbursement	20,000	0	20,000	20,000.0
Home leave	0	5,000	0	0
Education fee	3,000	3,000	3,000	3,000
Interest income from non-local sources	6,000	6,000	6,000	6,000

Exchange rate used for calculation: USD1.00 = VND24,000

### Other assumptions

- All earned income is attributable to local sources.
- Bonuses are paid at the end of each tax year and accrue evenly throughout the year.
- Housing benefit is paid in cash to the assignee and no house leasing contract and invoices for rental are supported.
- Interest income is derived from deposit/savings at registered banks or credit institutions.
- The company car is used for business and private purposes and originally cost USD50,000, but it is paid in cash to the assignee.
- Moving expense reimbursement relates to the assignee's personal purposes. The employee is deemed resident throughout the assignment.
- Tax treaties and totalization agreements are ignored for the purpose of this calculation.
- Education fee is paid by the Company and supported with invoices of the school in Vietnam from primary school level to high school level.
- Home leave is for one round home trip of the assignee provided with copies of air tickets and invoices.
- The remuneration is agreed on a gross basis.
- Two children qualify the statutory conditions for tax relief.

### Calculation of taxable income (in italics are amounts not included in taxable income)

Year-ended	2020 VND	2021 VND	2022 VND	2023 VND
<b>Days in Vietnam during year</b>	<b>365</b>	<b>365</b>	<b>365</b>	<b>365</b>
Salary	2,400,000,000	2,400,000,000	2,400,000,000	2,400,000,000
Bonus	480,000,000	480,000,000	480,000,000	480,000,000
Cost-of-living allowance	240,000,000	240,000,000	240,000,000	240,000,000
Housing allowance (paid in cash)	288,000,000	288,000,000	288,000,000	288,000,000
Company car (paid in-cash)	144,000,000	144,000,000	144,000,000	144,000,000
Moving expense reimbursement	480,000,000	-	480,000,000	480,000,000

Year-ended	2020 VND	2021 VND	2022 VND	2023 VND
<i>Home leave</i>	-	120,000,000	-	-
<i>Education fee</i>	72,000,000	72,000,000	72,000,000	72,000,000
<i>Interest income from non-local sources</i>	144,000,000	144,000,000	144,000,000	144,000,000
Total earned income and benefits	4,248,000,000	3,888,000,000	4,248,000,000	4,248,000,000
Total assessable income	4,032,000,000	3,552,000,000	4,032,000,000	4,032,000,000
Deductions (personal and dependent relief)*	- 237,600,000	- 237,600,000	- 237,600,000	- 237,600,000
Vietnamese health insurance	- 5,364,000	- 5,364,000	- 5,364,000	- 5,922,000
Total taxable income	3,789,036,000	3,309,036,000	3,789,036,000	3,788,478,000

#### Calculation of tax liability

	2020 VND	2021 VND	2022 VND	2023 VND
Taxable income as above	3,789,036,000	3,309,036,000	3,789,036,000	3,788,478,000
Vietnamese tax thereon				
Less:				
Domestic tax rebates (dependent spouse rebate)	0	0	0	0
Foreign tax credits	0	0	0	0
Total Vietnamese tax	1,316,312,600	1,148,312,600	1,316,312,600	1,316,117,300

<sup>1</sup>Certain tax authorities adopt an "economic employer" approach to interpreting Article 15 of the OECD model treaty which deals with the Dependent Services Article. In summary, this means that if an employee is assigned to work for an entity in the host country/jurisdiction for a period of less than 183 days in the fiscal year (or a calendar year of a 12-month period), the employee remains employed by the home country/jurisdiction employer but the employee's salary and costs are recharged to the host entity, then the host country/jurisdiction tax authority will treat the host entity as being the "economic employer" and therefore the employer for the purposes of interpreting Article 15. In this case, Article 15 relief would be denied, and the employee would be subject to tax in the host country/jurisdiction.

<sup>2</sup>Sample tax calculation prepared by KPMG in Vietnam, the Vietnamese member firm affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

**03**

**Special considerations  
for short term  
assignments**

# 3 Special considerations for short-term assignments

For the purposes of this publication, a short-term assignment is defined as an assignment that lasts for less than 1 year.

