

# VIETNAM

---

## BUSINESS SETUP

Vietnam handbook with Comprehensive Guide  
& Checklists for your successful incorporation.

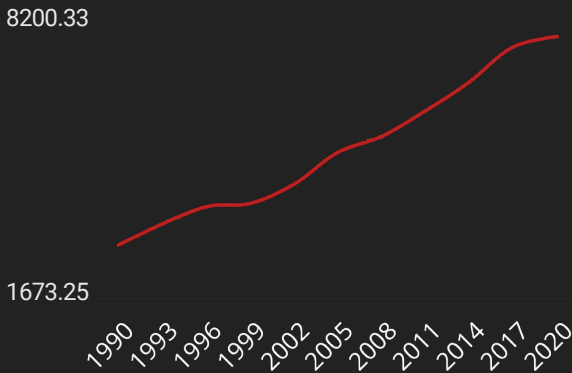


# Table of Contents



▶ Introduction	03
▶ Main Content	
▶ Part 1: Company Registration Entities	04
▶ Part 3: Legal Requirements	06
▶ Part 2: Tax Reporting and Compliance	09
▶ Part 4: HR - Recruitment & Payroll	13
▶ Conclusion	16

# INTRODUCTION TO VIETNAM'S ECONOMY



Vietnam GDP per capita, PPP 1990 - 2020

## Brief Overview

As a rapidly developing country powered by the fastest growing economy in Asia Vietnam has become an increasingly attractive destination to foreign investment. With the pivot away from China as the manufacturing center of the world, Vietnam has become an attractive alternative, with such behemoths as Samsung and the world's biggest garment names choosing Vietnam for their expansion, it has proven itself a reliable, low cost, maturing destination for manufacturers.

In this Comprehensive Guide & Checklist to setting up your company in Vietnam, we will walk you through every step of the process of how to do business in Vietnam, including the necessary documents, certificates, and legal requirements from the government.

# BY THE NUMBERS

**5.22%**

An increase in GDP was reported in Q4, 2021, despite the adverse effect of COVID-19.

**\$38.2B**

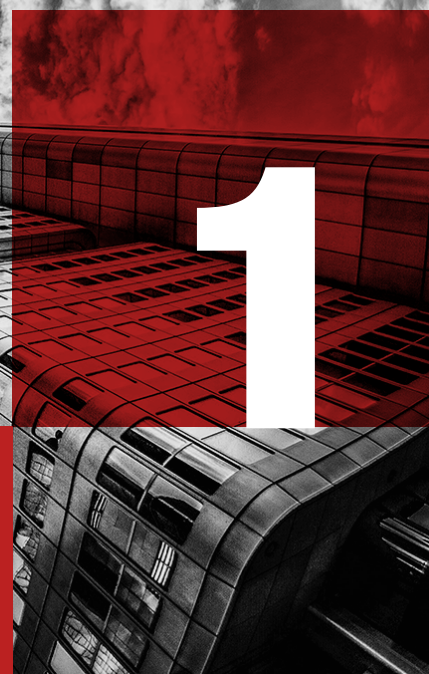
Foreign direct investment (FDI) was pledged to Vietnam in 2019, marking the highest amount.

**3.22%**

In 2021, Vietnam's unemployment rate was substantially lower than those of other Asian countries.

**\$336.3B**

Vietnam's total export in 2021 with a trade surplus of \$4.08B. Marked a 12,1% increase when compared to the previous year.



---

# YOUR COMPANY REGISTRATION OPTIONS



As a foreigner who wants to set up a company in Vietnam, you have 4 options of legal entities to incorporate. These entities can be incorporated as a 100% foreign-operated company or a joint venture with local partners.





# 4

## Options to Incorporate



### Limited Liability Company (LLC)

The most common structure you can utilize for setting up operations in Vietnam requires only one founder.

**Suitable for:** SME businesses from 1 to 50 members.

**Duration:** 6 - 8 weeks.

---



### Branch Office

Conduct commercial activities in Vietnam as a dependent legal entity to a parent company that must be established for at least 5 years.

**Suitable for:** Foreign companies that wish to enter the Vietnamese market.

**Duration:** 4 - 6 weeks.

---



### Representative Office

Gain your presence in Vietnam and take advantage of researching market data.

**Suitable for:** Companies abroad that want to do market research before fully starting commercial operations.

**Duration:** 4 - 6 weeks.

---



### Joint-stock Company (JSC)

Maximize your opportunities to make a breakthrough with an extensive corporate structure and flexibility.

**Suitable for:** Foreign entrepreneurs require a complex corporate structure and commercial activities.

**Duration:** 4 - 6 weeks.

---



# 2

---

## LEGAL REQUIREMENTS FOR FOREIGN BUSINESS OWNERS



Foreign investors have to comply with these steps in the process of opening up a company and operating legally in Vietnam. This checklist includes the most important requirements in terms of legal documentation and regulations.