## 3.1 Residency rules

### Are there special residency considerations for short-term assignments?

Assignees may consider the rule of non-resident in Vietnam. If an assignee stays in Vietnam for less than 183 days or has a rented house in Vietnam or the likes i.e., hotels, guest houses, location of offices for 183 days or more with a certificate of tax residence of a country/jurisdiction other than Vietnam or does not have a permanent residential place in Vietnam during a tax year, only Vietnam-sourced income is taxed at a flat rate of 20 percent.

## 3.2 Payroll considerations

### Are there special payroll considerations for short-term assignments?

If the assignees stay in Vietnam for less than 6 months, they may consider the following:

- If their home country/jurisdiction and Vietnam have signed a DTA, their payroll may be not charged to the entity in Vietnam for the purposes of tax exemption. In addition, the income paying organization should not have a permanent establishment in Vietnam.
- In the case where there is no DTA (e.g., USA) only Vietnam-source income may be added to payroll in Vietnam if necessary.

## 3.3 Taxable income

### What income will be taxed during short-term assignments?

For assignees staying in Vietnam for less than 183 days or having a rented house in Vietnam for 183 days or more with a certificate of tax residence of a country/jurisdiction other than Vietnam or not having a permanent residential place in Vietnam during a tax year, only Vietnam-sourced income is subject to personal income tax in Vietnam.

If assignees do not qualify as a tax non-resident, their worldwide income will be taxed.

## 3.4 Additional considerations

### Are there any additional considerations that should be considered before initiating a short-term assignment in Vietnam?

Some tax saving tools can be used when entering into a short-term assignment in Vietnam such as payment of bonuses before or after the assignment to Vietnam.

Employer-paid expenses and accommodation in Vietnam should be carefully considered as Vietnam tax saving tools.

**04**

# **Other taxes and levies**

# 4 Other taxes and levies

## 4.1 Social security tax

Are there social security/social insurance taxes in Vietnam? If so, what are the rates for employers and employees?

In Vietnam, there are statutory schemes on social insurance, health insurance, and unemployment insurance.

	From Jan 2023	
	Employer	Employee
Health Insurance	3%	1.5%
Social Insurance	17.5%	8%
Unemployment Insurance	1%	1%
Monthly Statutory Minimum Salary	VND1,490,000 until 30 June 2023 VND1,800,000 from 1 July 2023	
Monthly Wage Ceiling for Health Insurance & Social Insurance contributions	VND29,800,000 until 30 June 2023 VND36,000,000 from 1 July 2023	
Monthly Wage Ceiling for Unemployment Insurance	Ranging from VND65,000,000 to VND93,600,000, depending on regional location	

Expatriates under internal schemes (i.e., assigned from holding company to its direct subsidiaries in Vietnam) are not subject to Social and Health Insurance. All expatriate employees are not subject to unemployment insurance.

## 4.2 Gift, wealth, estate, and/or inheritance tax

Are there any gift, wealth, estate, and/or inheritance taxes in Vietnam?

Yes, please refer to the previous section.

Income being foreign currency remitted by overseas Vietnamese to individuals in Vietnam is not subject to income tax.

## 4.3 Real estate tax

Are there real estate taxes in Vietnam?

Yes. Personal income tax is also imposed on income from overseas transactions. Any tax paid in overseas countries/jurisdictions which have DTA with Vietnam can be credited in Vietnam, but not exceeding the Vietnam tax payable.

## 4.4 Sales/VAT tax

Are there sales and/or value-added taxes in Vietnam?

From 01 January 2023 to 30 June 2023, standard VAT rate in Vietnam is 10 percent which is reduced to 8% from 1 July 2023 to 30 June 2024 for certain goods and services. Lower rates of 0 percent or 5 percent is applied to selected goods or services.

## 4.5 Unemployment tax

### Are there unemployment taxes in Vietnam?

Yes. It is Unemployment Insurance, which is applicable to only Vietnamese nationals who sign an indefinite term contracts or definite term contracts from 3 months with employers.

Each of the employees and the employers are required to contribute 1 percent of the salary/wages used for social security contribution i.e., capped at 20 times of the monthly statutory regional salary. Currently, Unemployment Insurance regime is not applicable to foreign employees.

## 4.6 Other taxes

### Are there additional taxes in Vietnam that may be relevant to the general assignee? For example, customs tax, excise tax, stamp tax, and so on.

Custom duty and special consumption tax may be imposed if the assignee brings various goods crossing the border of Vietnam. Goods subject to these taxes include laptops, perfumes, cigarettes, alcohol, electric wares, and so on at volume exceeding the limits.

### Foreign Financial Assets

#### Is there a requirement to declare/report offshore assets (e.g., foreign financial accounts, securities) to the country/jurisdiction's fiscal or banking authorities?

No. Vietnam is not an OECD member hence there is no requirement in Vietnam to sign a Common Reporting Standard form for example.

**05**

# **Immigration**



# 5 Immigration

Following is an overview of the concept of Vietnam's immigration system for skilled labor.

(E.g., which steps are required, authorities involved, in-country/jurisdiction and foreign consular processes, review/draft flow chart illustrating the process)

In accordance with Vietnam regulations, except for certain special cases, foreign nationals are required to have a valid visa to enter into Vietnam and a proper work permit to work in Vietnam.

## Visa application

For visa application, the following steps are applied:

Step 1: the Vietnam party will apply for an acceptance for visa issuance for the foreign employees

Step 2: the foreign employees obtain the visa stamp at (i) a visa-issuing authority of Vietnam in overseas or (ii) Vietnam border checkpoints. The visa issuance at border checkpoint is applied only for the following cases:

- The foreigner departs from a country/jurisdiction that does not have any visa-issuing authority of Vietnam;
- The foreigner must stop by multiple countries/jurisdictions before arriving at Vietnam;
- The foreigner comes to Vietnam to take a tour organized by an international tourism company in Vietnam;
- Foreign crewmembers of a ship anchoring at a Vietnam's port and wish to leave Vietnam through another border checkpoint;
- The foreigner comes to Vietnam to attend a funeral of their relative, or to visit a gravely ill relative;
- The foreigner comes to Vietnam to participate in dealing with an emergency, rescue, prevention of natural disasters, epidemics, or for another purpose at the request of a competent authority of Vietnam.

The length of visa is from 30 days to no more than 12 months. In order to apply for a visa from more than 3 months to up to 12 months, the foreign employee must apply for a work permit and present it in the visa application dossier.

The duration of a visa shall be at least 30 days shorter than that of a passport or international laissez-passer.

## Work Permit application

For work permit application for the foreign employees, the following steps are required:

Step 1: The Vietnam party must upload the job posting for local talent prior to recruit foreigners

Step 2: The Vietnam party must apply for written approval of the labor authority on the usage of foreign employees.

Step 3: The Vietnam party applies for work permit issuance for the foreign employees. Work permit exemption is also applied for the following cases:

- The foreign employees are internally reassigned in the companies which engage in 11 service industries in the Vietnam's WTO commitments on services, including: business, communication,

construction, distribution, education, environment, finance, health, tourism, culture, entertainment and transportation;

- The foreign employees enter Vietnam to provide professional and technical advisory services or perform other tasks serving the research, construction, appraisal, assessment, management and execution of programs and projects funded by ODA according to the International Treaties on ODA between the competent authorities of Vietnam and other countries/jurisdictions;
- The foreign employees are issued with the licenses for the practice of communications or journalism in Vietnam by the Ministry of Foreign Affairs;
- The foreign employees are appointed by foreign agencies or organizations to teach or do research in international schools under the management of foreign diplomatic missions or international organizations in Vietnam or the workers are permitted to teach or do research in educational and training institutions in Vietnam by the Ministry of Education and Training;
- The foreign employees are volunteers who have obtained the certification of the foreign diplomatic missions or international organizations in Vietnam;
- The foreign employees enter Vietnam to hold the positions of experts, managers, chief executive officers or technicians for a period of under 30 days and no more than three trips per year;
- The foreign employees get married to Vietnamese citizens;
- The foreign employees are the owners or capital contributors of a limited liability company with a capital contribution value of at least 3 billion dong.
- The foreign employees are the Chairperson or a member of the Board of Directors of a joint-stock company with a capital contribution value of at least 3 billion dong
- The foreign employees enter Vietnam to implement international agreements to which central or provincial agencies and organizations are signatories in accordance with the law;
- Students who are studying in schools or training institutions in foreign countries/jurisdictions execute their practicum at agencies, organizations or companies in Vietnam upon agreements;
- Relatives of members who are executing their functions in foreign missions in Vietnam upon the approval of the Ministry of Foreign Affairs, unless otherwise stated in the International Treaties to which the Socialist Republic of Vietnam is a signatory;
- The foreign employees are holders of Official Passports for working in state agencies, political organizations or socio-political organizations;
- Other cases decided by the Prime Minister at the request of the Ministry of Labor, War Invalids and Social Affairs.