# 1

## CHECKLIST: Legal Requirements

General legal requirement for newly established foreign-owned entities.

- 1  Legalized Copies of Foreign Documents (Passport, Bank Statements ETC).
- 2  Office Lease, must have a registered office address in Vietnam.
- 3  Apply for an Investment Registration Certificate (IRC).  
*\* you must appoint a Nominee Director (Legal Representative).*
- 4  Establish a business, issue an Enterprise Registration Certificate (ERC).
- 5  Official Seal Engraving with your company info, declared to the government.
- 6  Open a bank account and prove the investment balances.
- 7  Initial Tax Registration. Submit to the Tax Department.
- 8  Hang company sign at business location.
- 9  Inject investment capital in bank account.
- 10  Purchase E-signature for online tax payment account.
- 11  Submit declaration of business license fee (go to tax section).

**\*Conditional Business Sector:**

If your business falls under a conditional business sector (restriction applied to certain industries) an extra step will be required between steps 9 and 10.

# 1 CHECKLIST: Legal Requirements

## Special Compliance Reports Required for Companies with IRC.

If you are a 100% foreign-owned company in possession of an Investment Registration Certificate the Vietnamese government requires the following reports.

### **FDI Report**

FDI Reports include information such as:

Tax Contribution

Capital Injection

Loans

Employess

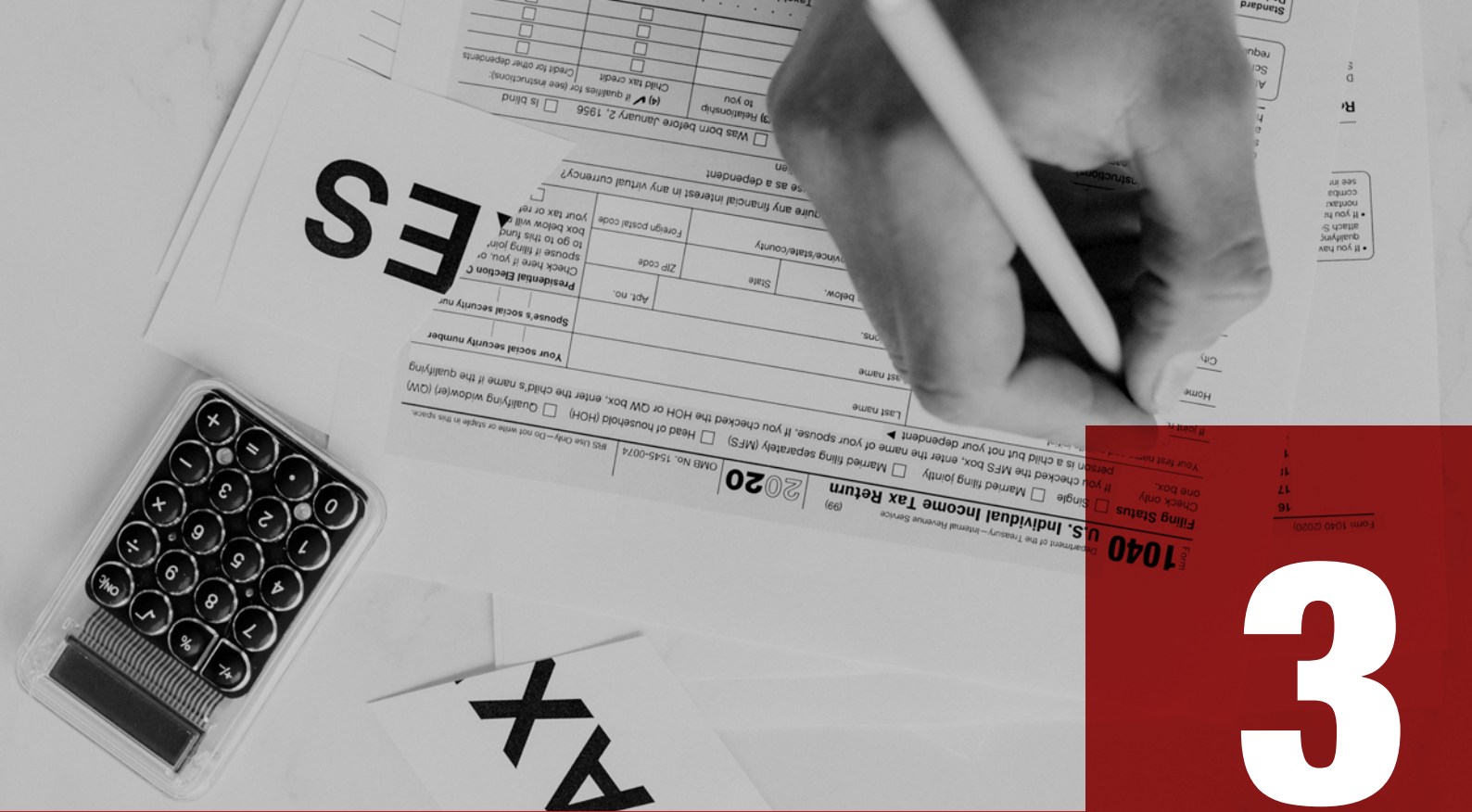
Business Activities

### **Investment Assessment Report**

*(articles 70 & 76 on the law of investment)*

Each foreign investor and the business entity shall monitor and inspect their own projects and make a report on the progress of their foreign direct investment project covering issues such as, fulfillment of project objectives, the contribution of capital, project operations, fulfillment of investment conditions ETC.





# 3

## THINGS TO KNOW ABOUT TAXES IN VIETNAM



Expand smoothly to Vietnam with a tax plan that helps you navigate tax exemptions and tax holidays and enables you to avoid unwanted errors and penalties. Our team can set you up for financial success and be on call for all your tax needs.

# 4 CHECKLIST: Tax Submission

## Main Taxes

4 main types of tax a company has to submit:

### Personal Income Tax (PIT)

Only if the company has employees who have a valid labor contract, pay the employee's salary, and then submit PIT declaration.

### Value Added Tax (VAT)

Mandatory for every business. Objects subject to VAT are goods and services used for production, trade and consumption in Vietnam.

### Business-License Tax

Needs to be submitted annually. For small businesses that have just transformed from business households and some other cases, this kind of tax can be exempted.

### Corporate Income Tax (CIT)

Only if the company gains profit during the quarter, then submit a CIT tax payment (CIT = 20% of the profit).

## Additional taxes

Depending on your business field, additional taxes may vary

### Special consumption tax

Applied for particular merchandise and services, including Goods: cigarettes, cigars, alcohol, etc. - Services: massage, karaoke, etc.