## 5.1 International Business Travel/Short-Term Assignments

**Describe (a) which nationalities may enter Vietnam as non-visa national, (b) which activities they may perform and (c) the maximum length of stay.**

❖ Unilateral visa-exemption:

- Vietnam has unilateral visa-exemption resolution, which provides nationals of those countries/jurisdictions privileges of visa exemption for entering into Vietnam and staying up to 45 days regardless of entry purposes, on the basis of satisfying all conditions as prescribed by Vietnamese law. . The countries/ jurisdictions are Italy, Spain, the United Kingdom and North Ireland, France, Germany, Denmark, Finland, Russia, Japan, Norway, South Korea, Sweden and Belarus.
- In accordance with Decision No 80/2013/QĐ-TTg of the Prime Minister dated December 27, 2013, holders of foreign passports are exempted from visa requirement for entry into, exit from Phu Quoc island, with duration of stay no longer than 30 days. In case if holders

of foreign passports, before entering Phu Quoc, had transit through other international border gate of Viet Nam, he/she also enjoy such exemption.

- ❖ Visa-exemption for crew members: Vietnam has also signed a mutual agreement for visa exemption for crew of 18 countries/jurisdictions and jurisdictions, including Switzerland, New Zealand, Kenya, Taiwan, UAE, China, Luxembourg, Poland, Kazakhstan, France, Hong Kong (SAR), Russia, Australia, Japan, Uzbekistan, Qatar, USA with no more than 15 stay days with certain documentation requirements.
- ❖ Bilateral visa exemption: Vietnam has signed mutual agreements for visa exemption with 90 countries/jurisdictions. The details can be referred at the below link of Consular Department – Vietnam Ministry of Foreign Affairs

<https://lanhsuvi vietnam.gov.vn/Lists/BaiViet/B%C3%A0i%20vi%E1%BA%Bft/DispForm.aspx?List=dc7c7d75%2D6a32%2D4215%2Dafeb%2D47d4bee70eee&ID=306>

**Describe (a) the regulatory framework for business traveller being visa nationals (especially the applicable visa type), (b) which activities they may perform under this visa type and the (c) maximum length of stay.**

Visa nationals are required to obtain a proper visa to be able to enter Vietnam for business activities. The visa for business travellers can be one of the following visa types depending on the purpose of the travel:

- NG1 - Issued to members of delegations invited by the Secretary General of Vietnam's Communist Party of, the President of Vietnam, the President of the National Assembly, the Prime Minister.
- NG2 - Issued to members of delegations invited by standing members of the Secretariat of the Vietnam's Communist Party, Deputy President of Vietnam, Deputy President of the National Assembly, Deputy Prime Minister, President of Vietnamese Fatherland Front, Executive Judge of The Supreme Court, Chief Procurator of the Supreme Procuracy, State Auditor General; members of delegations at the same levels of Ministers, Secretary Generals of Provincial Communist Authorities, President of the People's Committees of provinces.
- NG3 - Issued to members of diplomatic missions, consular Offices, representative Offices of international organizations affiliated to the UN, representative Offices of intergovernmental organizations and their spouses, children under 18 years of age, and housemaids during their term of Office.
- NG4 - Issued to persons who come to work with diplomatic missions, consular missions, representative Offices of international organizations affiliated to United Nation, intergovernmental representative Offices and accompanying spouses, children under 18 years of age; visitors of diplomatic missions, consular missions, representative Offices of international organizations affiliated to United Nation and intergovernmental representative Offices.”;
- LV1 - Issued to people who come to work with units affiliated to Vietnam's Communist Party; the National Assembly, the government, Central Committee of Vietnamese Fatherland Front, the People's Supreme Court, the People's Supreme Procuracy, State Audit Agency, Ministries, ministerial agencies, Governmental agencies, the People's Councils, the People's Committees of provinces.
- LV2 - Issued to people who come to work with socio-political organizations, social organizations, Vietnam Chamber of Commerce and Industry.
- LS – Issued to foreign lawyers practicing in Vietnam
- DT1 - Issued to foreign investors in Vietnam and representatives of foreign organizations investing in Vietnam and contributing capital of VND 100 billion or more or investing in business lines benefitting from investment incentives, in administrative divisions benefitting from investment incentives decided by the Government.

- DT2 - Issued to foreign investors in Vietnam and representatives of foreign organizations investing in Vietnam and contributing capital of VND 50 billion to less than VND 100 billion or investing in business lines benefitting from investment incentives treatment decided by the Government.
- DT3 - Issued to foreign investors in Vietnam and representatives of foreign organizations investing in Vietnam and contributing capital of VND 3 billion to less than VND 50 billion.
- DT4 - Issued to foreign investors in Vietnam and representatives of foreign organizations investing in Vietnam and contributing capital of less than VND 3 billion.
- DN1 – Issued to foreigners working with other enterprises and organizations that are juridical person as per the law of Vietnam.
- DN2 – Issued to foreigners making entry to promote services, establish commercial presence or conducting other activities according to international agreements to which Vietnam is a signatory.
- NN1 - Issued to Managers of representative Offices or projects of international organizations and foreign non-governmental organizations in Vietnam.
- NN2 - Issued to heads of representative Offices, branches of foreign traders, representative Offices of other foreign economic, cultural, professional organizations in Vietnam.
- NN3 - Issued to people who come to work with foreign non-governmental organizations, representative Offices, branches of foreign traders, representative Offices of other foreign economic, cultural, professional organizations in Vietnam.
- DH - Issued to people who come to study or serve internship.
- HN - Issued to people who come to attend conventions or conferences.
- PV1 - Issued to journalists who have permanent residences in Vietnam.
- PV2 - Issued to journalists who come to work for a short period of time in Vietnam.
- DL - Issued to tourists.
- LD1 – Issued to foreigners working in Vietnam and certified of eligibility for work permit exemption, unless otherwise specified by international agreements to which Vietnam is a signatory;
- LD2 – Issued to foreigners working in Vietnam requiring work permit;
- TT – Issued to foreigners that are spouses or children under 18 years of age of foreigners issued with LV1, LV2, LS, DT1, DT2, DT3, NN1, NN2, DH, PV1, LD1 or LD2 visas or foreigners that are parents, spouses or children of Vietnamese citizens.”;
- VR - Issued to people who come to visit their relatives or for have other purposes.
- SQ - Issued a visa that is valid for not more than 30 days to the following foreigners who comes to Vietnam for the purpose of market survey, tourism, visiting relatives, or medical treatment:
  - Any person who has works to do with an overseas visa-issuing authority of Vietnam, his/her spouse and children; any person that presents a written request by a competent agency of the Ministry of Foreign Affairs of the host country;
  - Any person who presents a diplomatic note of sponsorship by a foreign diplomatic mission or consular Office at the host country.
- EV - Electronic visas.

The durations of the above visas are as follow:

- Time limits of SQ and EV visas do not exceed 30 days;
- Time limits of HN, DL visas do not exceed 3 months
- Time limit of VR visa does not exceed 6 months
- Time limits of NG1, NG2, NG3, NG4, LV1, LV2, DT4, DN1, DN2, NN1, NN2, NN3, DH, PV1, PV2 and TT visas do not exceed 12 months
- Time limits of LD1 and LD2 visas do not exceed 2 years;

- Time limit of DT3 visa does not exceed 3 years;
- Time limits of LS, DT1 and DT2 visas do not exceed 5 years.

The duration of a visa shall be at least 30 days shorter than that of a passport or international laissez-passer

Business Visas are generally not eligible for in-country/jurisdiction extension. However, in exceptional cases an extension would be possible, depending on the proper explanation and supporting documents from the foreigners/ Company.