### Environmental Protection Tax

Applied for goods that have negative impact on the environment when being manufactured.

### E-Invoice Submission

E-Invoices can be submitted directly to Tax Authorities without an additional report. This applies from April 1st, 2022.

### Import and export tax Applicable

Tariffs for goods imported to Vietnam are determined from signed trade agreements.

### Foreign Contractor Withholding Tax

Taxes on any services done with a company or individual outside of Vietnam.

## 2 CHECKLIST: FDI Company Yearly Audit

Foreign Direct Investment companies have to undergo an independent audit that consists of:

---

- Corporate information
- Board of General Directors' report
- Independent Auditor's report
- Audited Financial Statement, include:
  - *Balance sheet*
  - *Income Statement*
  - *Cash flow Statement*
  - *Notes to the Financial Statements*



We're here to  
Help You With The **Vietnam's Tax Deadlines**



Running a business with a lot of tax compliance can be a daunting and stressful undertaking. Therefore, in order to make doing business easier for you, we've included a 2022 ***Vietnam's Tax Deadline Calendar*** for your early planning in order to submit them on time.

**Get it Now**





4

---

## HR - RECRUITMENT & PAYROLL



Human Resources is an important aspect to understand thoroughly before doing business in Vietnam. There are essential processes & legal requirements for you to be compliant in terms of labor regulations. These include recruiting, paying, and providing social insurance.

# 4 CHECKLIST: HR Requirements

## Monthly

### ■ Social and Medical Insurance

Applicable to all employees (foreign & local) with labor contracts.

### ■ Personal Income Tax reporting & tracking

### ■ Consultation about employment and labor relationships

Update the labor department about internal regulation changes (if any).

## Yearly

### ■ Labor Declaration Report

For the labor department on how many employees are working & foreigner labor declaration.

### ■ PIT Finalization & settlement

Refund if overpaid and payable if you are missing this.

### ■ Social Insurance Finalization

Make a report on how long each employee has been paying for Social Insurance (if required).

### ■ Company regulation registration

Internal labor rules have to be declared to authorities (only for companies with over 10 employees).

# Minimum Wage

The latest official update from the Vietnamese government 2022

## Region I

4,680,000

VND/month

- Ha Noi · Hai Phong · Ho Chi Minh
- Bien Hoa · Thu Dau Mot
- Vung Tau, etc

## Region II

4,160,000

VND/month

- Ha Long · Ninh Binh · Da Nang
- Nha Trang · Hue · Da Lat
- Can Tho · Rach Gia, etc

## Region III

3,630,000

VND/month

- Communes and districts in provinces such as
- Hai Duong · Quang Ninh
- Lam Dong · Kon Tum · Ca Mau, etc

## Region IV

3,250,000

VND/month

Other communes and districts

\*Effective July, 2022

+7% for skilled workers (with univeristy degrees & other specializations)



# CHALLENGES OPPORTUNITIES & SUCCESS FACTORS

## CONCLUSION

For years, Vietnam has remained one of the most appealing destinations for foreign investors looking for an operational base, a branch expansion, a cheap manufacturing center, and more.