**Outline the process for obtaining the visa type(s) named above and describe (a) the required documents (including any legalization or translation requirements), (b) process steps, (c) processing time and (d) location of application.**

In general, for visa application, the following steps are applied:

Step 1: the Vietnam sponsoring party will need to register account online for applying visa issuance for the foreign employees via Government's website and choose the Immigration Department (i.e., Hanoi, Ho Chi Minh city, Da Nang) for their review and approval;

Step 2: the Vietnam sponsoring party will apply for an acceptance for visa issuance for the foreign employees via Government's website and choose the Immigration Department (i.e., Hanoi, Ho Chi Minh city, Da Nang) for their review and approval;

Application dossiers include:

- Notarized Vietnam organization's license;
- Introduction letter of the Vietnam organization's signature and seal (Form NA16);
- Visa application form (Form NA2);
- Copy of passport of the foreign employees.

The application dossiers for visa approval is submitted via government website of Immigration department in Hanoi, Ho Chi Minh city or Da Nang. The approval for visa issuance shall be issued after 5 working days from the submission of the completed dossiers.

Step 3: the foreign employees obtain the visa stamp at (i) a visa-issuing authority of Vietnam in overseas or (ii) Vietnam border checkpoints.

**Are there any visa waiver programs or specific visa categories for technical support staff on short-term assignments?**

Currently, there is no visa waiver programs or specific visa categories for technical support staff on short-term assignments.

## 5.2 Long-Term Assignments

**What are the main work permit categories for long-term assignments to Vietnam? In this context outline whether a local employment contract is required for the specific permit type.**

- performing employment contracts → require employment contract;
- performing intra-company transfer program → require a document issued by the foreign company to send the assignees to work at a commercial presence of that company in Vietnam's territory and a document justifying that the assignees have been recruited by the foreign company at least 12 consecutive months prior to the transfer date;

- performing contracts or agreements on business, trade, finance, banking, insurance, science and technology, culture, sports, education, vocational training and health → require an agreement or arrangement concluded between Vietnamese and foreign partners, which specifies the arrangement about sending foreign workers to Vietnam;
- providing services under contracts → require a service contract concluded between Vietnamese and foreign partner and a document justifying that the assignees have worked for the foreign company that has no commercial presence in Vietnam at least 2 years;
- offering services → require a document issued by the service provider to send the assignees to Vietnam to negotiate the service provision;
- working for foreign non-governmental organizations or international organizations in Vietnam that have been granted with operating licenses in accordance with the Vietnam law → require both a document which sends the assignees to work for a foreign non-governmental organization or international organization in Vietnam, and the operation license of that foreign non-governmental organization or international organization in Vietnam as per the law;
- working as volunteers;
- taking charge of establishing the commercial presence;
- working as managers, executives, experts, technical workers → require a document issued by the foreign enterprise, agency or organization to send the assignees to work in Vietnam that is conformable with the expected job position;
- performing packages or projects in Vietnam; or
- accompanying members of foreign representative bodies in Vietnam who are authorized to work in Vietnam under an international treaty to which the Socialist Republic of Vietnam is a signatory as their relatives.

**Provide a general process overview to obtain a work and residence permit for long-term assignments (including processing times and maximum validation of the permit).**

The following steps are required for work-permit application:

Step 1: The Vietnam party uploads the job posting for local talent prior to recruit foreigners. The job posting must be submitted at least 15 days before the date the Vietnam party intends to submit job position application for foreigners

Step 2: The Vietnam party submits the explanation on the need of recruiting foreign employees and ask for a written approval of the labor authority on the usage of foreign employees. The application dossier for the approval must be submitted at least 30 days before the date the Vietnam party intends to use the foreign employees.

Step 3: The Vietnam party applies for work permit issuance for the foreign employees. The dossier is required to be submitted to the labor authority at least 15 days before the tentative working date of the foreign employees.

The maximum length of a work permit is 2 years.

Upon the issuance of a work permit, the foreign employee can apply for a work visa (type LD) with term of 12 months. Otherwise, they can apply for a business visa of 3 months for entering into Vietnam then apply for a temporary resident card with term of 2 years but not exceed the duration of the work permit. The Vietnam party is responsible for the application for the above visa/work permit/temporary resident card.

**Is there a minimum salary requirement to obtain a long-term work and residence permit for assignments? Can allowances be taken into account for the salary?**

There is no minimum salary requirement to obtain a long-term work for assignments.

**Is there a fast-track process which could expedite the visa/ work permit?**

There is no fast-track process which could expedite the work permit. For visa application, the Immigration Authority might consider for early issuance of visa on case-by-case basis, depending on the proper explanation and supporting documents of the employees/Company.

**At what stage is the employee permitted to start working when applying for a long-term work and residence permit (assignees/ local hire)?**

The employee is permitted to start working from the start working date as mentioned in the valid work permit.

**Can a short-term permit/ business visa be transferred to a long-term permit in Vietnam?**

Yes. In general, the employee will have to obtain a short-term business visa first. After a business visa is granted, they will apply for a work permit with maximum duration of 2 years which is allowed to renew once with a maximum term of 2 years. A long-term visa can be obtained based on the term of the work permit.

**Is it possible to renew work and residence permits?**

Yes, it is possible to renew work permit one time only. MOLISA have indicated that a new work permit can be applied for after the renewal has expired.

**Is there a quota or system or a labor market test in place?**

There is not quota or system or a labor market test in place. However, when the Vietnam party submits the explanation for the need of recruiting foreign employees, the labor authority can question on the need or reject the application in the case such position can be filled with a local employee. Recently, there is also a requirement to provide evidence that the Vietnam party could not recruit local talent then must recruit foreign labour (i.e., job posting evidence) as well as personnel plan and training plan to prove that the Vietnam party retains a plan to train up local talent to replace foreign labour in future.

## **5.3 General Immigration Related Questions**

**Would it be possible to bring family members to Vietnam?**

Yes. It is possible to bring family members to Vietnam.

**Is it possible to obtain a permanent residence permit?**

After application for the visa for entering Vietnam, the Vietnam party can choose to apply for a temporary resident card with term of 24 months but no more than the valid date of the work permit for the employees.

Permanent resident permit is applicable only for the following cases under certain conditions:

- Foreigners who have contributed to the development and protection of Vietnam and are awarded medals or titles by Vietnam's government.
- Foreigners who are scientists or experts temporarily residing in Vietnam.
- Any foreigner sponsored by their parent, spouse, or child who is a Vietnamese citizen and has a permanent residence in Vietnam.
- Any person without nationalities who has had a temporary residence in Vietnam from 2000 or earlier.



### **What if circumstances change after the Work and Residence application process (e.g., change of employment or personal situation, including job title, job role or salary)?**

After the work permit is issued, if the employees change job title/job role, the work-permit is required to be reissued with the new role. No action is required in case of change of salary.

### **How long can a permit holder leave Vietnam without their permit becoming invalid?**

It is not regulated on how long a permit holder can leave Vietnam without their permit becoming invalid. Therefore, it can be interpreted that the permit holder can leave Vietnam then come back if their visa/temporary resident card is valid.

### **Must immigration permissions be cancelled by the end of the assignment/employment?**

If the employees terminate their employment with the Vietnam party before the expiration of the visa/temporary resident card, the Vietnam party must notify and return the original WP to the local DOLISA within 15 days from the date the WP becomes invalid. In addition, the Vietnam party will notify the immigration authority on cancellation of the remaining validity of the visa/temporary resident card.

### **Are there any penalties for individuals and/or companies in place for non-compliance with immigration law?**

Yes, the administrative penalties will be imposed for non-compliance of the work permit and immigration rules, depending on the specific non-compliance status. In addition, the foreign employees might be expelled from Vietnam.

## **5.4 Other Important Items**

### **List any other important items to note, or common obstacles faced, in Vietnam when it comes to the immigration processes.**

Foreigners that enter, leave, transit through, or reside in Vietnam are obliged to:

- Comply with Vietnam's law; respect Vietnam's traditions and customs;
- Engage in activities in Vietnam in accordance with the stated purpose of entry;
- Carry passports, laissez-passers, papers related to residence in Vietnam while traveling, and present them to competent authorities on request; According to the current regulations, when a foreigner terminates the assignment/ employment in Vietnam before the expiration date of the visa/TRC, he/she has to cancel the validity of the current visa/TRC before leaving Vietnam, return the TRC back to the Immigration Department and obtain a short-term visa (i.e. for 30 days) to prepare to leave Vietnam. In practice, if the foreigner cannot return the visa/TRC before leaving Vietnam, he/she can depart Vietnam with the current visa/TRC, and then cancel the validity of the current visa/TRC and return the TRC back to the Immigration Department after leaving Vietnam;
- Return work permit to local DOLISA/MOLISA within 15 days from employment termination date.

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