Despite the growing pains and cumbersome bureaucracy, Vietnam is expected to be one of the top 20 economies in the world by 2050\*. It also has an aggressive plan to be carbon neutral by 2050. However, it's still considered a poor nation as of the year 2022. What can be taken away from this? Vietnam needs plenty of foreign investment to reach its 2050 targets of being a fully industrialized and carbon-neutral nation.

Let Cekindo help you simplify the business setup and avoid any headaches from handling complex procedures. Plan your success in Vietnam with our professional, bilingual, legal team!

*\*source: VnExpress*



# Cekindo's One-stop Market Entry Services

## INCORPORATION

- Company Registration
- Business Partner & Distribute Selection
- Virtual & Services Office
- Company Dissolution
- Shelf Company
- Business & Import Licenses
- Trademark Registration

## PRODUCT REGISTRATION & IMPORT

- Medical Devices
- Cosmetics
- Food & Beverage
- Health Supplements

## BUSINESS SUPPORT SERVICES

- Agile Organizational Development
- Legal Consultation
- Corporate Tax Compliance
- Corporate Secretary
- Business Document Revision

## SECRETARIAL & COMPLIANCE

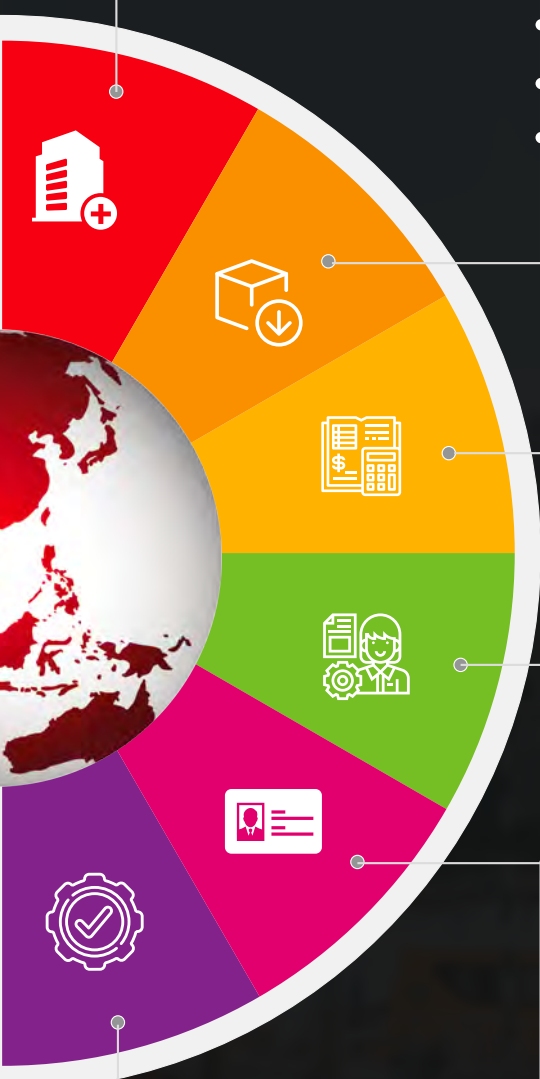
- Legal Consultation
- Corporate Tax Compliance
- Corporate Secretary
- Business Document Revision

## IMMIGRATION

- Business Visa
- Work Permit & TRC
- Investment Visa

## OTHER SERVICES

- Market Research & Analysis
- Land & Property Ownership
- Local Partner Selection






## GET IN TOUCH!


We are part of the InCorp Group, a regional leader in corporate solutions that encompasses 8 countries in Asia, headquartered in Singapore. With over 500 legal experts serving over 12,000 Corporate Clients across the region, our expertise speaks for itself. We provide transparent legal consulting, setup and advice based on local requirements to make your business perfectly fit into the market with healthy growth.



### Market Entry Consulting

Shark building - 3rd & 8th Floor, 29  
Nguyen Van Mai street, Vo Thi Sau  
ward, District 3, Ho Chi Minh city 72408,  
Vietnam

 [vietnam@cekindo.com](mailto:vietnam@cekindo.com)

 +84 28 3535 0019

 [www.cekindo.vn](http://www.cekindo.vn)



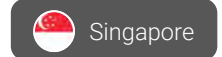
Vision To Reality



Vietnam



Malaysia



Singapore



Hong Kong



Philippines



India



Indonesia



Australia

 [www.incorp.asia](http://www.incorp.asia)

*Our Global Network*

Any Further Inquiries?

We have all the answers for you on our website



[www.cekindo.vn](http://www.cekindo.vn)

OR

